FRANCHISE DISCLOSURE DOCUMENT

milliCare Franchising, LLC
(A Delaware Limited Liability Company)
1515 Mockingbird Lane, Suite 410
Charlotte, NC 28209
254-718-6981
www.millicare.com

The franchise offered is for a milliCare® Floor & Textile Care business which will provide interior finishes and interior furnishings, tile and grout, and related services in commercial, industrial, and office properties.

The total investment necessary to begin operation of a new milliCare® franchise is $170,000 to $195,500. This includes $49,000 that must be paid to us.

The total investment to begin operating a conversion milliCare® franchise is $143,500 to $187,000. This includes $22,500 to $40,500 that must be paid to us.

We also provide qualified franchisees with the right to execute an Option Agreement for the operation of additional milliCare franchises. The total investment necessary for an Option for a second milliCare franchise is $178,000 to $203,500. This includes $57,000 that must be paid to us.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Chief Growth Officer, Stephen Schiller, at milliCare, Inc., 1515 Mockingbird Lane, Charlotte, NC 28209.

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: March 28, 2024

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 and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits "F" and "G."
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 supplies you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21, or Exhibit "B" 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 milliCare® Floor & Textile Care business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a milliCare® Floor & Textile Care franchisee?	Item 20 or Exhibits "F" and "G" list 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 registration requirements, or to contact your state, use the agency information in Exhibit "A."

Your state also may have laws and 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 the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina than in your own state.

2. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising fund payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

3. **Short Operating History**. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **Financial Condition**. The guarantor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

<u>THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW.</u>

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

2. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

3. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

4. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

5. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

6. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(b) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

7. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

8. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
G. Mennen Williams Building
525 West Ottawa, 1st Floor
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

TABLE OF CONTENTS

EXHIBITS:

ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "**we**" or "**our**" or "**us**" or "**Company**" means the franchisor, milliCare Franchising, LLC. "**You**" means the person or the legal entity (such as a corporation, partnership, or limited liability company) that enters into the franchise agreement ("**Franchise Agreement**") and its owners.

The Franchisor, Parents, Predecessors, and Affiliates

We are Delaware limited liability company formed on January 31, 2022, with our principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 and we conduct business under our corporate name and our proprietary marks, including the mark "milliCare Floor & Textile Care".

Our parent is milliCare, Inc., a Delaware corporation formed on September 17, 2021, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Our predecessor is Milliken Services, LLC, a South Carolina limited liability company that was formed on or about January 1, 2011. Prior to 2017, Milliken Service, LLC's franchising division did business under the name milliCare Textile and Carpet Care. The franchising division's name was changed to reflect its recent expansion into the performance coatings and tile and grout cleaning and maintenance businesses. Until January 1, 2011, the MilliCare business was a division of Sylvan Chemical Co., Inc. a Delaware corporation formed in 1967. Effective January 1, 2011, Sylvan spun off the milliCare business and several other businesses into our predecessor. From 2011 to 2021, Milliken Services, LLC was the franchisor of the milliCare Floor & Textile franchise system.

On or about November 12, 2021, our parent milliCare, Inc. acquired the assets of Milliken Services, Inc.'s MilliCare Floor & Textile Care franchise system. milliCare, Inc.'s parent is Clintar, Inc. d/b/a EverSmith Brands ("EverSmith Brands"), a Delaware corporation formed on July 2, 2021, with an address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. EverSmith Brands' parent is EverSmith Brands Intermediate Holding Company (f/k/a Clintar Intermediate Holding Company), a Delaware corporation formed on November 25, 2020, and EverSmith Brands Holding Company (f/k/a Clintar Holding Company), a Delaware corporation formed on November 25, 2020, each with an address of 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. EverSmith Brands Holding Company (f/k/a Clintar Holding Company) is directly or indirectly controlled by Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. which are part of The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

We began offering MilliCare Floor & Textile Care franchises on February 16, 2022. We do not operate a business of the type being offered in this disclosure document. We have not conducted business in any other line of business or offered franchises in any other line of business. We have no other business activities.

Our affiliate Kitchen Guard Franchising, Inc. is a Delaware corporation formed on June 23, 2023, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 and began offering franchises in August 2023. A Kitchen Guard franchised business offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of the date of this disclosure document, there are no Kitchen Guard franchises operating in the United States.

Our affiliate U.S. Lawns, Inc. is a Florida corporation formed on August 26, 1986, with its principal business address at 700 Forum Drive, Suite 150, Orlando, FL 32821, and began franchising in August 1986. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of its last fiscal year, U.S. Lawns had 208 franchises operating in the United States.

Our affiliate TruServ Groundscare, Inc. is an Ontario corporation with an address at 200 Cachet Wood Court, Unit 119. Markham, ON, Canada L6C 0Z8, offers outdoor service franchises under the "Clintar" mark in Canada featuring landscape design and grounds maintenance. As of December 31, 2023, there are 25 franchised Clintar businesses operating in Canada.

The Company's agents for service of process are set forth in Exhibit A.

Through various private equity funds managed by The Riverside Company the following portfolio companies of The Riverside Company offer franchises in the United States:

Evive Brands

Executive Home Care Franchising, LLC ("Executive Care") has offered franchises under the mark "Executive Home Care" since June 2013. Executive Home Care's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2023, Executive Care had 21 franchises operating in the United States.

B & P Burke, LLC ("B&P") has offered franchises under the mark "Grasons" since May 2014. B&P's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2023, B&P had 31 franchises operating in the United States.

ALL Franchising, LLC ("ALL") and its predecessors have offered franchises under the mark "Assisted Living Locators" since May 2006. ALL's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assist seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2023, ALL had 134 franchises operating in the United States.

Brothers Parsons Franchising LLC ("Brothers") and its predecessor have offered franchises under the mark "The Brothers that just do Gutters" since July 2015. Brothers' principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 8525. A "The Brothers that just do Gutters" franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2023, Brothers had 93 franchises operating in the United States.

Head-to-Toe Brands

BCC Franchising, LLC ("BCC") and its predecessor have offered franchises since March 2007 under the mark "Bishops". BCC's principal business address is Terminal Tower 50 Public Square, 29th Floor Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2023, BCC had 40 franchises operating in the United States.

Frenchies, LLC ("Frenchies") has offered franchises under the mark "Frenchies Modern Nail Care" since April 2015. Frenchies' principal business address is 2679 West Main, #363, Littleton, CO 80120. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, 2023, Frenchies had 22 franchisees operating in the United States.

The Lash Franchise Holdings, LLC ("Lash") and its predecessor has offered franchises under the mark "Lash Lounge" since March 2010. Lash's principal business address is 4370 Varsity Drive, Suite G, Ann Arbor, MI 48108. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2023, Lash had 127 Lash Lounge franchises operating in the United States.

Best Life Brands

Blue Moon Franchise Systems, LLC ("Blue Moon") has offered franchises under the mark "Blue Moon Estate Sales" since August 2013. Blue Moon's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2023, Blue Moon had 91 franchises in operation in the United States.

Boost Franchise Systems, LLC ("Boost") has offered franchises under the mark "Boost Home Healthcare: since July 2021. Boost's principal business address is 900 Wilshire Drive, Suite 102,Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient's residence or within health care facilities. As of December 31, 2023, Boost had 6 franchises in operation in the United States.

ComForCare Franchise Systems, LLC ("ComForCare") and its predecessor has offered franchise under the mark "ComForCare Home Care" since April 2021. ComForCare's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A ComForCare Home Healthcare franchise offers (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services. As of December 31, 2023, ComForCare had 218 franchises operating in the United States.

CarePatrol Franchise Systems, LLC ("CarePatrol") and its predecessor has offered franchises under the "CarePatrol" mark since April 2009. CarePatrol's principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families. As of December 31, 2023, CarePatrol had 160 Care Patrol franchises operating in the United States.

Threshold Brands

PHP Franchise, LLC ("PHP") has offered plumbing service franchises under the mark "Plumbing Paramedics" and heating and air conditioning installation and service franchises operating under the mark "Heating + Air Paramedics" since November 2021. PHP's principal business address is 750 E. 150th Street. Noblesville, IN 46060. As of December 31, 2023, PHP had 1 Plumbing Paramedics and 3 Heating + Air Paramedics franchises operating in the United States.

Maid Pro Franchise, LLC ("MaidPro") has offered franchises under the "Maid Pro" mark since February 1997. MaidPro's principal business address is 77 North Washington Street, Boston, MA 02114.

A Maid Pro franchise offers home cleaning services for residential and commercial customers. As of December 31, 2023, MaidPro had 241 franchises operating in the United States.

FlyFoe, LLC d/b/a Patio Patrol ("Patio Patrol") has offered franchises since February 2018. Patio Patrol's principal business address is 77 North Washington Street, Boston, MA 02114. A Patio Patrol franchise offers residential and commercial mosquito, wasp, fly, tick control and other general pest control services. As of December 31, 2023, Patio Patrol had 7 franchises operating in the United States.

Men In Kilts US, LLC ("MIK") has offered franchises under the mark "Men in Kilts" since March 2019. MIK's principal place of business is 77 North Washington Street, Boston, MA 02114. A Men in Kilts franchise offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. As of December 31, 2023, MIK had 18 franchises operating in the United States.

Pestmaster Franchise Network, LLC ("Pestmaster") and its predecessor has offered franchises under the "Pestmaster" mark since June 2021. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. A Pestmaster franchise offers structural and agricultural pest control and related services. As of December 31, 2023, Pestmaster had 51 franchises operating in the United States.

USA Insulation Franchise, LLC ("USA Insulation") has offered franchises under the "USA Insulation" mark since March 2006. USA Insulation's principal business address is 17700 Saint Clair Avenue, Cleveland, OH 44110. A USA insulation franchise offers residential insulation services. As of December 31, 2023, USA Insulation had 98 franchises operating in the United States.

Granite Garage Floors Franchising, LLC ("Granite") has offered franchises under the mark "Granite Garage Floors" since June 2013. Granite's principal business address is 110 Mansell Circle, Suite 375, Roswell, GA 30075, A Granite Garage Floors franchise sells and installs residential garage floor coating systems. As of December 31, 2023, Granite had 14 franchises operating in the United States.

Mold Medics Franchising LLC ("Mold Medics") has offered franchises under the "Mold Medics" mark since December 2020. Mold Medics' principal business address is 811 Washington Avenue, Carnegie, PA 15106. A Mold Medics franchise offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. As of December 31, 2023, Mold Medics had 1 franchise operating in the United States.

Sir Grout Franchising, LLC ("Sir Grout") has offered franchises under the "Sir Grout" mark since August 2007. Sir Grout's principal business address is 77 North Washington Street, Boston, MA 02114. A Sir Grout franchise offers grout and tile cleaning, sealing, caulking and restoration services and other services. As of December 31, 2023, Sir Grout had 52 franchises operating in the United States.

Miracle Method LLC ("Miracle") and its predecessors have offered franchises under the "Miracle Method" mark since September 1996. Miracle's principal business address is 4310 Arrowswest Drive, Colorado Springs, CO 80907. A Miracle Method franchise offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops, and similar surfaces. As of December 31, 2023, Miracle Method had 173 franchises operating in the United States.

<u>The Franchise Offered</u>

The Company franchises a business for the cleaning and maintenance of floor coverings, interior finishes and interior furnishings, the application of performance floor coatings, tile and grout cleaning and maintenance services, and related services under our trademark, distinctive logo, identifying commercial symbol or design “milliCare®,” the service mark and name “milliCare®,” or accompanying distinctive logo for interior maintenance and such other marks as we authorize from time to time (the “**Marks**”). All these services are provided with respect to commercial, industrial, and office properties (collectively, the “**milliCare® Services System**” or the “**Franchised Business**”). You must provide (1) cleaning, maintenance, and protective treatment of carpet; (2) cleaning, maintenance, and protective treatment of textile panels and upholstery; (3) floor and other performance coatings services, (4) tile and grout cleaning and maintenance services; (5) Enhanced Hygiene Services and (6) advisory services to specified clients with the Company’s written consent (which may include consulting services and the sale of performance coatings and additional maintenance products, including the Company’s proprietary or private-labeled performance coatings and maintenance products) (collectively, the “**Services**”). The Company reserves the right to introduce new Services or eliminate any current or other Services during the term of the Franchise Agreement as part of the milliCare® Services System, provided that any new Services must relate solely to cleaning, maintenance, and related services for commercial, industrial, and office properties. You must provide all Services that the Company requires and approves for your franchise. You may not provide Services to residential customers.

Franchisees that convert an existing commercial floor and textile maintenance business to a Franchised Business and qualify for our conversion program (a “**Conversion Business**”) are entitled to modified fees and are required to sign the form of Conversion Addendum to Franchise Agreement attached as Exhibit “D” to this disclosure document.

The current Services that are part of the milliCare® Services System are based upon a complete commercial office care system, which includes not only the famous milliCare® dry maintenance chemistries and processes and additional proprietary processes, but also other performance coatings and tile and grout cleaning and maintenance processes, and other maintenance processes.

The Market For The Services

The general market for the services that you will offer is highly competitive and consists of all commercial, industrial, and office buildings within your designated territory (“**Territory**”). See Item 12 for more information about your Territory.

Your competitors will include both independent and licensed cleaning, performance coatings and maintenance companies, as well as flooring companies that provide these cleaning, performance coatings, and maintenance services, and may include us or other milliCare® franchisees.

Industry-Specific Regulations

The Franchised Business will be subject to federal, state, county, and municipality laws and regulations. You must investigate all applicable laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us.

The chemical products and supplies that are used in the services you will offer will be accompanied by Material Safety Data Sheets that specify the proper storage, handling, and disposal of these products. OSHA and health regulations as well as other state and local specific safety and workplace regulations may affect the types of safety devices and equipment you must make available to or be required to offer to your employees. These can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

Except as provided above, we are not aware of any specific laws or regulations that apply to this industry.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and Director: Robert Gannett

Robert Gannett has served as our President and CEO since our inception on January 31, 2022, and as the Chief Executive Officer of our parent company since September 2021 and EverSmith Brands since July 2021. Mr. Gannett also serves in the same capacity for our affiliates TruServe Groundscare, Inc. since September 2021, Kitchen Guard Franchising, Inc. since its inception and U.S. Lawns, Inc. since January 2024. Previously, Mr. Gannett served as Division President of ServiceMaster Restore from July 2019 to December 2020 in Memphis, Tennessee, and as Vice President and General Manager of KaVo Kerr Imaging North America, a subsidiary of Danaher Corporation, in Charlotte, North Carolina from January 2016 to July 2019.

Chief Financial Officer: John Cappadona

John Cappadona has served as our Chief Financial Officer since February 2024 and holds the same position in EverSmith Brands and with each of our affiliates. Previously, Mr. Cappadona served as the Chief Financial Officer for School of Rock in Canton, Massachusetts from February 2018 to February 2024.

Chief Growth Officer: Stephen Schiller

Stephen Schiller has served as our Chief Growth Officer since our inception and is currently the Chief Growth Officer for EverSmith Brands since October 2021. Mr. Schiller also serves in the same capacity for our affiliates TruServ Groundscare, Inc. since September 2021, Kitchen Guard Franchising, Inc. since its inception and U.S. Lawns, Inc. since January 2024. Previously, Mr. Schiller served as Vice President of Franchise Development for Neighborly Brands in Waco, Texas from 2012 to 2021.

Marketing Manager: Abigail Bryant

Abigal Bryant has served as our Marketing Manager since February 2023. From January 2021 to February 2023, she served as a marketing specialist manager with CareConnect of Port Washington, New York. From July 2020 to January 2021, she was a Marketing Manager for Aramark in Round Robin, Texas. From May 2018 until March 2020, she served as a Marketing Coordinator and Manager for Koorsen Fire & Security of Indianapolis, Indiana.

Franchise Development Team Lead: Aaron Thompson

Aaron Thompson has served as Franchise Development Team Lead since our inception on January 31, 2022. Previously, Mr. Thompson was a franchise developer at Neighborly in Waco, Texas from December 2018 until February 2021. Mr. Thompson was an independent consultant from January 1, 1017, through November 2018. From January 2015 until January 2017, Mr. Thompson served as VP of Franchise Development for Restoration1 in Waco, Texas.

<u>Chairman and Director: Tom Silk</u>

Tom Silk has served as a director since January 2024. Mr. Silk has served as Chairman of our parent's Board of Directors, and as a director of our affiliates since January 2024. In addition, Mr. Silk serves as a director and Chairman of Evive Brands, Head-to-Toe Brands, and Threshold Brands disclosed above. Previously, Tom has served as Chairman for TES Solutions in Cleveland, Ohio since September 2022. Previously, he served as CEO for WorkStride in New York, New York from January 2013 to April 2022.

<u>Director: Brian Sauer</u>

Brian Sauer has served as a director since our inception and in the same capacity for our parent company since September 2021 and EverSmith Brands since July 2021. Mr. Sauer also serves in the same capacity for our affiliates TruServ Groundscare, Inc. since September 2021, Kitchen Guard Franchising, Inc. since its inception and U.S. Lawns, Inc. since January 2024. Mr. Sauer is a senior partner in The Riverside Company, in its Santa Monica, California offices and has been with the company since 2004.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

All initial fees are due when you sign the Franchise Agreement and are nonrefundable.

<u>Franchise Agreement</u>

On the date you sign the Franchise Agreement you must pay an initial fee to the Company of $49,000. The initial franchise fee is fully earned upon receipt and non-refundable. For our existing franchise owners who may be approved for a second franchise license, we offer an existing milliCare business owner discount of $9,000. We offer a VetFran discount of $5,000 on your first franchise if you are an armed services veteran who presents satisfactory evidence of an honorable discharge (such as a DD214).

<u>Conversion Program</u>

If you currently operate a business similar to a Franchised Business and you achieved a minimum of $200,000 in revenue from your existing commercial account customers within the full 12-month period before the month in which you sign the Franchise Agreement, then you may be eligible for the Conversion Program. Under the Conversion Addendum, the initial fee is reduced based on the gross annual floor maintenance revenue you achieved during the previous calendar year adjusted as Company determines for comparability with Franchised Businesses (the "**AMR**"). The initial fee is reduced by the following percentages resulting in the following amounts based on the following AMR levels:

AMR	% Reduction	Resulting Initial Fee
$200,000 - $300,000	10%	$40,500
$300,001 - $400,000	15%	$38,250
$400,001 - $500,000	20%	$36,000
$500,001 - $600,000	25%	$33,750
$600,001 - $700,000	30%	$31,500
$700,001 - $800,000	35%	$29,250
$800,001 - $900,000	40%	$27,000
$900,001 - $1,000,000	45%	$24,750
$1,000,001 and above	50%	$22,500

Option Fee

If qualified and through our decision, you may be offered to the opportunity to purchase an option for an additional franchised business by paying us, at the time you purchase your first franchise, an option fee of 20% of the initial franchise fee for such additional territory and executing an Option Agreement, which must be executed at the time you sign your first franchise agreement. Under the Option Agreement, at any time within the 18-month period beginning from the effective date of your first franchise agreement, you may exercise your option to purchase the additional territory if you are in compliance with your franchise agreement by paying us the balance of the initial franchise fee applicable to such territory. The 20% deposit will be applied to the $40,000 initial franchise fee for the second franchise agreement. We do not refund the option fee if you decide not to exercise your option to purchase the additional territory within the 18-month period from initial effective date or are ineligible to do so.

Referral Fee

Currently, we offer a referral incentive program that pays $10,000 to an existing franchisee who directly refers a candidate to us who executes a milliCare franchise agreement for a new location within 6 months of the date of referral. The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. We may change or eliminate the referral program at any time without notice. Franchisees participating in the referral program are not our sales agents and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	Varies due to services as follows: (i) 6% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks. During the first 24 months you will pay a reduced royalty equal to 5% of Gross Receipts. You must pay us minimum monthly royalties ranging from $0 to $650 per month depending on how long your franchised business has been operating. (See Notes 1 & 2)	Payable Monthly on 15th day of next month based on the preceding calendar month's Gross Receipts, or otherwise as we may direct from time-to-time. Minimum Royalties for a single Territory, or the first Territory in the event you own multiple Territories, commence on the six-month anniversary of your completion of milliCare Training Academy	For a Conversion Business, you may qualify for reduced royalty ratees in the first two years of operation. Otherwise, the standard royalty rate applies to other Gross Receipts. (Notes 1 & 2)
Promotional Fund (Note 3)	1% of your Gross Receipts in the first 24 months, and 2% of your Gross Receipts thereafter (Note 4)	Same as Royalty	Same as Royalty
Audit	Reimbursement of our costs of conducting the audit, in addition to any late payment owed to us.	Upon invoice	Payable if audit shows an understatement exceeding 2% of royalties, Promotional Fund contributions or other amounts due to the Company
Travel and Living Expenses while Training	$1,200 - $3,800 per year (Note 6)	As incurred	See Item 11
Annual Conference and Mandatory On-Going Training	$0 -$3,975 a year (Note 7)	As incurred on the date we specify	

Type of Fee	Amount	Due Date	Remarks
Training for New Hires	$0 - $3,00 per year (Note 8)	As incurred	
Interest on Past Due Amounts	18% per year or the highest amount allowed by applicable law, whichever is less.	Upon invoice	Payable if any fees payable to the Company are past due
Renewal Fee	$5,000	The day you sign a renewal franchise agreement.	You will not owe this fee if you do not sign a renewal franchise agreement.
Supplier and Equipment Testing	Our costs	When billed	In the event you wish us to approval a particular supplier, item of equipment, or supply item, you will reimburse us for our costs of testing or inspecting new suppliers or equipment.
Failure to Maintain Insurance Fee	Our costs, together with interest at the lower of 3% above the prime interest rate charged by our primary bank and the maximum rate permitted by applicable law, from the date the expense is incurred until the date we receive payment.	When billed	If you fail to obtain or maintain any insurance that is required under the Franchise Agreement, we may obtain the required insurance at your sole cost and expense.
Management Fee	Currently 15% of Gross Sales plus expenses.	Payable weekly out of Franchise proceeds.	The Management Fee is paid to us in the event we exercise our right to step in and operate your Franchised Business in certain circumstances, including your default, death, disability or prolonged absence. The reimbursable expenses include travel, lodging and meals.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement.

Except for the product and service purchases described in Item 8 and as otherwise noted in this Item 6, all fees are uniformly imposed and collected by and payable to us and are non-refundable.

(1) “**Gross Receipts**” means the amount of all money and the value of all property directly or indirectly received by you for goods sold and services rendered in connection with the franchised business, whether as cash sales or as payment for any charge, credit balance, or advance deposit, minus (i) sales taxes and similar charges; and (ii) the amount of any incorrect sales amount, allowances, and discounts to customers; and (iii) revenues from providing services under the milliCare® Entry Mats System; or (iv) customer refunds or returns, provided that revenues from the sale in question have previously been included in Gross Receipts. The term “Gross Receipts” does not include: (i) proceeds from any business identified on Exhibit B to the Franchise Agreement and which is operated in accordance with Section 3.3 of the Franchise Agreement; (ii) amounts payable to you and amounts you pay to other franchisees with respect to any Strategic or National Account with which you have an agreement to provide services and which we have approved, and for which the services are provided by a franchisee in the network that is not an affiliate of your franchise.

(2) The continuing royalty and license fee (the “**Royalty**”) will equal 5% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks in the first 24 months of your operations. Thereafter, the Royalty increases to 6% of Gross Receipts. The amount of the Royalty for participants in the Conversion Program is reduced as follows: you will begin reporting revenue at the beginning of the first month upon completion of milliCare training/milliCare Academy. Based on the size of conversion business, you may qualify for a discounted royalty rate fee for a set duration of time.

- If your conversion business has documented revenues within the previous 12 months of at minimum $200,000.00 up to $600,000.00 in gross revenue; you will qualify for a 3% Royalty for year 1 and a 4% Royalty for year 2. Your promotional fund rate will be 1% for years 1 and 2. Royalty and Promotional Fund rates will resort to regular scale as set forth earlier in Item 6.
- If your conversion business has documented revenues within the previous 12 months of at minimum $600,001.00 and above in gross revenue; you will qualify for a 2.5% Royalty for year 1 and a 3% Royalty for year 2. Your Promotional Fund rate will be 1% for years 1 and 2. Royalty and Promotional Fund rates will resort to standard scale as set forth earlier in Item 6.
- You must pay a minimum monthly Royalty for each Territory you own. Payment of the minimum monthly Royalty for single a Territory or the first Territory in the event you own multiple Territories commences on the six-month anniversary of your completion of milliCare Training Academy and shall be in the following amounts:

  Months 6 to 12: $450.00 per month
  Months 13 to 24: $550.00 per month
  Months 25 and thereafter: $650.00 per month

  **conversion franchise businesses will have a minimum of 3% of converted revenue beginning the month after completion of milliCare training/milliCare Academy.

- If you own multiple Territories, the minimum monthly Royalty for the first Territory will commence on the six-month anniversary of your completion of milliCare Training Academy, with the minimum monthly Royalty for the second Territory commencing 12 months after minimums commence for the first Territory, and minimums for any additional Territories will commence 12 months after minimums commence for the prior Territory.

All fees are payable to the Company and are not refundable for any reason.

(3) Expenses and costs of advertising and promotion will be paid for through contributions by franchisees to a promotional fund (the "**Promotional Fund**"). The Promotional Fund may be used as determined solely by the Company: to develop and purchase national, regional, and local advertising in any media (including a Website (defined below) for the milliCare® franchise network) and promotional materials; to acquire the services of in-house and outside advertising and public relations professionals; to carry on other advertising and promotional activities as the Company deems advisable; and to pay the reasonable expenses of administering the Promotional Fund. The Company will account annually, within 120 days of the end of each year, to the franchisees for all Promotional Fund contributions received and spent, together with the balance on account. The Company retains sole discretion over the use of the Promotional Fund.

(4) You must sign a license agreement for the use of the Franchisee Website and subscribe to and use the required operating software for all milliCare® business (currently mPOWER). This software will be used for scheduling, marketing, tracking, etc. The term "**Website**" means 1 or more websites the Company develops or operates that feature the Marks and contain information, and marketing for the Company and the milliCare® Services System.

(5) The Transfer Fee is $7,500 if transfer is to outside 3rd party. Transfer fee is $5,000 if the transfer is to a person or entity that already owns or controls a majority interest in an existing milliCare® franchise. Fee is due on or before the effective date of the transfer.

(6) You must pay for all of your travel expenses incurred during the ongoing training, including airfare or other travel expenses, food, and lodging. The estimated annual expenses will depend upon the number of training days, the types of training, the number of trainees, and the location of the training. Most of the ongoing training typically takes place at the annual milliCare® National Training Conference, which every franchisee (or the General Manager) for every Territory must attend. The estimated annual cost will range from $1,200 to $3,800

(7) The registration fee for the annual conference is currently $975, but the registration fees for milliCare® University classroom training may range from $0 - $3,000 per year. Every milliCare® franchisee (or the General Manager) for every Territory must attend both milliCare® University classroom training and the annual conference at least 6 times during the Initial Term and 3 times during each Renewal Term as a condition to renewal of your franchise.

(8) New General Managers and salespeople must complete the Initial Training Program within 1 year of being hired by you. In addition, at least 1 of your employees must be certified by the Institute of Insurance, Cleaning and Restoration Certification (IICRC) and your franchised business must become a certified firm within 90 days from the date the franchise agreement is executed.

ITEM 7
ESTIMATED INITIAL INVESTMENT

a. Your Estimated Initial Investment for a new milliCare franchise

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial fee	$49,000 [1]	Lump Sum	Upon signing Franchise Agreement	Company
Travel, lodging and related expenses during training	$2,000[2]	As Incurred	During first year	Airlines, hotels, and restaurants
Start-up package of equipment and materials	$32,500[3]	Lump Sum or Financed if applicable	Upon signing Franchise Agreement	Approved Vendors
Rent - 3 months	$1,500 - $4,500[4]	As Incurred	Before opening	Landlord
Tenant improvements	$1,000 - $7,000[5]	As Incurred	Before opening	Landlord and Suppliers
Vehicle Expenses - 3 months	$3,000[6]	As Incurred	Before opening and monthly	Vendors
Computer equipment	$1,000 - $2,500[7]	As Incurred	Before opening and monthly	Vendors
Miscellaneous	$15,000[8]	As Incurred	As needed	
Additional Funds - 3 months	$25,000 - $80,000[9]	As Incurred	As needed	Employees, Vendors, Utilities, Franchisor
Total	**$170,000 - $195,500[10]**			

b. Your Estimated Initial Investment for a conversion milliCare® franchise

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial fee	$22,500 to $40,500[1]	Lump Sum	Upon signing Franchise Agreement	Company
Travel, lodging and related expenses during training	$2,000[2]	As Incurred	During first year	Airlines, hotels, and restaurants
Start-up package of equipment and materials	$32,500[3]	Lump Sum or Financed if applicable	Upon signing Franchise Agreement	Approved Vendors
Rent - 3 months	$1,500 - $4,500[4]	As Incurred	Before opening	Landlord

Tenant improvements	$1,000 - $7,000[5]	As Incurred	Before opening	Landlord and Suppliers
Vehicle Expenses - 3 months	$3,000[6]	As Incurred	Before opening and monthly	Vendors
Computer equipment	$1,000 - $2,500[7]	As Incurred	Before opening and monthly	Vendors
Miscellaneous	$15,000[8]	As Incurred	As needed	
Additional Funds - 3 months	$65,000 - $80,000[9]	As Incurred	As needed	Employees, Vendors, Utilities, Franchisor
Total	**$143,500 - $187,000[10]**			

c. **Your Estimated Initial Investment for a new milliCare® franchise with an Option Agreement to purchase an additional milliCare franchise**.

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Option Fee Deposit	$8,000[(1)] -	Lump Sum	Upon signing Franchise Agreement for the first franchise	Us
Initial Invest for First Franchise	$170,000 - $195,500[(9)]	See Chart in Item 7(a) above.		
Total	**$178,000 – $203,500**			

Notes:

None of these fees or expenses that you pay to us are refundable. You may be able to get refunds of the fees listed above from the landlord or vendor. We do not finance any part of your initial investment.

(1) The nonrefundable Initial fee is $49,000. If you are an existing franchisee and are buying an additional franchise, the initial fee is 40,000.

Under the conversion program the amount of the initial fee is reduced based on the AMR of your existing business. The low range of the initial fee is based on the minimum that would be due if your existing AMR is $1,000,001 or above, with the high-range representing AMR between $200,000 - $300,000. See Item 5. If you execute the Option Agreement, you will pay an option fee of 20% of the initial franchise fee for such additional territory, which will be applied to the $40,000 due upon executing the second franchise agreement. The Option Fee is non- refundable.

(2) You must pay for all of your expenses incurred during the Initial Training Program, including airfare or other travel expenses, food, and lodging. The estimated expenses for travel and living expenses for one person for all initial training is $2,000.

(3) Opening Inventory of uniforms, marketing items, equipment, supplies and chemicals for carpet,

fabric, and floor cleaning services, and for performance coatings, and tile and grout cleaning/maintenance processes and services.

(4) You must lease space for your warehouse. Rent for a typical warehouse without additional office space should be approximately $100 to $1,500 per month. You also must lease space for your business office. As a guideline, rent for a typical office with warehouse should be approximately $500 to $1,500 per month. The range above assumes a typical office with a warehouse. If your office and warehouse are in the same location, the office must be maintained in accordance with professional standards, as the Company may in its sole discretion determine. If you have more than 1 milliCare® franchise with contiguous Marketing Territories, you may not be required to have a separate warehouse for each franchise. This estimate is for 3 months since your rental expenses will begin prior to the opening of your business which could be up to 3 months.

(5) Rent and the cost of the tenant improvements will depend on the size, location, and condition of the premises, and landlord contributions, if any. Your cost will be a function of the condition of the real estate and the extent of the necessary improvements. The low end assumes space requiring minimal changes to conform the space to an office and warehouse. The high end assumes a space requiring a greater degree of modifications.

(6) The number of vehicles depends on the size and location of your business operations. You are required to own or lease at least 1 van for your business. Typically, you will need 1 vehicle to start, with additional vehicles added as the business grows. As a guideline, vehicle expenses should be approximately $400 per month for lease payments, $300 per month for gas, and $100 per month for service and repair. Insurance premiums should be approximately $200 per month for each vehicle. This estimate is for 3 months since these expenses will begin prior to the opening of your business, which could be up to 3 months.

(7) Includes computer hardware, software, and peripheral equipment.

(8) Includes insurance, business license fees, security deposits, utilities, incorporation fees, and Internet access service fees.

(9) This estimates your initial start-up expenses for the initial phase of 3 months. These expenses include payroll costs. If you sign an Option Agreement, the initial investment for the first franchise figures in Chart (c) represents the total estimated initial investment required to open the first franchise (see the Single Unit in Item 7(a) chart above for additional details).

(10) Your costs will depend on factors such as: management skill, experience and business acumen, local economic conditions, the local market for our product, the prevailing wage rate, and competition. These costs are based on a start-up business. The estimated initial investment will be lower for an existing business that is already incurring some of the overhead costs required for the initial investment. The extent to which you have already established your business may lower these costs. The Company has relied on its experience in the cleaning and maintenance business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To maintain the high standards of quality associated with the milliCare® Services System, you must purchase the milliCare® Dry Carpet Cleaner, private-labeled performance coatings products, private-labeled tile and grout cleaning/maintenance products, and the associated family of Proprietary Products and proprietary equipment. The products used for the Franchised Business may only be purchased from the Company, an affiliate of the Company, or a third party supplier designated by the Company. You cannot alter, amend, or modify any of the Proprietary Products or equipment, or use any other products or equipment in lieu of the Proprietary Products or equipment.

Currently, neither the Company nor any affiliate are the supplier of any products or services to System franchisees, but we and our affiliates reserve the right to sell proprietary and non-proprietary equipment and supplies, including textile cleaning agents, Performance Coating Equipment, Performance Coating Accessories and Performance Coating Chemicals in the future to franchisees in the future.

The required inventory of products, equipment, and supplies necessary to operate the Franchised Business is listed in the milliCare® Services System Confidential Operating Manual and Confidential Technical Manual (collectively, the "Confidential Manual"). The required purchase of products and equipment from the Company, its affiliates or its designated suppliers, or according to our specifications is 50% to 60% of your overall purchases in establishing your business, and 10% to 20% of your overall purchases in operating your business.

You may purchase equipment and supply items only from Company-approved suppliers or, if there is no approved supplier for a particular equipment or supply item, from suppliers who meet all of the Company's specifications and standards as to quality, composition, and functionality and adequately demonstrate their capacity and facilities to supply your needs in the quantities, at the times, and with the reliability necessary for an efficient operation. The Company provides certain of its specifications and standards to approved suppliers in the course of doing business with them and will share its criteria for approving approved suppliers with a franchisee upon request in the process of reviewing requested alternative suppliers. The Company reserves the right to designate a single supplier for any equipment and supply items and to require you to use such a designated supplier exclusively, which exclusive designated supplier may be the Company or its affiliates. None of the Company's officers own an interest in any approved suppliers.

If you wish to purchase any equipment or supplies that have not been approved by the Company or from a supplier who has not been approved by the Company, you must submit a written request to change products or suppliers to the Company. To obtain approval of any proposed alternative equipment, supply item, or supplier, you must provide the Company with documentation from a source independent of Franchisee or the proposed supplier which demonstrates to the Company's satisfaction that the proposed alternate equipment, supply item, or supplier performs as well as the item or supplier to be replaced. The Company has the right to further test any proposed equipment or supply item, and to further evaluate any proposed alternate supplier. There is no fee charged to franchisees or proposed suppliers for the Company to test any proposed equipment or supply item or to evaluate any proposed supplier. The Company will notify you within 90 days of the approval or disapproval of products, equipment, supplies, and suppliers.

Regardless of the above, the Company reserves the right to disapprove of proposed and existing suppliers, products, equipment and supplies for any reason, including the number of such suppliers or items that have already been approved. The Company may revoke the approval of suppliers if their product no longer satisfies our quality standards or for any other reason by written notice or update to the Operations Manual. The Company may at any time require the substitution of newly developed proprietary products for non-proprietary items.

You must obtain and maintain, at your expense, the following types of insurance coverage as we require, presently: comprehensive general liability insurance in the minimum amount of $1,000,000, all-risk property coverage, commercial automobile liability in the minimum amount of $1,000,000, and blanket fidelity insurance in the minimum amount of $25,000 for employees. All insurance policies must be issued by insurance companies of recognized responsibility and must be approved by the Company in form, substance, and coverage. The Company must be named as an additional insured under all insurance policies.

You must equip your facility with a computer system containing certain minimum hardware and software, including the Franchisee Website. Company is not a supplier of these items.

The Company and/or an affiliate may negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees and to promote the overall interests of the milliCare® Services franchise network and our interests as the Franchisor. We are not required to negotiate purchase arrangements. We do not provide material benefits to a franchisee based on a franchisee’s use of designated or approved sources; however, a franchisee who does not use such sources will be in breach of the Franchise Agreement.

The Company has the right to receive payments from suppliers on account of their dealings with you and other franchisees, and we may use the amounts received without restriction and for any purpose the Company and its affiliates deem appropriate.

We and our affiliates also reserve the right to derive revenue from any of the purchases or leases System franchisees are required to make in connection with the Franchised Business. As of the fiscal year ended December 31, 2023, neither we nor any affiliate derived any revenue on account of required purchases or leases by franchisees.

ITEM 9
FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section in Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	Franchise Agreement §§ 2.1, 3.1 Option Agreement: n/a	Item 11
b.	Pre-opening purchases/leases	Franchise Agreement §§ 3.1, 3.8, 3.11, 3.12, 3.19, 3.20 Option Agreement: n/a	Items 8, 11
c.	Site development and other pre-opening requirements	Franchise Agreement §§ 3.2, 3.4 Option Agreement §2	Items 7, 11
d.	Initial and ongoing training	Franchise Agreement §§ 2.4, 2.5, 2.6, 3.4 Option Agreement: n/a	Item 11
e.	Opening	Franchise Agreement § 3.6 Option Agreement: n/a	Item 11
f.	Fees	Franchise Agreement §§ 2.4, 2.5, 2.7, 3.11, 3.12, 3.14, 3.15, 4.1-4.5 Option Agreement: 1.1	Items 5, 6, 7

	Obligation	Section in Agreement	Item in Disclosure Document
g.	Compliance with standards and policies - Confidential Manual	Franchise Agreement §§ 2.3, 3.10, 3.28, 7.6 Option Agreement: n/a	Item 11
h.	Trademarks and proprietary information	Franchise Agreement §§ 1.1, 3.9, 3.17 Option Agreement: n/a	Items 13, 14
i.	Restrictions on products/ services offered	Franchise Agreement §§ 1.1, 1.2, 2.7, 2.8, 2.9, 3.3, 3.11, 3.12, 3.18 Option Agreement: n/a	Item2 8, 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Franchise Agreement §§ 1.3, 3.3, 3.28, 6.1 Option Agreement: n/a	Item 12
l.	Ongoing product/service purchases	Franchise Agreement §§ 3.11, 3.12 Option Agreement: n/a	Item 8
m.	Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 3.9, 3.16, 3.20, 7.6 Option Agreement: n/a	Item 11
n.	Insurance	Franchise Agreement § 3.19 Option Agreement: n/a	Item 7
o.	Advertising	Franchise Agreement §§ 3.14, 4.3 Option Agreement: n/a	Items 6, 11
p.	Indemnification	Franchise Agreement § 3.25 Option Agreement §4	None
q.	Owner's participation/ management/staffing	Franchise Agreement §§ 3.3, 3.4, 3.5, 3.6, 3.7, 3.24, 3.28 Option Agreement: n/a	Item 15
r.	Records and reports	Franchise Agreement §§ 3.15, 3.28 Option Agreement: n/a	Item 11
s.	Inspections and audits	Franchise Agreement §§ 2.10, 3.15	Item 6
t.	Transfer	Franchise Agreement § 5 Option Agreement § 3	Items 6, 17
u.	Renewal	Franchise Agreement § 1.4 Option Agreement: n/a	Item 17
v.	Post-termination obligations	Franchise Agreement §§ 3.18, 3.27, 3.29, 6.2, 6.5 Option Agreement: n/a	Item 17, Exhibit "E"
w.	Non-competition covenants	Franchise Agreement §§ 1.3, 3.3, 3.18 Option Agreement: n/a	Item 17, Exhibit "E"
x.	Dispute resolution	Franchise Agreement §§ 6.3, 6.4, 6.5, 7.1, 7.2, 7.5, 7.6, 7.7 Option Agreement §4	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, the Company is not required to provide you with any assistance.

Pre-Opening Obligations

The Company will have the right to approve the selection of a site for your warehouse facilities and office, which will not be unreasonably withheld. Officing &/or warehouse facilities must be within your territory description within franchise agreement. If the Company reasonably withholds its approval of your proposed site, and you do not later locate an acceptable site, you may not commence operation of the Franchised Business. Failure to office within your territory description is in default of the franchise agreement and may result in termination of the agreement. You must give the Company written notice and photographs of inside and outside the premises of the proposed location. If the Company does not give you written notice of disapproval within 20 business days after receipt of your notice, the location will be deemed to be approved by the Company. (Franchise Agreement § 2.1). Generally, the Company considers, with respect to a location, factors such as whether the proposed location is near the center of the Territory, within easy access to major roads, visibility, accessibility both for trucks using the workplace and for customers entering the office, and the professional appearance of the office. We do not generally own the premises and generally do not lease them to franchisees. We may terminate the Franchise Agreement if you do not secure an acceptable site within 60 days of its effective date. If you do not live in the territory or do not already own/lease space in the territory, you must execute a lease within 180-days of its effective date (Franchise Agreement § 3.1).

The Company or a supplier designated by Company (which may be an affiliate) will sell to the Franchisee such milliCare® Proprietary Products as are set forth in the Confidential Manual, and such other Proprietary Products which Franchisor may hereafter develop or obtain. The sale or lease by Franchisor or such other person of such Proprietary Products or equipment to Franchisee will include a commercially reasonable markup (Franchise Agreement § 2.8). The Company or its designee will provide you a start-up package of equipment and materials, including opening inventory of uniforms, marketing items, equipment, supplies, and chemicals for cleaning, maintenance, and performance coatings services upon payment of the $32,500 fee.

The Company will provide sources of supply for the purchase or lease of non-Proprietary Products, for use in providing Services. A list of approved suppliers and approved products will be included in the Confidential Manual and may be revised by the Company from time to time in its sole discretion. The Company reserves the right to designate a single supplier for any equipment and supply items and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier may be the Company or its affiliates. The Company and its affiliates may receive payments from suppliers on account of such supplier's sales to Franchisee and other franchisees, and The Company may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate (Franchise Agreement § 2.9).

The Company will, if requested by you, provide you with advice concerning a generalized space plan, workflow, and general layout of an office and warehouse facility that is typically used in the milliCare® Services franchise network (Franchise Agreement § 2.2).

The Company will give you access to the Confidential Manual for your use during the term of the franchise (Franchise Agreement § 2.3). The Confidential Manual may be in electronic, digital, or another format. You will be permitted to review the Confidential Manual prior to purchasing a franchise.

A representative of the Company will advise and assist you in the opening of your Franchised Business and in establishing and standardizing procedures and techniques essential to the operation of a milliCare® Services System business. There is no fee for this assistance (Franchise Agreement § 2.6).

The Company will conduct a comprehensive Initial Training Program in the management and operation of the Franchised Business (Franchise Agreement § 2.4). The Initial Training Program consists of a program provided in several separate modules during your first year as a franchisee. The first module of the Initial Training Program must be successfully completed after signing the Franchise Agreement, but prior to beginning operations. You are responsible for all travel, food, lodging and other expenses incurred by you and any of your employees in connection with attendance at the Initial Training Program. The training program will be held at the locations indicated or other specified locations (which may include computerized training modules able to be conducted via most computers) and will consist of:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introductory and Technical Training	3-5 days	None	Franchisee's Business or another location in U.S.
Technical Skills Training	2-3 days	1-3 days	Franchisee's Business or another location in U.S.
Professional Sales and Marketing Training	3-5 days	None	Franchisee's Business or another location in U.S.

Introductory training, including an overview of products, services and marketing and an orientation to franchising, is held regularly, usually every other month. The instructional materials will be provided by the Company and will consist of the Confidential Manual, forms, and other training materials.

Our Introductory Training Program will be conducted by Stephen Starcher and Tara Rohland-Crabb, both of whom have been with the Company since 2022. Mr. Starcher was previously the owner and general manager of an independent commercial floorcare business. Ms. Rohland-Crabb was previously a salesperson with a milliCare franchisee. The instructors will also include other individuals listed in Item 2 and other employees and industry consultants.

The technical skills training relates to equipment and product usage and cleaning and maintenance techniques.

You must complete the assigned online modules of the Initial Training Program to the Company's satisfaction prior to attending milliCare® Academy. You must complete the subsequent modules(s) of the Initial Training Program within 6 months after attending milliCare Academy. Your General Manager must complete the entire Initial Training Program to our satisfaction. Your employees who are engaged in the sale of Services must complete the Professional Sales and Marketing Training to our satisfaction. You must pay for all travel, food, lodging, and other expenses for your employees that attend any component of the Initial Training Program.

<u>Continuing Obligations</u>

The Company will provide a continuing advisory service which may include consultation on promotional, marketing and advertising techniques, and customer relations (Franchise Agreement § 2.7).

The Company or a person designated by the Company (which may be an affiliate of the Company) will sell various proprietary products and equipment to you, as detailed in the Confidential Manual (Franchise Agreement § 2.8).

The Company has the right to determine the prices, and establish minimum and maximum prices, or minimum advertised prices, of the products and Services you offer and sell which you must adhere to, subject to law. Company retains the right to modify the prices from time to time. Franchisor also has the right to establish suggested prices for the milliCare® products and Services you offer and sell, which you are not be required to adhere to.

The Company and its agents have the right of entry and inspection of your premises, the right to observe the manner in which you render services, and the right to confer with your employees, customers, and business associates (Franchise Agreement § 2.10).

The Company will provide ongoing training on specific, job-related issues to you and/or your employees as the Company deems appropriate. This training may include on-site training at a franchisee's location. Ongoing training subjects will include job costing and scheduling, employee management, equipment usage, and sales and marketing. Additionally, the Company will provide ongoing general training on an annual basis to introduce new products, services, and equipment, to review sales and marketing practices, and to discuss other relevant topics. The Company generally will conduct 1 general training session per year, and specific training modules will be offered on a regular basis (some via electronic learning vehicles). Some of the ongoing training will typically take place annually at both the milliCare® Exchange and through milliCare® University, which you, your principal owners, or your designee involved in the Franchised Business for each Territory, must attend. Attendance requirements at other ongoing training sessions will be determined by the content of the class. You must pay for all travel, food, lodging, and other expenses (Franchise Agreement § 2.5). The training programs will be held at the locations indicated and will consist of:

<u>ADDITIONAL TRAINING</u>

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Ongoing Specific Training	1-5 days	None	Franchisee's Business or another location in U.S.
Ongoing General Training	2-3 days	None	Franchisee's Business or another location in U.S.

The Company will provide ongoing training on specific, job-related issues for technicians, administrative staff, operations managers, and sales and marketing personnel as the Company deems appropriate, including the training necessary for your franchise to have at least 1 employee certified (or in training to be certified) by the IICRC at all times. It is estimated that 1 to 4 training sessions per year will be required. Attendance requirements will be determined by the content of the training session. Currently, we may charge $750 for extraordinary training.

If the Company enters into an agreement to provide any Services to any customer which has a location in your designated Territory, the Company may offer you the right to service this account at such location at the terms upon which the Company and this account have agreed. If there is more than one franchisee licensed by the Company in your Territory, the Company may allocate opportunities to service these accounts between those franchisees, as the Company in its sole discretion deems appropriate. If, for any reason, you elect not to service such an account that is offered to you, the Company may, in its sole discretion, service this account or appoint any other party to service this account (Franchise Agreement § 2.11).

Periodically during the term of the Franchise Agreement, the Company may provide you with the names of potential customers for Services within your Territory obtained by sales representatives employed by us or an affiliate; provided, however, that customer preferences will be honored. The Company has the sole discretion regarding the allocation of leads. The Company may provide you with leads for potential customers for Services in locations that are not part of any franchisee's Territory, but we are not required to do so. If you service customers located outside of your Territory, you do not receive any rights in or to these areas (Franchise Agreement § 2.12).

A representative of the Company will visit your location within 45 days after your business opens to assist you in the operation of your business.

You must contribute 1% of your Gross Receipts to a promotional fund in the first 24-months of your operations, thereafter you will contribute 2% of your Gross Receipts to the promotional fund (the "**Promotional Fund**"). Only milliCare® franchisees will contribute to the Promotional Fund. Other franchisees will contribute the same amounts for the same time periods of their operations.

The Company does not have the power to require cooperatives to be formed. The Company has established a franchisee advisory council to provide input and suggestions regarding use of the Promotional Fund. The franchisee advisory council serves in an advisory capacity only and does not have any operational or decision-making power. New advisory council members will be elected by the existing advisory council from the list of approved nominations from the network of franchisees. Corporate representatives do not vote for incoming advisory council members unless there is a tie, and, in that case, the Managing Director would cast the deciding vote. The advisory council would be required to repeat the vote a second time prior to the Managing Director casting the deciding vote. The Company has the power to form, change, dissolve, and merge the franchise advisory council.

The Promotional Fund is administered by the Company. The Promotional Fund may be used as determined solely by the Company and without consideration of geographical location of franchisees: to purchase national, regional, and local advertising in any media, including broadcast, print, and electronic media (including a Website for the milliCare® franchise network); advertising and promotional materials; to acquire the services of in-house and outside advertising and public relations professionals; research and development, tests or target marketing, the conducting of surveys, brand development and promotion, to defray the expense of training programs intended to develop the marketing and promotional skills of franchisees and their employees; to carry on other advertising and promotional activities, including utilizing Networking Media Websites (such as Facebook, Twitter, and LinkedIn) and other emerging media; and to pay the reasonable expenses of administering the Promotional Fund, including the reasonable compensation of the Company's employees and expenses of the advisory council while working on behalf of the

Promotional Fund. The Promotional Fund will not be used for selling additional franchises.

In the fiscal year ended December 31, 2023, the Promotional Fund contributions were expended as follows: Platform Management 26.6%, Media Placement 18.8%, Production 46.6% and Administrative 8.0%. The Company will account annually, within 120 days of the end of each year, with a financial statement that reports for all Promotional Fund contributions received and spent, together with the balance on account for that year. Other than the foregoing financial statement report, Franchisor does not separately make financial statements of the Promotion Fund available for review. Franchisor is not required to have the Promotional Fund audited. Amounts not spent in a given year are carried over to the next year. The Company is not required to spend any amounts from the Promotional Fund in any franchisee's territory.

You must conduct local advertising and promotional activities at your own cost. Independently produced materials must be approved by the Company before they can be used. You may not conduct any advertising or promotional activities on any Website that we have not authorized, including any Networking Media Website (which is any social media Website, including Facebook, Twitter, LinkedIn, and online blogs and forums).

You must equip your facility with a computer system with at least 1 terminal or PC that meets our specifications and standards within 15 days of the date of signing the Franchise Agreement. None of the hardware used in the computer system is proprietary to the Company. Currently, the minimum requirements for the computer system, which may be purchased from any computer equipment manufacturer, are Windows 10 or higher with Office Suite of products. We currently require the following software: Microsoft Word and Microsoft Excel. Within 14 days of obtaining the specified computer system, you must acquire functional high-speed Internet access, 2 POP@millicare.net email addresses (or any other e-mail address we specify) (which we will either provide or you may obtain through our designated supplier) and which email addresses all of your employees must use in conducting milliCare business communications, and a Website for your Franchised Business through our designated supplier (the "**Franchisee Website**"). The Company will have independent access to the information and data that is stored on your computer system, including sales information and customer data. There are no contractual limitations on the Company's right to access this information. You must upgrade or update your computer system and software as the Company requires. There are no contractual limitations on the frequency or cost of those upgrades. Neither the Company, its affiliate, nor a third party will be obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. The estimated annual cost for maintenance, updating, upgrading, or support contracts is $1,000 - $2,000. You must subscribe to and use the operating software for your milliCare® business and sign a license agreement for use of the Franchisee Website, the current Technology Fee is $399 per month. The approximate cost of the computer hardware, software, and peripheral equipment is between $1,000 and $2,500 to purchase.

You must open your business upon satisfactory completion of milliCare® Academy, completion of the tenant improvements and the issuance of a certificate of occupancy for the business premises at the Location. If you do not live in the Territory, or do not already own/lease space in the Territory, you must secure a location and sign a lease within 180-days of signing the Franchise Agreement. Most franchisees open their business within 180 days after signing the Franchise Agreement. You must open your business no later than 270 days after signing the Franchise Agreement. Factors which may affect the time to open your business include the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, scheduling of training, and delayed delivery or installation of equipment, fixtures, and signs.

ITEM 12
TERRITORY

When you sign the Franchise Agreement, we grant you a Territory that will be designated either a "Protected Territory" or a nonexclusive "Marketing Territory". Our Predecessor granted Marketing Territories, and we will grant you a Marketing Territory if your territory is located within, or overlaps with, an another milliCare System franchisee with a Marketing Territory. Otherwise, we grant you a Protected Territory. Your Territory will be defined by geographic boundaries as determined by the Company in its sole discretion after giving consideration to relevant demographic information including population density, effective buying income, retail sales, and the number of square feet of office, commercial, and industrial space. The actual boundaries of the Territory, and the designation of the territory as a Protected Territory, or a Nonexclusive Marketing Territory, will be set forth on an exhibit to the Franchise Agreement that will be signed by both you and the Company. If you execute an Option Agreement (attached as Exhibit E to this disclosure document), Section 1.3 of the Option Agreement will identify the Territory for the Additional Franchise Business subject to the option.

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

Unless you execute an Option Agreement (attached as Exhibit E to this disclosure document), you have no options, rights of first refusal, or similar rights to acquire additional franchisees.

If you receive a Protected Territory, we will not operate, or grant a franchise for others to operate a milliCare franchised business within the Protected Territory except as set forth below. If you receive a Marketing Territory we may operate or grant franchises to others to operate a milliCare franchised business with a Marketing Territory within, or that overlaps with, your Marketing Territory who may advertise and solicit customer accounts within your Marketing Territory and who may be in competition with you.

You cannot solicit or accept orders from consumers outside your Territory. You cannot conduct any advertising that is circulated outside your Marketing Territory (including any advertising using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other marketing) or otherwise solicit customer accounts that are located outside your Territory without the prior written consent of the Company.

You may not solicit customers within your Territory with respect to Services that would be provided to such customer both within and outside the Territory (such customer being referred to as a "**Strategic Account**" or "**National Account**") without our prior written consent. You may not hold yourself out to the public as being able to provide the Services outside your Territory. If you receive customer inquiries or leads from outside your Territory, you must direct such inquiries or leads to the Company. The Company retains the right to solicit and sell to National Accounts within the Territory, including solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet. You may provide Services outside of your Territory only if we give you our written consent to provide these Services outside your Territory.

The Company does not have the right to modify your Territory. We may permit you to relocate your Territory to an open Protected Territory or Marketing Territory, provided that you provide us with notice of the change and you secure a location within the Territory. You may relocate your warehouse facilities and office with our written consent, which will not be unreasonably withheld provided the new location is located within your Territory. Any relocation will be at your sole expense, and we may charge our then-current relocation fee (if any) for services that we render in connection with the relocation. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

There are no adverse consequences if a certain sales volume or market penetration is not met. The Company will not pay any compensation to you for soliciting or accepting orders in your Territory. If the Company enters into an agreement to provide Services to any customer that has a location within your Territory, the Company may offer you the right to service this account at the location and at the terms upon which the Company and this account have agreed. Similarly, the Company and other franchisees may solicit assistance from you to perform Services outside your Territory. If you have a Marketing Territory and more than one milliCare® franchisee services customers in your Marketing Territory, the Company may allocate opportunities to service these accounts between those franchisees, as the Company in its sole discretion deems appropriate. In addition, if the Company receives leads for Services in locations that are not part of any franchisee's Territory, the Company may allocate the right to service these accounts as it deems appropriate, in its sole discretion. See Item 11.

If you have a Marketing Territory, you may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any current customer of another milliCare® franchisee (including customers invoiced by that franchisee during the previous 365 days) with respect to all property owned, leased, or managed by that customer within the same building or building complex ("**Customer Accounts**") in the Marketing Territory ("**Overlapping Franchisee**"). For the purpose of this paragraph, "**customer**" shall be defined as the decision-maker that determines which company will provide its carpet cleaning and maintenance services. You must submit monthly reports to the Company, in a form and manner as the Company may require, which list all of your current customers, and which reflect additions to and deletions from the previous report. You must post and maintain on the Company's private extranet, on a monthly basis, a listing of your Customer Accounts, including the name and address of each Customer Account. The provisions of this paragraph are intended to be broadly interpreted to prevent you from directly or indirectly interfering with any of the customer relationships that have been established by an Overlapping Franchisee in a Marketing Territory. The provisions of this paragraph will not apply if you obtain written permission, granted by the President or Vice President of the Company, to engage in conduct that otherwise is prohibited in this paragraph. If you violate any of the provisions of this paragraph, you must pay to the Overlapping Franchisee(s) 50% of the revenue derived from the Customer Accounts that caused the violation. This revenue must be paid to the Overlapping Franchisee(s) within 10 days of receiving such revenue, for so long as you receive revenue from those Customer Accounts. However, if you commit more than 1 violation of the provisions of this paragraph, we may terminate your Franchise Agreement. This prohibition will apply only if the Customer Accounts creating an Overlapping Franchise have been entered into the Company's customer database, and only if an Overlapping Franchisee is subject to the same or similar provisions of this paragraph.

The Company, its parents, or its affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's Territory using the Marks. You may not solicit or accept orders from customers outside of your Territory, and you may not solicit or accept orders from customers within your Territory if services to that customer are provided, in whole or in part, outside of your Territory. You also may not make sales within or outside of your Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing without the Company's consent.

The Company does not have any present plan to establish another business offering similar services under a different trade name or trademark, but it retains the right to do so. In addition, we may purchase, merge, acquire or be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and we may then operate, franchise or license those other businesses and/or facilities under any names or marks other than the Marks regardless of the location of these businesses and/or facilities, which may be within your Territory or immediately near it. You will receive no compensation for these activities.

The Company retains the right to solicit and sell to accounts within the Territory that also have locations outside of the Territory, including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other online computer networks, without compensating you.

ITEM 13
TRADEMARKS

You must operate your business under the name milliCare®. You also must use the Marks in the operation of your business. The Company has the right to use and sublicense the following trademarks in conjunction with these franchises:

Mark	Registration Date	Register and Registration Number
MILLICARE	5/26/98	Principal 2,160,838
MILLICARE	6/16/98	Principal 2,166,428
MILLICARE	6/30/98	Principal 2,170,077
CLEAN WORKING CLEAN LIVING	4/15/08	Principal 3,413,389
CLEAN WORKING CLEAN LIVING	4/15/08	Principal 3,413,388

Our parent, MilliCare, Inc., owns the Registrations and licenses it to us under a license agreement. The term of the license agreement is indefinite but MilliCare, Inc. may terminate the license agreement upon 30 days' notice or in the event we breach the agreement and fail to cure within the time period allowed under the license agreement. If MilliCare, Inc. terminates the license agreement, MilliCare, Inc. will assume all of our rights and obligations under any franchise agreements then in effect. There are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks. There are no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits have been filed. All applicable Section 8 & 15 Affidavits and Section 9 Renewals have been filed with the United States Patent and Trademark Office for the trademarks.

You must assist the Company to the extent it reasonably requests in obtaining or maintaining any registration of any of the trademarks, including by providing advertising samples.

There are no agreements which limit the rights of the Company to use or license its trademarks.

You must follow the Company's rules when you use the Marks. All uses of the Marks by you must clearly state that you are independently owned and operated. You may not use the Marks as part of a partnership, corporation, limited liability company, or other legal entity name. If you own any business(es) other than the Franchised Business, neither you nor your personnel engaged in such other business(es) may conduct the same under any of the Marks or operate in any manner so as to cause confusion of origin or sponsorship between the Company's services and products and the services or products offered or rendered by such other business(es). You have no right to compensation or otherwise if the Company requires you to modify or discontinue using the Marks.

You must promptly notify the Company of any unauthorized use of any of the Marks, or any colorable variation of the Marks, by third parties. You must promptly notify the Company of any claim, demand, or suit against you based upon, or arising in connection with, your use of the Marks. You have no authority to defend or prosecute any action relating to the Marks, and the Company in its sole discretion may elect to defend or prosecute any action relating to the Marks. If the Company defends or prosecutes any action relating to the Marks, you will sign any and all documents and do all acts necessary to carry out the litigation. The Company has no obligation to protect your right to use the Marks or to protect you against claims of infringement or unfair competition arising out of your use of the Marks. The Company has the sole right to direct and control any administrative proceeding or litigation involving the Marks, including the right to settle the proceedings or litigation.

The Company does not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The Company does not own any patents, and has no pending patent applications, that are material to your business.

The Company claims copyright protection for the Confidential Manual and the content of the Company's extranet, and the information in this manual and extranet is proprietary. You must take all steps that are necessary to protect the proprietary information from publication, communication or other unauthorized disclosure. You cannot disclose any of the proprietary information, use it in any way, or assist any other person to use it either during the term of your franchise or at any later time. The Confidential Manual and extranet remain the sole property of the Company and must promptly be returned to the Company, and/or terminate all access to same, upon the expiration, non-renewal, or termination of your franchise.

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

You are not required to personally participate in the day-to-day operation of the Franchised Business. However, you must have, at all times, a fully trained General Manager and at least 1 dedicated, full-time, fully trained salesperson. Your General Manager is not required to be 1 of the principals of your legal entity. However, if the General Manager is not a principal of your legal entity, we have the right to evaluate and approve or disapprove of this General Manager. There is no requirement that the General Manager have an equity interest in your entity. All your employees engaged in the management or operation of your Franchised Business must sign our confidentiality and non-competition agreement (the current form of which is attached as Exhibit "F") prior to his or her employment. If you own or operate a non-competing business, as described in Exhibit B of the Franchise Agreement, you must comply with the milliCare® Co-Brand Guidelines that are incorporated into the Operations Manual, use trading designations separate from the Marks, maintain separate office space, and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. In addition, if you have more than 1 milliCare® franchise with contiguous Marketing Territories, you may not be required to maintain a separate product and equipment storage space for each milliCare® franchise.

As a condition of employment of any employee in the management and operation of your franchised business, your employees must covenant to maintain and protect proprietary information, including signing of standard covenants. Each person who owns a beneficial interest in your legal entity must sign the Franchise Agreement agreeing to be bound by its terms.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services that are approved by the Company or that meet with the reasonable specifications and standards established by the Company. You must offer and sell all of the Services that we have approved for your franchise. You must purchase all proprietary products and proprietary equipment from the Company or its designated affiliate. You may purchase equipment and supply items only from sources approved by the Company. The Company may, at any time, require the substitution of newly developed proprietary products for non-proprietary items. The Company has the right to add additional authorized products and services that you must then offer. There are no limits on the Company's right to do so. You may not become a wholesaler or distributor of proprietary products or proprietary equipment, and you may not re-sell proprietary products or proprietary equipment, except in connection with the provision of Services by you. You may not become a wholesaler or distributor of non-proprietary equipment and supplies related to the Services to other franchisees or to customers of the milliCare® System (See Items 1 and 8).

You may provide the Services only to commercial, industrial, and office customers, and not to residential customers. You may provide Services for any non-residential customer in the Territory who is not disapproved in writing by the Company. In certain markets, the Company has agreed not to solicit certain customers for a limited period of time. If you buy a franchise in these markets, the Company will consult with you on these customer restrictions.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in Agreement	Summary
a.	Length of the franchise term	Franchise Agreement § 1.4.1 Option Agreement: n/a	10 years

b.	Renewal or extension of the term	Franchise Agreement §§ 1.4.2, 1.4.3 Option Agreement: n/a	You may renew the franchise for two successive five-year periods on the Company's then current terms if you have not defaulted and meet the requirements for renewal. If you renew the franchise, you must sign the then-current form of franchise agreement, which may have materially different terms and conditions from your original contract, including a higher royalty fee and promotional fee.
c.	Requirements for you to renew or extend	Franchise Agreement §§ 1.4.3, 2.5.2 Option Agreement: n/a	Sign new franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, comply with current Franchise Agreement, exercise diligent efforts to develop your franchise during the term in a manner acceptable to us, meet our then current subjective and objective standards for new franchisees, provide us with requested documentation, give timely notice of desire to renew, execute a general release, complete required training and consulting programs, and attend all required meetings and events.
d.	Termination by you	None	You may terminate under any grounds permitted by law.
e.	Termination by the Company without cause	None	Not Applicable
f.	Termination by the Company with cause	Franchise Agreement § 6.1 Option Agreement: n/a	The Company can terminate your franchise if you default.
g.	"**Cause**" defined-curable defaults	Franchise Agreement § 6.1 Option Agreement: n/a	You have 5 to 30 days to cure: a non-payment of fees or other amounts due, non-compliance with applicable laws or regulations, failure to perform any obligation under the Franchise Agreement or another agreement between us.

h.	"**Cause**" defined-non-curable defaults	Franchise Agreement § 6.1 Option Agreement: n/a	Defaults which cannot be cured: bankruptcy foreclosure, inability to pay debts, abandonment, material misrepresentations, charge or arrest for certain criminal conduct, repeated defaults even if cured, uncurable breach, unauthorized transfer, breach of covenant not to compete, use of Marks in a business other than the Franchised Business.
i.	Your obligations on termination/nonrenewal	Franchise Agreement §§ 3.17, 6.2, 6.5, 6.6 Option Agreement: n/a	Obligations include payment of all amounts due including liquidated damages, ceasing to use Marks and Proprietary Information, return Confidential Manual and other documents, and other obligations.
j.	Assignment of the contract by the Company	Franchise Agreement § 5.1 Option Agreement §3	The Company cannot assign the franchise unless the assignee assumes the Company's obligations. The Company may assign the Option Agreement in whole or in part in its sole discretion.
k.	"Transfer" by you – definition	Franchise Agreement § 5.2 Option Agreement n/a	Includes transfer of assets and change in ownership.
l.	The Company's approval of transfer by you	Franchise Agreement §§ 5.2, 5.4 Option Agreement §3	The Company is not required to approve transfer requests but may approve transfers if certain conditions are satisfied. Franchisee's rights under the Option Agreement are personal and may not sell, transfer, or assign any right granted without the Company's prior written consent, which may be withheld in its sole discretion
m.	Conditions for Company approval of transfer-	Franchise Agreement §§ 5.2.4(a)-(i)	The Company has the right to require conditions of transfer to be satisfied, including but not limited to payment of transfer fee; transferee must qualify, pay Initial Training Fee, complete training, sign Franchise Agreement, repair premises; you must sign release; transferee, or those controlling, or under common control with, the transferee,

		Option Agreement §3	cannot, as a result of the transfer or otherwise, control franchises with combined annual revenues of 15% or more of the annual revenues of all milliCare® franchises in the network. If Franchisee is an individual or a partnership, Franchisee has the right to assign its rights under the Option Agreement to a corporation or limited liability company that is wholly owned by Franchisee according to the same terms and conditions as provided in the First Franchise Agreement.
n.	The Company's right of first refusal to acquire your business	Franchise Agreement § 5.5 Option Agreement: n/a	The Company or its designee can match any offer that you receive.
o.	The Company's option to purchase your business	Franchise Agreement § 6.2 Option Agreement: n/a	The Company may upon termination purchase all products and supplies which bear the Marks at your cost.
p.	Your death or disability	Franchise Agreement § 5.3 Option Agreement: n/a	Franchise must be transferred to a qualified successor within 6 months.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement § 3.18 Option Agreement: n/a	Limits interest in, and employment by, a competing business. The Company may disapprove of certain customers. and subcontractors. Subject to State law.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement § 3.18 Option Agreement: n/a	Limits interest in, and employment by, a competing business for 2 years from termination within the defined territory description as well as 25 miles from territory boundary or the territory of any other franchisee. Subject to State law.
s.	Modification of the agreement	Franchise Agreement §§ 2.3, 7.11 Option Agreement: n/a	Requires consent of you and the Company. The Confidential Manual and System may be changed by the Company.

t.	Integration/merger clause	Franchise Agreement § 7.17 Option Agreement: n/a	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Franchise Agreement § 6.3 Option Agreement §4	You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes must be submitted to non-binding mediation in Charlotte, North Carolina. If not resolved, most disputes must be resolved by binding arbitration in North Carolina. The fees and expenses of arbitration, not including attorneys' fees, generally will be shared equally by the parties. Subject to State law. The dispute resolution provisions of the First Franchise Agreement govern the Option Agreement.
v.	Choice of forum	Franchise Agreement § 7.2 Option Agreement §4	Charlotte, North Carolina. Subject to State law.
w.	Choice of law	Franchise Agreement § 7.1 Option Agreement §4	North Carolina law applies. Subject to State Law.

ITEM 18
PUBLIC FIGURES

The Company does not use any public figure to promote its franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

BACKGROUND

As of December 31, 2023, there were 56 territories operated by 35 separate franchisees. We based this financial performance representation on all milliCare® franchises in the United States that were open the entire 2023 calendar year. Several franchisees operate in numerous Marketing Territories, but report as a single franchisee.

This Item 19 profiles 22 franchisees operating in 34 Territories. Franchisees profiled in this Item 19 operate substantially similar businesses as being offered through this disclosure document offering substantially similar products and services as the business you will operate.

The following tables represents the gross amount of all money and the value of all property directly or indirectly received by the Franchisee for goods sold and services rendered in connection with the Franchised Business ("sales") for calendar year 2023 of milliCare® franchises in the United States. Table A presents the average Gross Sales of the 8 multi territory Franchisees operating in 20 Territories. Table B presents the Gross Sales of 14 single territory Franchisees operating in 14 Territories. Table C presents all 34 Franchisees broken down by territory quartiles and includes: the number of franchisees in each category of sales; the averages sales in that category; the number and percent of franchisees exceeding the average sales; and the median, high and low for each category.

Excluded from this Item 19 are: (i) 9 territories that opened during the 2023 calendar year, or left the system, and otherwise were not open for 12 months; (iii) 9 territories that didn't report to us a minimum of 11 months of sales; and (iv) 4 territories that aren't being operated on a full-time basis.

Calendar Year 2023

A. Multi-Territory Franchisees

Average 2023 Sales	Number and Percentage Achieving or Exceeding Average	Median	High	Low	No. of Territories
$1,749,567	**3/8 37.5%**	**$903,244**	**$7,028,184**	**$260,077**	**20**

B. Single Territory Franchisees

Average 2023 Sales	Number and Percentage Achieving or Exceeding Average	Median	High	Low	No. of Territories
$350,004	**5/14 35.7%**	**$273,099**	**$847,376**	**$58,752**	**14**

C. All Franchisees by Territory Quartiles

Category	No. of Territories	Average 2023 Sales	No. & % Achieving or Exceeding Average	Median	High	Low
1st Quartile	9	$1,347,842	2/9 22%	$1,190,747	$3,855,769	$703,718
2nd Quartile	9	$444,959	5/9 56%	$445,145	$612,011	$318,610
3rd Quartile	9	$230,775	5/9 56%	$231,558	$298,320	$163,579
4th Quartile	7	$97,774	4/7 57%	$120,928	$158,327	$28,519
All	**34**	**$555,782**	**10/34 29%**	**$331,482**	**$3,855,769**	**$28,519**

The Averages above are calculated by taking the sum of Gross Sales achieved by the territories included in each table and dividing them by the total number of territories.

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

Written substantiation for this financial performance representation will be made available to a prospective franchisee upon reasonable request. This data is based on reports submitted to us and have not been verified or audited.

We recommend that prospective milliCare® franchisees make their own independent investigation and consult with an attorney and other advisors prior to executing the Franchise Agreement.

Other than the preceding financial performance representation, MilliCare Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the franchisor's management by contacting Stephen Schiller at Stephen Schiller, at milliCare Franchising, 1515 Mockingbird Lane, Charlotte, NC 28209 or 254-718-6981, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

The first four tables below present information for our predecessor's fiscal year 2021.

Table No. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised#	2021	48	47	-1
	2022	47	51	+4
	2023	51	56	+5
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	**2021**	**48**	**47**	**-1**
	2022	**47**	**51**	**+4**
	2023	**51**	**56**	**+5**

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
Alabama	2021	0
	2022	0
	2023	2
Total	**2021**	**0**
	2022	**0**
	2023	**2**

Table No. 3
STATUS OF FRANCHISED OUTLETSFOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
Alabama	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
California	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Colorado	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Louisiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Michigan	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Missouri	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	2	0	0	1	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	1	0	0	0	0	1
North Carolina*	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Pennsylvania	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina#	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Texas	2021	4	0	0	0	0	0	4
	2022	4	5	3	0	0	0	6
	2023	6	2	0	0	0	0	8
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	**2021**	**48**	**0**	**0**	**1**	**0**	**0**	**47**
	2022	**47**	**8**	**4**	**0**	**0**	**0**	**51**
	2023	**51**	**7**	**2**	**0**	**0**	**0**	**56**

***** There is 1 Franchise whose Territory comprises counties in North Carolina and South Carolina. It is shown only in South Carolina, the state where its business office is located. A few franchisees have Territories in a state above, but their office is located in another state. See Exhibit “G.”

Table No. 4
STATUS OF COMPANY-OWNED OUTLETSFOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	**2021**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5 PROJECTED OPENINGS AS OF DECEMBER 31, 2023

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Alabama	1	0	0
Arizona	0	1	0
California	0	1	0
Ohio	0	1	0
Pennsylvania	0	1	0
Tennessee	0	1	0
TOTAL	**1**	**5**	**0**

The names of all franchisees as of December 31, 2023, and the addresses and telephone numbers of all of their outlets, is attached to this disclosure document as Exhibit "G." The name, city and state, and the current business telephone number (or, if unknown, the last known telephone number) of the franchisees who had an outlet terminated, cancelled, not renewed, or who have otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the year ended December 31, 2023, or who has not communicated with the Company within 10 weeks of the issuance date of this disclosure document, is shown on Exhibit "H."

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

Franchisees receive a referral fee of $10,000 for each prospective franchisee who they refer to the Company and who becomes a milliCare® franchisee. Other employees of the Company may also receive referral fees when they refer prospective franchisees who join the milliCare® Services franchise network.

Former franchisees have signed confidentiality clauses during the past 3 years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with milliCare®. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise network being offered that we have created, sponsored or endorsed; or that has asked to be included in this disclosure document.

No independent franchisee organization has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached in Exhibit "B" are the consolidated audited consolidated financial statements of EverSmith Brands Holding Company, our parent, for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively. Our parent, EverSmith Brands Holding Company, has guaranteed our performance with you. A copy of the Guarantee of Performance is attached as Exhibit "B-1." Our fiscal year end is December 31 of each year.

ITEM 22
CONTRACTS

Attached are copies of all of the agreements for use regarding the offering of this franchise:

Exhibit C. Franchise Agreement
Exhibit D. Conversion Addendum
Exhibit E. Option Agreement
Exhibit F. Confidentiality and Non-Competition Agreement
Exhibit I. Franchisee Compliance Certification
Exhibit K. Form of General Release

ITEM 23
RECEIPTS

Attached as the last 2 pages of this disclosure document (after the exhibits) are 2 copies of the Receipt for this disclosure document. Keep 1 signed and dated copy for your records and return the other signed copy to milliCare.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO BOX 41200 Olympia WA 98504-1200 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B

FINANCIAL STATEMENTS

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Contents

Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 N Wabash Avenue, Suite 3200
Chicago, IL 60611

Independent Auditor's Report

The Board of Directors
EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
Charlotte, North Carolina

Opinion

We have audited the consolidated financial statements of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, stockholders' 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit 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 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

March 28, 2024

Consolidated Financial Statements

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Balance Sheets

December 31,	2023	2022
Assets		
Current Assets		
Cash	**$ 2,711,279**	$ 4,733,869
Advertising fund restricted assets	**328,234**	489,807
Accounts receivable, net of allowance for credit losses	**3,615,646**	2,568,780
Unbilled revenue	**610,886**	593,276
Inventory	**-**	35,256
Prepaid expenses and other current assets	**405,895**	142,332
Deferred contract acquisition costs, short-term	**71,280**	29,975
Total Current Assets	**7,743,220**	8,593,295
Property and Equipment, Net	**796,019**	217,041
Other Assets		
Income tax receivable	**-**	35,457
Deferred contract acquisition costs, long-term	**593,583**	262,079
Intangibles, net	**4,261,233**	4,036,649
Goodwill, net	**14,725,847**	7,416,106
Operating right-of-use assets	**1,130,780**	410,947
Total Other Assets	**20,711,443**	12,161,238
Total Assets	**$ 29,250,682**	$ 20,971,574
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	**$ 1,795,159**	$ 1,908,612
Income tax payable	**421,961**	-
Advertising fund restricted liabilities	**363,756**	486,509
Accrued expenses	**860,214**	677,961
Accrued compensation	**529,572**	981,195
Short-term deferred revenue	**139,360**	62,758
Current portion of operating lease obligations	**422,328**	144,553
Total Current Liabilities	**4,532,350**	4,261,588
Long-Term Liabilities		
Long-term deferred revenue	**926,109**	459,845
Operating lease obligations, less current portion	**723,255**	268,324
Deferred income taxes	**1,073,807**	1,120,624
Total Long-Term Liabilities	**2,723,171**	1,848,793
Total Liabilities	**7,255,521**	6,110,381
Stockholders' Equity		
Common stock, $0.01 par value, 300,000 shares authorized at December 31, 2023 and 2022, and 28,818 and 21,380 shares issued and outstanding at December 31, 2023 and 2022, respectively	**288**	214
Additional paid-in capital	**37,145,577**	23,852,537
Accumulated deficit	**(14,542,708)**	(8,098,798)
Accumulated other comprehensive loss	**(607,996)**	(892,760)
Total Stockholders' Equity	**21,995,161**	14,861,193
Total Liabilities and Stockholders' Equity	**$ 29,250,682**	$ 20,971,574

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Operations

Year ended December 31,	**2023**	2022
Revenue		
Royalty fees	**$ 5,676,883**	$ 5,644,549
Professional service fees	**15,647,169**	10,874,796
Promotional fund revenue	**315,957**	322,017
Initial franchise fees	**94,011**	17,621
Chemical product revenue	**119,685**	248,347
Other revenue	**315,452**	103,106
Total Revenue	**22,169,157**	17,210,436
Operating Costs and Expenses		
Cost of professional service revenue	**11,634,041**	9,360,432
Selling, general, and administrative	**13,362,929**	9,770,701
Depreciation and amortization	**2,047,036**	1,510,787
Transaction expenses	**1,163,894**	-
Total Operating Costs and Expenses	**28,207,900**	20,641,920
Loss from Operations	**(6,038,743)**	(3,431,484)
Other (Income) Expense, Net	**(16,794)**	26,410
Loss from Operations, before income taxes	**(6,021,949)**	(3,457,894)
Income Tax Expense	**421,961**	347,696
Net Loss	**(6,443,910)**	(3,805,590)
Foreign Currency Translation Adjustment	**284,764**	(880,147)
Comprehensive Loss	**$ (6,159,146)**	$ (4,685,737)

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Stockholders' Equity

	Common Stock Shares	Common Stock $0.01 Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2022	18,823	$ 188	$ 19,782,866	$ (12,613)	$ (4,293,208)	$ 15,477,233
Issuance of common stock	2,557	26	3,999,974	-	-	4,000,000
Stock-based compensation	-	-	69,697	-	-	69,697
Net loss	-	-	-	-	(3,805,590)	(3,805,590)
Foreign currency translation adjustment	-	-	-	(880,147)	-	(880,147)
Balance, December 31, 2022	21,380	214	23,852,537	(892,760)	(8,098,798)	14,861,193
Issuance of common stock	7,438	74	13,220,486	-	-	13,220,560
Stock-based compensation	-	-	72,554	-	-	72,554
Net loss	-	-	-	-	(6,443,910)	(6,443,910)
Foreign currency translation adjustment	-	-	-	284,764	-	284,764
Balance, December 31, 2023	28,818	$ 288	$ 37,145,577	$ (607,996)	$ (14,542,708)	$ 21,995,161

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,		**2023**		2022
Cash Flows from Operating Activities				
Net loss	$	**(6,443,910)**	$	(3,805,590)
Reconciliation of net loss to net cash used in operating activities, net of assets acquired and liabilities assumed in business acquisitions:				
Depreciation and amortization expense		**2,047,036**		1,510,787
Amortization of right-of-use assets		**358,968**		163,136
Stock compensation expense		**72,554**		69,697
Deferred income taxes		**421,961**		347,696
Bad debt expense		**258,348**		128,577
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:				
Accounts receivable		**(592,949)**		(391,903)
Unbilled revenue		**(17,610)**		105,358
Inventory		**35,256**		95,603
Advertising fund restricted assets and liabilities		**(209,286)**		(125,595)
Deferred contract acquisition costs		**(372,636)**		(292,054)
Income tax receivable		**(35,457)**		(174,537)
Prepaid expenses and other current assets		**(162,580)**		135,786
Accounts payable		**(224,092)**		(219,503)
Income tax payable		**421,961**		-
Deferred revenue		**540,915**		523,745
Right-of-use lease liability		**(346,157)**		(161,129)
Accrued expenses		**(403,190)**		615,859
Net Cash Used in Operating Activities		**(4,650,868)**		(1,474,067)
Cash Flows from Investing Activities				
Business acquisition, net of cash acquired		**(9,234,628)**		-
Capital expenditures		**(190,387)**		(52,917)
Proceeds from sale of property and equipment		**25,737**		-
Net Cash Used in Investing Activities		**(9,399,278)**		(52,917)
Cash Flows from Financing Activities				
Proceeds from issuance of common stock		**12,170,560**		4,000,000
Net Cash Provided by Financing Activities		**12,170,560**		4,000,000
Net Effect of Exchange Rate Changes on Cash		**(391,110)**		(118,501)
Net (Decrease) Increase in Cash and Restricted Cash		**(2,270,696)**		2,354,515
Cash and Restricted Cash, beginning of year		**5,038,548**		2,684,033
Cash and Restricted Cash, end of year	$	**2,767,852**	$	5,038,548
Supplemental Disclosures of Cash Flow Information				
Taxes paid in cash	$	**187,543**	$	192,280
Supplemental Disclosures of Non-Cash Investing and Financing Activities				
Liabilities assumed in connection with business acquisition	$	**1,327,089**	$	-
Equity issued in connection with business acquisition		**1,050,000**		-
Operating lease right-of-use assets obtained in exchange for operating lease liabilities upon ASC 842 adoption		**-**		567,758

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

The accompanying consolidated financial statements include the accounts of EverSmith Brands Holding Company, formerly known as Clintar Holding Company (Holdings), a Delaware corporation, and its wholly owned subsidiaries, EverSmith Brands Intermediate Holding Company, formerly known as Clintar Intermediate Holding Company; 2792705 Ontario Inc.; TruServe Groundscare Inc.; Clintar, Inc.; Clintar Franchising, Inc.; milliCare, Inc.; milliCare Franchising, LLC; Kitchen Guard Franchising, Inc.; and Green Guard Services, LLC (collectively, Clintar or the Company). Effective March 14, 2023, the name of Holdings was rebranded to EverSmith Brands Holding Company (Holdings).

On December 14, 2020, Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. (collectively, RMCF or Riverside) acquired a majority ownership in the Company through RMCF's investment in Holdings and a stock purchase agreement with 2792705 Ontario Inc.

Holdings, headquartered in Charlotte, North Carolina, is a holding company owning subsidiaries principally engaged as franchisors of businesses, which provide landscaping and snow removal services throughout Canada, as well as providing landscaping and snow removal services directly to customers where franchising territories do not exist.

On November 12, 2021, the Company acquired the assets of milliCare, Inc., a complementary franchisor of businesses, which provides operating floor and textile care services throughout the Eastern United States, as well as providing professional floor cleaning directly to customers where franchising territories do not exist.

On April 10, 2023, the Company acquired the membership interests of Green Guard Services Inc., a complementary service business that provides commercial kitchen exhaust cleaning and ancillary services throughout California. After the acquisition, Green Guard Services Inc. was restructured to Green Guard Services, LLC. The Company created the legal entity, Kitchen Guard Franchising, Inc. to franchise the Green Guard Services, LLC brand. There were no franchise sales in 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and include the results of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries for the years ended December 31, 2023 and 2022. The results of Green Guard Services Inc. are included from the date of acquisition, April 10, 2023, through December 31, 2023. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Significant estimates made by management in the preparation of the consolidated financial statements include, among other estimates, the determination of the purchase price allocations and the related valuation of intangible assets and other assets and liabilities acquired, depreciation and amortization, useful lives, stock-based compensation, and the allowance for credit loss accounts.

Reclassifications

Unbilled revenue previously included in accounts receivable, net of allowance for credit losses as of December 31, 2022 were reclassified to unbilled revenue on the consolidated balance sheet and the consolidated statements of cash flows to conform to the current year presentation. This reclassification does not result in any changes to previously reported total assets, stockholder’s equity, and net income.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (USD). The Company’s functional currency for its operations in Canada is the Canadian dollar (CAD). Assets and liabilities are translated using the exchange rates as of year-end and revenues and expenses are translated using average exchange rates. Equity is translated at historical rates with resulting translation gains and losses included in the Company’s consolidated statements of stockholders’ equity as a component of accumulated other comprehensive loss.

Gains and losses arising from foreign currency transactions are included in the consolidated statements of operations in operating expenses. Intercompany balances denominated in a currency other than the functional currency of the parties to the transaction create foreign currency gains and losses that survive consolidation, even though the intercompany balances do not.

Concentrations of Risk

One customer group made up approximately 17% and 31% of the Company’s net sales for the years ended December 31, 2023 and 2022, respectively. The same customer group made up approximately 14% and 16% of the Company’s outstanding accounts receivable at December 31, 2023 and 2022, respectively. No other customer groups exceeded 10% of the Company’s revenue for the years ended December 31, 2023 and 2022 or outstanding accounts receivable at December 31, 2023 and 2022.

Cash

Cash includes cash on deposit and highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with institutions with high-credit quality. However, at certain times, such cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation limits of $250,000. Additionally, the Company maintains cash in various foreign institutions amounting to $1,429,696 and $1,351,550 as of December 31, 2023 and 2022, respectively, converted at year-end exchange rates. The Company has not experienced any losses on such amounts.

Restricted Cash

In accordance with the milliCare’s franchise agreements, certain cash accounts established for promotional or advertising contributions and spending are restricted in their use for cash collected by the promotional fund, usage of which is restricted for advertising activities and is included in advertising fund restricted assets on the consolidated balance sheets. Refer to Note 8 for further information.

Reconciliation of cash and restricted cash is as follows:

Year ended December 31,	**2023**	2022
Cash	**$ 2,711,279**	$ 4,733,869
Restricted cash, included in advertising fund restricted assets	**56,573**	304,679
Total Cash and Restricted Cash	**$ 2,767,852**	$ 5,038,548

Property and Equipment, Net

Property and equipment are recorded at the estimated fair market value at the date of the respective business acquisitions. Additions subsequent to the business acquisitions are recorded at cost, less accumulated depreciation and amortization. The Company has adopted the straight-line method of depreciation and amortization over the estimated useful lives of the assets, as follows:

Asset Category	Years
Office and computer equipment	5
Furniture and fixtures	5
Vehicles	5
Leasehold improvements	Shorter of the lease term or estimated life of the asset

For the years ended December 31, 2023 and 2022, depreciation expense for property and equipment of $95,833 and $62,839, respectively, is included in depreciation and amortization within the accompanying consolidated statements of operations.

Business Combinations

When the Company acquires businesses in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur that may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 3 for further information.

Goodwill

Goodwill represents the purchase price in excess of the fair value of net assets acquired in a business combination. As discussed below, on December 14, 2020, the Company elected to adopt Accounting Standards Update (ASU) 2014-02, *Intangibles – Goodwill and Other (Topic 350)*, which allows private companies to amortize goodwill, an alternative to the previously issued standard ASU 2011-08. Upon adoption on December 14, 2020, the Company began to amortize goodwill over ten years. Under ASU 2014-02, the Company has elected to test goodwill for impairment at the entity level. Goodwill

will be tested for impairment when a triggering event occurs that indicates the fair value of the entity may be below the carrying amount, including goodwill. There were no impairment charges for the years ended December 31, 2023 and 2022.

In December 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-08, *Business Combinations (Topic 805)*, to allow private companies an accounting alternative that no longer requires recognition of customer-related intangibles assets, unless they are capable of being sold or licensed independently from the other assets of the business, and noncompetition agreements separately from goodwill in a business combination if the company has adopted ASU 2014-02. The Company adopted ASU 2014-08 on December 14, 2020 and, accordingly, did not separately value any customer-related intangible assets or noncompetition agreements for the acquisitions described in Note 3.

In March 2021, the FASB issued ASU 2021-03, *Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*, which provides private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as of the end of the reporting period. Under current guidance in Accounting Standards Codification (ASC) 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of an entity is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. Under ASU 2021-03, an entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. The amendments in this update are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. The Company adopted ASU 2021-03 on December 14, 2020.

Definite-Lived Intangible Assets

Intangible assets consist of trade names and franchise agreements and were recorded at their estimated fair value at the date of acquisitions. These assets are amortized on a straight-line basis that approximates the estimated pattern benefit to be realized from each asset over their estimated useful lives ranging from six to 20 years. The Company evaluates definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its carrying amount. There were no impairment charges recorded related to definite-lived intangible assets for the years ended December 31, 2023 and 2022.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, the Company incurred advertising expense of $843,644 and $526,098, respectively, which is included in selling, general, and administrative expenses on the consolidated statements of operations.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers (Topic 606)*, revenue is recognized when (or as) a customer obtains control of promised goods or services. The amount of revenue is measured as the transaction price that reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company generates all revenue from contracts with customers.

To achieve the core principle of this new standard, the Company applies the following steps:

1. *Identification of the Contract, or Contracts, with the Customer*

   The Company considers the terms and conditions of the contract and customary business practices in identifying contracts under ASC 606. The Company determines it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services to be transferred, the Company can identify the payment terms for the services, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, and financial information pertaining to the customer. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted together as a single contract.

2. *Identification of the Performance Obligations in the Contract*

   Performance obligations promised in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. The Company considers the following distinct goods and services to represent separate performance obligations for the purpose of revenue recognition: initial franchise fees, royalty fees, promotional fund fees, monthly technology fees, monthly bookkeeping fees, renewal fees, professional kitchen hood cleaning services landscaping services, and snow removal services.

3. *Determination of the Transaction Price*

   The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4. *Allocation of the Transaction Price to the Performance Obligation in the Contract*

   If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP).

5. *Recognition of the Revenue When, or as, the Company Satisfies a Performance Obligation*

   Revenue is recognized at the time (or as) the related performance obligation is satisfied by transferring control of the promised good or service to the customer in an amount that reflects the consideration that the Company expects to receive in exchange for those goods and services.

The Company derives its revenue from the following sources:

Franchise Revenue

The terms of the franchise agreements for the Company are typically ten years. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following relating to upfront franchisee fees:

- *Intellectual Property (IP)* – Licenses grant an exclusive right to establish and operate a landscaping, snow removal, and commercial floor cleaning business under the trademarks and systems established as part of the Clintar, milliCare, or Kitchen Guard license during the term of the agreement.
- *Continuing Consulting Services* – These services include the review of plans, equipment and merchandise selection, establishment and implementation of administrative, bookkeeping, accounting, inventory control, and general operating procedures.
- *Operations Manual and Brand-Specific Training Services* – These provide training programs, operating manuals, development of standards, and pricing policies, specific to the Clintar, milliCare, and Kitchen Guard brands.
- *Pre-Opening Services* – These provide primarily site selection, training programs, and setting up the franchisee records.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single performance obligation of providing the franchise license. The standard specifically identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access and, therefore, meets the criterion of recognizing revenue over time. Royalty fees represent the majority of consideration the Company receives under franchise agreements and are recognized over time each month. Revenue related to upfront fees allocated to this single performance obligation is recognized over time using a straight-line measure of progress as the control of various services is provided to the customer ratably over the term of the contract for the initial upfront fee. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and, therefore, would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion. The contracts the Company enters contain several types of payments, including:

- *Clintar Initial Franchisee Fees* – Franchise agreements require an initial fee of $40,000 CAD for each territory. The initial franchise fees are due and payable when a contract is signed and is not refundable.
- *milliCare Initial Franchise Fees* – Franchise agreements require an initial franchise fee of $45,000 USD. Effective in 2023, the Company increased the initial franchise fee amount to

$49,000. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of $9,000. The Company offers a $5,000 discount for veterans who present satisfactory evidence of honorable discharge. Franchisees are eligible for discounts within the first 12 months of operations if revenue levels exceed $200,000.

- *Kitchen Guard Initial Franchise Fees* - Franchise agreements require an initial franchise fee of $49,000 USD. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of $9,000. The Company offers a $5,000 discount for veterans who present satisfactory evidence of honorable discharge. There were no Kitchen Guard Franchising, Inc. initial franchise sales in 2023.
- *Royalty Fees* – The Company receives monthly royalty payments based on a percentage of each franchisee's gross billings throughout the initial term. The franchisee is required to meet a certain minimum revenue level for the payment of these royalty fees in any given month, payable monthly on or before the 15th of each month and based upon gross sales for the immediately preceding month.
- *Bookkeeping Services* - The Company receives monthly fees for performing bookkeeping services to franchisees.
- *Monthly Technology Fees* –The Company receives monthly fees for the use of its technology.
- *Renewal Fees* – Franchise agreements include renewal options for an additional ten-year term. The Company has not historically charged a renewal fee.
- *Promotional Fund Revenue* – milliCare and Kitchen Guard maintains a national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchisees in the United States. Franchisees make contributions to the national advertising fund based on a percentage of sales of the franchisees. As of December 31, 2023 and 2022, the Company recorded a promotional fund liability of $363,756 and $486,509, respectively, for funds received and reserved for future advertising spend. Refer to Note 8 for further information. There were no Kitchen Guard Franchising, Inc. promotional fund sales in 2023.

The Company recognizes revenue for each performance obligation identified within the customer franchise agreement when, or as, the performance obligation is satisfied by transferring the promised goods or services. All revenue is recognized over time.

Landscaping, Snow Removal, Professional Hood Cleaning Services, and Professional Floor Cleaning Services

The Company's professional services include snow removal, landscaping, professional kitchen hood cleaning services, and professional floor cleaning services to where a franchisee territory is not located. Revenue is recognized over time as the services are rendered.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent trade receivables from customers for which the Company has not yet received payment. Accounts receivable are presented net of an allowance for credit losses. The Company maintains an allowance for credit losses for estimated credit losses resulting from the inability of customers to make required payments, or the customer canceling prior to the service being rendered. In evaluating the sufficiency of the allowance for credit losses, the Company considers the specific details of the customer account, the age of the outstanding balance, the current economic environment, and historical credit trends. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Receivable balances are charged off when all collection efforts have failed, and management determines the balance is uncollectable. In the case of balances relating to services not yet rendered, the balance is charged off when the customer cancels the service or when the Company determines that the invoiced service will no longer be provided, whichever occurs first. The allowance for credit losses was $612,069 and $263,852 at December 31, 2023 and 2022, respectively.

Unbilled Revenue

Contract assets consist of unbilled revenue. The Company records royalty revenue that has been recognized but not invoiced to its customers in unbilled revenue until the respective amount is invoiced, which is then included within accounts receivable. Unbilled revenue is included within current assets, as the amounts are similar to accounts receivable and are short-term in nature.

Deferred Revenue

The Company records amounts that have been invoiced to its clients in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met. Deferred revenue that will be recognized during the succeeding 12-month period from the respective consolidated balance sheet date is recorded as short-term deferred revenue and the remaining portion is recorded as long-term.

Contract liabilities consist of deferred revenue and include payments received in advance of performance under the contract and non-cancellable amounts billed in advance relating to initial franchise fee invoiced. Such amounts typically relate to the initial franchise fee paid and are recognized as revenue over the contract period, which is generally ten years.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2023, $1,065,469 of deferred revenue is expected to be recognized from remaining performance obligations. This is comprised of initial franchise fees.

The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts, such as (i) amounts that are cancelable by the client without any significant penalty, (ii) future billings for time and material contracts, and (iii) amounts associated with optional services and renewal periods.

Deferred Contract Acquisition Costs

The Company capitalizes sales commissions and certain parts of bonuses paid to internal sales personnel and third-party broker fees that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on sales compensation plans. If the commissions or third-party broker fees are, in fact, incremental and would not have occurred absent the customer contract, such commissions or broker fees are capitalized and deferred, as further described below.

Sales commissions for renewal of a franchise agreement or other services are not considered commensurate with the commissions paid for the acquisition of the initial franchisee agreement given the substantive difference in commission rates between new and renewal contracts. Commissions and bonuses paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of ten years. Commissions on professional services are typically recognized when incurred because professional services are performed in less than one year. The Company determined the period of benefit for commissions paid for the acquisition of the initial franchise agreements by taking into consideration the initial estimated customer life. The Company determined the period of benefit for renewal of franchisee agreements by considering the average contractual term for renewal contracts. Amortization of deferred contract acquisition costs is included in general, selling, and administrative expenses on the consolidated statements of operations.

The Company periodically reviews these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred contract acquisition costs. There were no material impairment losses recorded during the periods presented.

The following table represents a roll-forward of deferred contract acquisition costs:

Ending Balance, December 31, 2022	$	292,054
Additions to deferred contract acquisition costs		406,230
Amortization of deferred contract acquisition costs		(33,421)
Ending Balance, December 31, 2023	$	664,863

Future estimated amortization of capitalized commission costs is as follows at December 31, 2023:

Year ending December 31,		
2024	$	71,280
2025		71,280
2026		71,280
2027		71,280
2028		71,280
Thereafter		308,463
Total	$	664,863

Taxes Collected from Customers and Remitted to Governmental Authorities

When required, the Company collects sales tax from its customers on sales and remits these funds to various governmental authorities when due. The Company made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by any governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer. The Company records sales tax collected from customers as a component of accrued expenses within the consolidated balance sheets.

Leases

On January 1, 2022, the date of initial application, the Company adopted ASC 842, *Leases*, using the modified retrospective transition method whereby prior comparative periods have not been restated and continue to be reported under the accounting standards in effect for the prior period. The Company elected the package of practical expedients permitted under the transition guidance for all leases, which allowed the Company to adopt ASC 842 without reassessing whether arrangements contain leases, the lease classification, and the determination of initial direct costs.

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term while lease liabilities represent the obligation to make lease payments arising from the lease. All leases with an expected term greater than 12 months result in the recognition of an ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. Lease liabilities are measured at the present value of remaining lease payments, while ROU assets are initially set equal to the lease liability, as adjusted for any payments made prior to lease commencement, lease incentives, and any initial direct costs incurred by the Company. The Company elected the practical expedient for private companies that allows companies to use the risk-free discount rate at the lease commencement date to determine the present value of the lease payments instead of calculating their incremental borrowing rate.

The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Company will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an ROU asset or lease liability.

For operating leases, rent expense is recognized on a straight-line basis over the term of the lease, and ROU assets are subsequently re-measured to reflect the effect of uneven lease payments. For finance leases, ROU assets are amortized on a straight-line basis over the lease term. Expenses for finance leases include the amortization of ROU assets, which is recorded as depreciation and amortization expense, and interest expense, which reflects interest accrued on the lease liability. The Company has elected to combine lease and non-lease components, such as fixed maintenance costs, as a single lease component in calculating ROU assets and lease liabilities for all classes of leased assets.

Income Taxes

The Company is a C-corporation for U.S. tax purposes and a corporation for Canadian tax purposes and accounts for income taxes using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense, and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to differences between the tax basis of assets and liabilities and their financial reporting amounts. Deferred income tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which the deferred income tax assets or liabilities are expected to be settled or realized. In assessing the ability to realize deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers historic earnings, scheduled reversals of deferred income tax liabilities, and projected future taxable income in making this assessment.

The Company follows the provisions of the FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes,* which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense. The Company does not believe there are any material uncertain tax positions that should be recorded as of December 31, 2023 and 2022.

Fair Value of Financial Instruments

The carrying values of financial instruments, such as accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items.

Fair Value Measurements

The Company follows ASC 820-10, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology other than quoted prices in active markets are either directly or indirectly observable as of the reporting date, and the fair value can be determined using models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimate assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which applies primarily to the Company's accounts receivable impairment loss allowances. The guidance provides a revised model whereby the current expected credit losses are used to compute impairment of financial instruments. The new model requires evaluation of historical experience and various current and expected factors, which may affect the estimated amount of losses and requires determination of whether the affected financial instruments should be grouped in units of account. This standard was effective for private entities for annual periods beginning after December 15, 2022. The Company adopted ASU 2016-13 on January 1, 2023. There was not a material impact of this standard on the Company's financial position, results of operations, and cash flows. Refer to the accounts receivable policy in Note 1.

3. Business Combination

GG Services Holdings, Inc.

On April 10, 2023, Clintar, Inc. (d/b/a EverSmith Brands), a wholly owned subsidiary of Holdings, acquired the membership interests of GG Services Holdings, Inc. (Green Guard Services). As a result of this transaction, the purchase price was allocated to Green Guard Services' balance sheet, resulting in a new basis of accounting. This included a step-up of certain assets to fair value and the recognition of certain identifiable intangible assets, as provided for under the purchase method of accounting.

The investment to fund the acquisition consisted of the following:

Capital contributions	$	12,105,788
Rollover equity		1,050,000
Net working capital adjustment		(199,243)
Total Initial Investment	$	12,956,545

The total consideration has been allocated using the purchase method of accounting to the assets acquired and liabilities assumed based upon a determination of estimated fair values, as follows:

Cash	$	1,508,023
Accounts receivable		667,211
Other assets		69,896
Property and equipment		495,695
Separately identifiable intangible assets		583,000
Goodwill		8,723,006
Operating right-of-use assets		1,072,909
Total Assets		13,119,740
Accounts payable		94,630
Accrued expenses		79,243
Accrued compensation		80,307
Operating lease obligations		1,072,909
Total Liabilities		1,327,089
Net Assets Acquired	$	11,792,651

The excess of the initial investment over the net assets acquired was used to cover acquisition costs, and to fund additional working capital for operations.

Intangible assets acquired consist of trade names of $583,000. The Company did not separately value the customer relationships or non-compete intangible assets from goodwill, in accordance with the private-company alternative available under FASB ASC 805, *Business Combinations*. The fair value of the intangible assets is based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements under ASC 820-10. The fair value of the trade names was determined under the income approach, specifically the relief-from-royalty method.

In addition, goodwill of $8,723,006 was recorded to reflect the excess of the purchase price over the estimated fair value of the net identifiable assets acquired, which is deductible for tax purposes.

The Company incurred $1,163,894 of acquisition costs, which is included in operating expenses within the accompanying consolidated statement of operations for the year ended December 31, 2023.

4. Intangible Assets, Net

Acquired intangible assets (other than goodwill) consist of the following:

December 31, 2023

		Cost		Accumulated Amortization		Net Book Value
Trade names	$	3,161,987	$	(435,032)	$	2,726,955
Franchise agreements		2,227,513		(693,235)		1,534,278
Total	$	5,389,500	$	(1,128,267)	$	4,261,233

December 31, 2022

		Cost		Accumulated Amortization		Net Book Value
Trade names	$	2,532,880	$	(243,139)	$	2,289,741
Franchise agreements		2,188,492		(441,584)		1,746,908
Total	$	4,721,372	$	(684,723)	$	4,036,649

For the years ended December 31, 2023 and 2022, amortization expense of $413,289 and $377,697, respectively, for trade names and franchise agreements is included in depreciation and amortization expense within the accompanying consolidated statements of operations. Foreign currency translation impact on intangible assets, net, was an increase of $54,873 and a decrease of $(219,564) for the years ended December 31, 2023 and 2022, respectively.

Estimated amortization expense on intangible assets is as follows:

Year ending December 31,		
2024	$	455,163
2025		455,163
2026		455,163
2027		448,620
2028		402,829
Thereafter		2,044,295
Total	$	4,261,233

5. Goodwill, Net

The Company's goodwill balance is a result of the acquisitions. The Company elected to test goodwill for impairment at the entity level and amortize the balance on a straight-line basis over a ten-year period. Amortization expense of $1,537,914 and $1,070,251 for the years ended December 31, 2023 and 2022, respectively, is recorded in operating expenses in the consolidated statements of operations.

The carrying value of the Company's goodwill is as follows:

December 31,		**2023**		2022
Gross Carrying Amount of Goodwill, beginning of year	**$**	**9,261,991**	$	9,692,227
Additions from business acquisition		**8,723,006**		-
Accumulated amortization		**(3,383,799)**		(1,845,885)
Foreign currency translation		**124,649**		(430,236)
Net Carrying Amount of Goodwill, end of year	**$**	**14,725,847**	$	7,416,106

Estimated amortization expense of goodwill is as follows:

Year ending December 31,		
2024	$	1,807,711
2025		1,807,711
2026		1,807,711
2027		1,807,711
2028		1,807,711
Thereafter		5,687,292
Total	$	14,725,847

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6. Income Taxes

The provision for income tax expense (benefit) is as follows:

Year ended December 31,		**2023**		2022
Foreign - current	**$**	**429,044**	$	337,167
Foreign – deferred		**(7,083)**		10,529
Income Tax Expense	**$**	**421,961**	$	347,696

The income tax expense differs from the statutory rate due primarily to the impact of foreign income tax expense, meals and entertainment, nondeductible goodwill amortization, and valuation allowance.

The components of deferred income tax assets and liabilities are as follows:

December 31,		**2023**		2022
Deferred Income Tax Assets (Liabilities)				
Property and equipment	**$**	**(184,332)**	$	(78,910)
Intangible assets		**(920,517)**		(1,027,945)
Gain on sale of property and equipment		**-**		(8,704)
Prepaid expenses		**(79,108)**		(112)
Net operating losses		**2,526,054**		1,200,176
Acquisition costs		**506,669**		229,352
Bad debt expense		**50,679**		25,000
ASC 842 Lease Accounting		**2,891**		-
Accrued expense		**163,055**		-
Unrealized loss (gain)		**2,221**		(514)
Total Deferred Income Tax Assets (Liabilities)		**2,067,612**		338,343
Valuation Allowance		**(3,141,419)**		(1,458,967)
Deferred Income Tax Liability	**$**	**(1,073,807)**	$	(1,120,624)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based on current and projected future taxable income, management believes it is more likely than not that the U.S. deferred tax assets will not be realized. Therefore, a valuation allowance was placed on the Company as of December 31, 2023 and 2022. Management believes it is more likely than not that the foreign deferred tax assets will be realized.

The Company evaluates uncertain tax positions as prescribed under ASC 740, which requires significant judgments and estimates regarding the recoverability of deferred tax assets, the likelihood of the outcome of examinations of tax positions that may or may not be currently under review, and potential scenarios involving settlements of such matters. The Company assessed its uncertain tax positions and has determined that no liability should be recorded as of December 31, 2023 and 2022. The Company's policy is to recognize interest and penalties as a component of the provision for income taxes. For the years ended December 31, 2023 and 2022, there were no penalties or interest recorded.

The Company has available at December 31, 2023 a net operating loss carryforward of $2,100,000 for federal tax purposes, carrying forward indefinitely, and $400,000 for state tax purposes with various expiration dates.

7. Stockholders' Equity

Common Stock

The Company has 300,000 shares of common stock authorized and 28,818 and 21,380 shares issued and outstanding as of December 31, 2023 and 2022, respectively, with a par value of $0.01.

Stock Options

The Company's 2020 Equity Incentive Plan (Incentive Plan) is administered through Holdings. The Incentive Plan, which is shareholder-approved, permits the grant of stock options to the Company's employees and members of the Board of Directors. The Company believes that such awards better align the interests of its employees with those of its shareholders. Stock options are granted with an exercise price equal to the estimated fair value per Holdings' common stock value at the grant date. The plan administrator may determine the time or times at which a stock option granted will vest or become exercisable and the terms that require exercisability of a stock option. Generally, the stock options issued vest over a period of seven years. For the years ended December 31, 2023 and 2022, the Company issued 445 and six stock options, respectively. As of December 31, 2023 and 2022, there were 2,145 stock options authorized under the Incentive Plan.

The fair value of each time-based vesting stock option is estimated on the date of grant using a Black-Scholes-based valuation model that uses various assumptions regarding the: (1) expected volatility in the fair value of the Company's common stock, (2) expected term of the award, (3) expected dividend yield on the underlying common stock, (4) risk-free interest rate based on the U.S. Treasury yield curve, and (5) current price of the underlying common stock. The Company based its expected volatility calculation upon similar, publicly traded companies tracked over a five-year period. The Company has assumed the vesting term as the expected life of the stock options based on when a change of control is expected to occur. The Company did not contemplate any expected dividends based upon the Company's credit facilities, which prohibits the payment of dividends. A U.S. Treasury bond rate was utilized as of the respective grant date in line with the expected life of the options.

The specific assumptions used to determine the fair value of the stock options granted were as follows:

December 31,	**2023**	2022
Expected volatility (%)	**25**	25
Expected dividend yield	**-**	-
Expected life (years)	**7**	7
Risk-free interest rate (%)	**4.23**	1.47

A summary of rights to stock option activity under the plan is presented below:

	Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding, January 1, 2022	1,312	$ 1,268	11.7
Granted	6	1,000	11.3
Forfeited or canceled	(40)	1,000	10.7
Outstanding, December 31, 2022	1,278	1,110	10.8
Granted	445	1,664	9.3
Forfeited or canceled	(508)	1,133	9.2
Outstanding, December 31, 2023	1,215	$ 1,301	9.9
Exercisable, December 31, 2023	251	$ 1,093	9.9

Stock-based compensation expense related to stock options granted to employees charged to operations was $72,554 and $69,697 for the years ended December 31, 2023 and 2022, respectively. Stock-based compensation expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

The following is a summary of non-vested options:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Non-Vested, January 1, 2022	1,245	$ 390
Granted	6	425
Vested	(183)	357
Forfeited or exercised	(40)	289
Non-Vested, December 31, 2022	1,028	393
Granted	445	630
Vested	(166)	364
Forfeited or exercised	(342)	333
Non-Vested, December 31, 2023	965	$ 534

As of December 31, 2023 and 2022, there was $478,469 and $388,911, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company’s Incentive Plan. The cost for the Company’s time-vested option is expected to be recognized over a weighted-average period of 5.8 years.

8. Advertising Costs and Fund

milliCare Franchising, LLC maintains a United States national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs. Contributions to the promotional fund are required from franchisees and are based on a percentage of franchisee sales.

Restricted assets and liabilities of the promotional fund are as follows:

Year ended December 31,		**2023**		2022
Restricted cash	**$**	**56,573**	$	304,679
Accounts receivable		**271,661**		185,128
Advertising Fund Restricted Assets	**$**	**328,234**	$	489,807
Accounts payable	**$**	**18,632**	$	75,802
Accrued expenses and other current liabilities		**345,124**		410,707
Advertising Fund Restricted Liabilities	**$**	**363,756**	$	486,509

Advertising promotional fund expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations and totaled $375,458 and $485,018 for the years ended December 31, 2023 and 2022, respectively. The 2022 advertising fund restricted liabilities were funded by Holdings during 2023.

9. Lease Obligations

The Company has operating lease arrangements for its various office spaces, office equipment, and vehicle that have lease terms that range from three to five years, some of which include renewal and termination options that can be elected by the Company. For the majority of leases entered into during the current period, the Company concluded it is not reasonably certain that the Company would exercise the options to extend the lease or not terminate the lease. Therefore, as of the lease commencement date, the Company's lease terms generally do not include these options. The Company includes options to extend the lease when it is reasonably certain that the Company will exercise that option.

The Company's leases typically include a combination of fixed and variable payments. Fixed payments are generally included when measuring the ROU asset and lease liability. Variable payments, which primarily represent payments based on usage of the underlying asset, are generally excluded from such measurement and expensed as incurred. In addition, certain of the Company's lease arrangements may contain a lease coupled with an arrangement to provide other services, such as maintenance, or may require the Company to make other payments on behalf of the lessor related to the leased asset, such as payments for taxes or insurance. As mentioned in Note 2, the Company accounts for these non-lease components together with the associated lease component for each asset class.

The Company's lease arrangements generally do not contain significant restrictions or covenants; however, certain of the Company's vehicle and equipment leases include residual value guarantees, whereby the Company provides a guarantee to the lessor that the value of the underlying asset will be at least a specified amount at the end of the lease. Amounts probable of being owed under these guarantees are included within the measurement of the ROU asset and lease liability.

Lease Position

The following table presents the Company's lease-related assets and liabilities at the end of the year:

Lease Type	Classification on the Consolidated Balance Sheets		2023		2022
Operating lease assets	Operating lease ROU assets, net	$	**1,130,780**	$	410,947
Total Lease Assets		$	**1,130,780**	$	410,947
Current					
Operating	Current portion of operating lease obligations	$	**422,328**	$	144,553
Non-Current					
Operating	Long-term portion of operating lease obligations		**723,255**		268,324
Total Lease Liabilities		$	**1,145,583**	$	412,877

Lease Costs

The following table presents information related to the Company's lease expense:

Year ended December 31,		2023		2022
Operating lease expense	$	**387,752**	$	163,136
Short-term lease expense		**15,294**		9,092
Total Lease Costs	$	**403,046**	$	172,228

Lease Term and Discount Rate

The following table presents certain information related to the lease terms and discount rate:

Year ended December 31,	2023	2022
Weighted-average remaining lease term – operating leases (years)	**2.82**	2.87
Weighted-average discount rate – operating leases (%)	**3.19**	1.22

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Maturity of Lease Liabilities

The following table reconciles the Company's future minimum lease payments on an undiscounted cash-flow basis to its lease liabilities reported in the consolidated balance sheet as of December 31, 2023:

Year ending December 31,	Operating Leases
2024	$ 451,604
2025	398,274
2026	279,932
2027	70,633
Total Minimum Lease Payments	1,200,443
Less: imputed interest	(54,860)
Present Value of Future Minimum Lease Payments	$ 1,145,583
Current portion of lease liabilities	$ 422,328
Non-current portion of lease liabilities	723,255
Present Value of Future Minimum Lease Payments	$ 1,145,583

10. Related Party Transactions

The Company signed consulting services agreements with affiliates of the majority equity holder of Holdings to provide for certain consulting and advisory services. The agreements also require periodic reimbursement of out-of-pocket expenses associated with such services. There was $610,010 and $593,364 expensed under these agreements for the years ended December 31, 2023 and 2022, respectively, which was included in selling, general, and administrative expenses in the consolidated statements of operations.

11. Commitments and Contingencies

During the ordinary course of business, the Company is, from time-to-time, threatened with, or may become a party to, legal actions and other proceedings. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect that these legal proceeds or claims will have any material adverse impact on its future financial position or results of operations.

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and cyber security breaches for which the Company carries commercial insurance. There have been no significant reductions in coverage from prior year, and settlements, if any, have not exceeded coverage.

12. Foreign Operations

Total assets and liabilities (after intercompany eliminations) of subsidiaries in foreign countries are as follows:

December 31,	**2023**	2022
Current assets	**$ 3,668,043**	$ 3,532,025
Long-term assets, net	**9,640,997**	10,803,846
Total Assets	**13,309,040**	14,335,871
Total Liabilities	**(3,201,340)**	(3,135,958)
Net Assets	**$ 10,107,700**	$ 11,199,913

Net revenue and net loss of the Company's foreign subsidiaries totaled $9,640,746 and $839,388, respectively, for the year ended December 31, 2023. Net revenue and net loss of the Company's foreign subsidiaries totaled $11,496,011 and $584,386, respectively, for the year ended December 31, 2022.

13. Subsequent Events

The Company has evaluated subsequent events through March 28, 2024, the date the consolidated financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements, other than the events noted below.

On January 12, 2024, the Company entered into a share purchase agreement to acquire shares of U.S. Lawns, Inc. for an initial base purchase price of $52,000,000, subject to purchase-price adjustments based on principles defined in the share purchase agreement. The acquisition was funded with capital contributions from RMCF.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Contents

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Independent Auditor's Report

The Board of Directors
EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
Charlotte, North Carolina

Opinion

We have audited the consolidated financial statements of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders' 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 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

Emphasis of Matter - Leases

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method for accounting for leases in 2022 due to the adoption of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit 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 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

May 26, 2023

Consolidated Financial Statements

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Balance Sheets

December 31,		**2022**		2021
Assets				
Current Assets				
Cash	$	**4,733,869**	$	2,684,033
Advertising fund restricted assets		**489,807**		-
Accounts receivable, less allowance for doubtful accounts		**3,162,056**		3,135,363
Inventory		**35,256**		132,698
Prepaid expenses and other current assets		**142,332**		305,372
Deferred contract acquisition costs, short-term		**29,975**		-
Total Current Assets		**8,593,295**		6,257,466
Property and Equipment, Net		**217,041**		238,377
Other Assets				
Income tax receivable		**35,457**		180,344
Deferred contract acquisition costs, long-term		**262,079**		-
Intangibles, net		**4,036,649**		4,633,910
Goodwill, net		**7,416,106**		8,918,593
Operating right-of-use assets		**410,947**		-
Total Other Assets		**12,161,238**		13,732,847
Total Assets	$	**20,971,574**	$	20,228,690
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	$	**1,908,612**	$	2,196,899
Advertising fund restricted liabilities		**486,509**		426,976
Accrued expenses		**677,961**		595,242
Accrued compensation		**981,195**		403,894
Short-term deferred revenue		**62,758**		-
Current portion of operating lease obligations		**144,553**		-
Total Current Liabilities		**4,261,588**		3,623,011
Long-Term Liabilities				
Long-term deferred revenue		**459,845**		-
Operating lease obligations, less current portion		**268,324**		-
Deferred income taxes		**1,120,624**		1,128,446
Total Long-Term Liabilities		**1,848,793**		1,128,446
Total Liabilities		**6,110,381**		4,751,457
Stockholders' Equity				
Common stock, $0.01 par value, 300,000 shares authorized at December 31, 2022 and December 31, 2021, respectively, and 21,380 and 18,823 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively		**214**		188
Additional paid-in capital		**23,852,537**		19,782,866
Accumulated deficit		**(8,098,798)**		(4,293,208)
Accumulated other comprehensive loss		**(892,760)**		(12,613)
Total Stockholders' Equity		**14,861,193**		15,477,233
Total Liabilities and Stockholders' Equity	$	**20,971,574**	$	20,228,690

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Operations

Year ended December 31,		**2022**		2021
Revenue				
Royalty fees	$	**5,644,549**	$	4,221,988
Professional service fees		**10,874,796**		7,665,510
Promotional Fund revenue		**322,017**		-
Initial franchise fees		**17,621**		-
Chemical product revenue		**248,347**		-
Other revenue		**103,106**		-
Total Revenue		**17,210,436**		11,887,498
Operating Costs and Expenses				
Cost of professional service revenue		**9,360,432**		6,510,378
Selling, general, and administrative		**9,770,701**		6,518,333
Depreciation and amortization		**1,510,787**		1,176,192
Transaction expenses		**-**		741,042
Total Operating Costs and Expenses		**20,641,920**		14,945,945
Loss from Operations		**(3,431,484)**		(3,058,447)
Other Expense (Income), Net		**26,410**		(18,234)
Loss from Operations, before income taxes		**(3,457,894)**		(3,040,213)
Income Tax Expense		**347,696**		80,953
Net Loss		**(3,805,590)**		(3,121,166)
Foreign Currency Translation Adjustment		**(880,147)**		(14,615)
Comprehensive Loss	$	**(4,685,737)**	$	(3,135,781)

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Stockholders' Equity

	Common Stock			Accumulated		
	Shares	$0.01 Par Value	Additional Paid-in Capital	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2020	16,500	$ 165	$ 16,499,835	$ 2,002	$ (1,172,042)	$ 15,329,960
Issuance of common stock	2,323	23	3,249,977	-	-	3,250,000
Stock-based compensation	-	-	33,054	-	-	33,054
Net loss	-	-	-	-	(3,121,166)	(3,121,166)
Foreign currency translation adjustment	-	-	-	(14,615)	-	(14,615)
Balance, December 31, 2021	18,823	188	19,782,866	(12,613)	(4,293,208)	15,477,233
Issuance of common stock	2,557	26	3,999,974	-	-	4,000,000
Stock-based compensation	-	-	69,697	-	-	69,697
Net loss	-	-	-	-	(3,805,590)	(3,805,590)
Foreign currency translation adjustment	-	-	-	(880,147)	-	(880,147)
Balance, December 31, 2022	21,380	$ 214	$ 23,852,537	$ (892,760)	$ (8,098,798)	$ 14,861,193

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,		2022		2021
Cash Flows from Operating Activities				
Net loss	$	**(3,805,590)**	$	(3,121,166)
Reconciliation of net loss to net cash used in operating activities, net of assets acquired and liabilities assumed in business acquisitions:				
Depreciation and amortization expense		**1,510,787**		1,176,192
Amortization of right-of-use assets		**163,136**		-
Stock compensation expense		**69,697**		33,054
Deferred income taxes		**347,696**		80,953
Gain on sale of property and equipment		**-**		(8,462)
Bad debt expense		**128,577**		143,441
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:				
Accounts receivable		**(286,545)**		(589,433)
Inventory		**95,603**		47,684
Advertising fund restricted assets and liabilities		**(125,595)**		-
Deferred contract acquisition costs		**(292,054)**		-
Income tax receivable		**(174,537)**		(378,992)
Prepaid expenses and other current assets		**135,786**		(222,120)
Accounts payable		**(219,503)**		986,206
Deferred revenue		**523,745**		-
Right-of-use lease liability		**(161,129)**		-
Accrued expenses		**615,859**		98,128
Net Cash Used in Operating Activities		**(1,474,067)**		(1,754,515)
Cash Flows from Investing Activities				
Business acquisition, net of cash acquired		**-**		(1,481,148)
Capital expenditures		**(52,917)**		(55,862)
Proceeds from sale of property and equipment		**-**		55,338
Net Cash Used in Investing Activities		**(52,917)**		(1,481,672)
Cash Flows from Financing Activities				
Proceeds from issuance of common stock		**4,000,000**		3,250,000
Net Cash Provided by Financing Activities		**4,000,000**		3,250,000
Net Effect of Exchange Rate Changes on Cash		**(118,501)**		(4,095)
Net Increase in Cash and Restricted Cash		**2,354,515**		9,718
Cash and Restricted Cash, beginning of year		**2,684,033**		2,674,315
Cash and Restricted Cash, end of year	$	**5,038,548**	$	2,684,033
Supplemental Disclosures of Cash Flow Information				
Taxes paid in cash	$	**192,280**	$	378,992
Supplemental Disclosures of Noncash Investing and Financing Activities				
Liabilities assumed in connection with business acquisition	$	**-**	$	538,973
Operating lease right-of-use assets obtained in exchange for operating lease liabilities upon ASC 842 adoption		**567,758**		-

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

The accompanying consolidated financial statements include the accounts of EverSmith Brands Holding Company, formerly known as Clintar Holding Company (Holdings), a Delaware corporation, and its wholly owned subsidiaries, EverSmith Brands Intermediate Holding Company, formerly known as Clintar Intermediate Holding Company; 2792705 Ontario Inc.; TruNet (Quebec); TruServe Groundscare Inc.; Clintar, Inc.; milliCare, Inc.; and milliCare Franchising, LLC (collectively, Clintar or the Company). Effective March 14, 2023, the name of the Holdings was rebranded to EverSmith Brands Holding Company.

On December 14, 2020, Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. (collectively, RMCF or Riverside) acquired a majority ownership in the Company through RMCF's investment in Holdings and a stock purchase agreement with 2792705 Ontario Inc.

Holdings, headquartered in Charlotte, North Carolina, is a holding company owning subsidiaries principally engaged as franchisors of businesses, which provide landscaping and snow removal services throughout Canada, as well as providing landscaping and snow removal services directly to customers where franchising territories do not exist.

On November 12, 2021, the Company acquired the assets of milliCare Inc., a complimentary franchisor of businesses, which provides operating floor and textile care services throughout the Eastern United States, as well as providing professional floor cleaning directly to customers where franchising territories do not exist.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and include the results of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries for the years ended December 31, 2022 and 2021. The results of milliCare Inc. are included from the date of acquisition, November 12, 2021, through December 31, 2022. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Significant estimates made by management in the preparation of the consolidated financial statements include, among other estimates, the determination of the purchase price allocations and the related valuation of intangible assets and other assets and liabilities acquired, depreciation and amortization, useful lives, stock-based compensation, and the allowance for doubtful accounts.

Reclassifications

Advertising fund restricted liabilities previously included in accrued expenses as of December 31, 2021 were reclassified to advertising fund restricted liabilities on the consolidated balance sheet to conform to the current year presentation. This reclassification does not result in any changes to previously reported total assets, stockholder's equity, and net income.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (USD). The Company's functional currency for its operations in Canada is the Canadian dollar (CAD). Assets and liabilities are translated using the exchange rates as of year-end and revenues and expenses are translated using average exchange rates. Equity is translated at historical rates with resulting translation gains and losses included in the Company's consolidated statement of stockholders' equity as a component of accumulated other comprehensive income (loss).

Gains and losses arising from foreign currency transactions are included in the consolidated statement of operations in operating expenses. Intercompany balances denominated in a currency other than the functional currency of the parties to the transaction create foreign currency gains and losses that survive consolidation, even though the intercompany balances do not.

Concentrations of Risk

One customer group made up approximately 31% and 60% of the Company's net sales for the years ending December 31, 2022 and 2021, respectively. The same customer group made up approximately 16% and 24% of the Company's outstanding accounts receivable at December 31, 2022 and 2021, respectively. No other customer groups exceeded 10% of the Company's revenue for the years ended December 31, 2022 and 2021, respectively or outstanding accounts receivable at December 31, 2022 and 2021, respectively.

Cash

Cash includes cash on deposit and highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with institutions with high-credit quality. However, at certain times, such cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation limits of $250,000. Additionally, the Company maintains cash in various foreign institutions amounting to $1,351,550 and $2,308,897 as of December 31, 2022 and 2021, respectively, converted at year-end exchange rates. The Company has not experienced any losses on such amounts.

Restricted Cash

In accordance with the milliCare's franchise agreements, certain cash accounts established for promotional or advertising contributions and spending are restricted in their use for cash collected by the promotional fund, usage of which is restricted for advertising activities and is included in advertising funds restricted assets on the consolidated balance sheet. Refer to Note 8 for further information.

Reconciliation of cash and restricted cash at end of period:

Year ended December 31,		**2022**		2021
Cash	**$**	**4,733,869**	$	2,684,033
Restricted cash, included in advertising fund restricted assets		**304,679**		-
Total Cash and Restricted Cash	**$**	**5,038,548**	$	2,684,033

Property and Equipment, Net

Property and equipment are recorded at the estimated fair market value at the date of the respective business acquisitions. Additions subsequent to the business acquisitions are recorded at cost, less accumulated depreciation and amortization. The Company has adopted the straight-line method of depreciation and amortization over the estimated useful lives of the assets, as follows:

Asset Category	Years
Office and computer equipment	5
Furniture and fixtures	5
Leasehold improvements	Shorter of the lease term or estimated life of the asset

For the years ended December 31, 2022 and 2021, depreciation expense for property and equipment of $62,839 and $62,468 is included in depreciation and amortization within the accompanying consolidated statements of operations.

Business Combinations

When the Company acquires businesses in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur that may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 3 for further information.

Goodwill

Goodwill represents the purchase price in excess of the fair value of net assets acquired in a business combination. As discussed below, on December 14, 2020, the Company elected to adopt Accounting Standards Update (ASU) 2014-02, *Intangibles – Goodwill and Other (Topic 350)*, which allows private companies to amortize goodwill, an alternative to the previously issued standard ASU 2011-08. Upon adoption on December 14, 2020, the Company began to amortize goodwill over ten years. Under ASU 2014-02, the Company has elected to test goodwill for impairment at the entity level. Goodwill will be tested for impairment when a triggering event occurs that indicates the fair value of the entity may be below the carrying amount, including goodwill. There were no impairment charges for the years ended December 31, 2022 and 2021.

In December 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-08, *Business Combinations (Topic 805)*, to allow private companies an accounting alternative that no longer requires recognition of customer-related intangibles assets, unless they are capable of being sold or licensed independently from the other assets of the business, and noncompetition agreements separately from goodwill in a business combination if the company has adopted ASU 2014-02. The Company adopted ASU 2014-08 at December 14, 2020 and, accordingly, did not separately value any customer-related intangible assets or noncompetition agreements for the acquisitions described in Note 3.

In March 2021, the FASB issued ASU 2021-03, *Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*, which provides private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as of the end of the reporting period. Under current guidance in Accounting Standards Codification (ASC) 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of an entity is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. Under ASU 2021-03, an entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. The amendments in this update are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. The Company adopted ASU 2021-03 on December 14, 2020.

Definite-Lived Intangible Assets

Intangible assets consist of trade names and franchise agreements and were recorded at their estimated fair value at the date of acquisitions. These assets are amortized on a straight-line basis that approximates the estimated pattern benefit to be realized from each asset over their estimated useful lives ranging from six to 20 years. The Company evaluates definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its carrying amount. There were no impairment charges recorded related to definite-lived intangible assets for the years ended December 31, 2022 and 2021.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, the Company incurred advertising expense of $526,098 and $260,376, respectively, which is included in selling, general, and administrative expenses on the consolidated statements of operations.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers (Topic 606)*, revenue is recognized when (or as) a customer obtains control of promised goods or services. The amount of revenue is measured as the transaction price that reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company generates all revenue from contracts with customers.

To achieve the core principle of this new standard, the Company applies the following steps:

1. *Identification of the Contract, or Contracts, with the Customer*

   The Company considers the terms and conditions of the contract and customary business practices in identifying contracts under ASC 606. The Company determines it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services to be transferred, the Company can identify the payment terms for the services, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, and financial information pertaining to the customer. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted together as a single contract.

2. *Identification of the Performance Obligations in the Contract*

   Performance obligations promised in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. The Company considers the following distinct goods and services to represent separate performance obligations for the purpose of revenue recognition: initial franchise fees, royalty fees, monthly technology fees, monthly bookkeeping fees, renewal fees, landscaping services, and snow removal services.

3. *Determination of the Transaction Price*

   The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4. *Allocation of the Transaction Price to the Performance Obligation in the Contract*

   If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP).

5. *Recognition of the Revenue When, or as, the Company Satisfies a Performance Obligation*

   Revenue is recognized at the time (or as) the related performance obligation is satisfied by transferring control of the promised good or service to the customer in an amount that reflects the consideration that the Company expects to receive in exchange for those goods and services.

The Company derives its revenue from the following sources:

Franchise Revenue

The terms of the franchise agreements for the Company are typically ten years. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following relating to upfront franchisee fees:

- *Intellectual Property (IP)* – Licenses grant an exclusive right to establish and operate a landscaping, snow removal, and commercial floor cleaning business under the trademarks and systems established as part of the Clintar or milliCare license during the term of the agreement.
- *Continuing Consulting Services* – These services include the review of plans, equipment and merchandise selection, establishment and implementation of administrative, bookkeeping, accounting, inventory control, and general operating procedures.
- *Operations Manual and Brand-Specific Training Services* – These provide training programs, operating manuals, development of standards, and pricing policies, specific to the Clintar and milliCare brands.
- *Pre-Opening services* – These provide primarily site selection, training programs, and setting up the franchisee records.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single performance obligation of the providing the franchise license. The standard specifically identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access and, therefore, meets the criterion of recognizing revenue over time. Royalty fees represent the majority of consideration the Company receives under franchise agreements and are recognized over time each month. Revenue related to upfront fees allocated to this single performance obligation is recognized over time using a straight-line measure of progress as the control of various services is provided to the customer ratably over the term of the contract for the initial upfront fee. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and, therefore, would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion. The contracts the Company enters contain several types of payments, including:

- *Clintar Initial Franchisee Fees* – Franchise agreements require an initial fee of $40,000 CAD for each territory. The initial franchise fees are due and payable when a contract is signed and is not refundable.
- *milliCare Initial Franchise Fees* – Franchise agreements require an initial franchise fee of $45,000 USD. Effective in 2023, the Company increased the initial franchise fee amount to $49,000. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of $9,000. The Company offers a $5,000 discount for veterans who present satisfactory evidence of honorable discharge. Franchisees are eligible for discounts within the first 12 months of operations if revenue levels exceed $200,000.
- *Royalty Fees* – The Company receives monthly royalty payments based on a percentage of each franchisee’s gross billings throughout the initial term. The franchisee is required to

meet a certain minimum revenue level for the payment of these royalty fees in any given month, payable monthly on or before the 15th of each month and based upon gross sales for the immediately preceding month.

- *Bookkeeping Services* - The Company receives monthly fees for performing bookkeeping services to franchisees.
- *Monthly Technology Fees* –The Company receives monthly fees for the use of its technology.
- *Renewal Fees* – Franchise agreements include renewal options for an additional ten-year term. The Company has not historically charged a renewal fee.
- *Promotional Fund Revenue* – milliCare maintains a national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchisees in the United States. Franchisees make contributions to the national advertising fund based on a percentage of sales of the franchisees. As of December 31, 2022 and 2021, the Company recorded a promotional fund liability of $486,509 and $426,976, respectively, for funds received and reserved for future advertising spend. Refer to Note 8 for further information.

The Company recognizes revenue for each performance obligation identified within the customer franchise agreement when, or as, the performance obligation is satisfied by transferring the promised goods or services. All revenue is recognized over time.

Landscaping, Snow Removal, and Professional Floor Cleaning Services

The Company's professional services include snow removal, landscaping, and professional floor cleaning services to where a franchisee territory is not located. Revenue is recognized over time as the services are rendered.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent trade receivables from customers for which the Company has not yet received payment. Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments, or the customer canceling prior to the service being rendered. In evaluating the sufficiency of the allowance for doubtful accounts, the Company considers the specific details of the customer account, the age of the outstanding balance, the current economic environment, and historical credit trends. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs. Receivable balances are charged off when all collection efforts have failed, and management determines the balance is uncollectable. In the case of balances relating to services not yet rendered, the balance is charged off when the customer cancels the service or when the Company determines that the invoiced service will no longer be provided, whichever occurs first. The allowance for doubtful accounts was $263,852 and $143,879 at December 31, 2022 and 2021, respectively.

Deferred Revenue

The Company records amounts that have been invoiced to its clients in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met.

Deferred revenue that will be recognized during the succeeding 12-month period from the respective balance sheet date is recorded as short-term deferred revenue and the remaining portion is recorded as long-term.

Contract liabilities consist of deferred revenue and include payments received in advance of performance under the contract and non-cancellable amounts billed in advance relating to initial franchise fee invoiced. Such amounts typically relate to the initial franchise fee paid and are recognized as revenue over the contract period, which is generally ten years.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2022, $522,603 of deferred revenue is expected to be recognized from remaining performance obligations. This is comprised of initial franchise fees.

The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts such as (i) amounts that are cancelable by the client without any significant penalty, (ii) future billings for time and material contracts, and (iii) amounts associated with optional services and renewal periods.

Deferred Contract Acquisition Costs

The Company capitalizes sales commissions and certain parts of bonuses paid to internal sales personnel and third-party broker fees that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on sales compensation plans. If the commissions or third-party broker fees are, in fact, incremental and would not have occurred absent the customer contract, such commissions or broker fees are capitalized and deferred, as further described below.

Sales commissions for renewal of a franchise agreement or other services are not considered commensurate with the commissions paid for the acquisition of the initial franchisee agreement given the substantive difference in commission rates between new and renewal contracts. Commissions and bonuses paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of ten years. Commissions on professional services are typically recognized when incurred because professional services are performed in less than one year. The Company determined the period of benefit for commissions paid for the acquisition of the initial franchise agreements by taking into consideration the initial estimated customer life. The Company determined the period of benefit for renewal of franchisee agreements by considering the average contractual term for renewal contracts. Amortization of deferred contract acquisition costs is included in the general, selling, and administrative expenses on the consolidated statements of operations.

The Company periodically reviews these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred contract acquisition costs. There were no material impairment losses recorded during the periods presented.

The following table represents a roll-forward of deferred contract acquisition costs:

Ending Balance, December 31, 2021	$	-
Additions to deferred contract acquisition costs		300,000
Amortization of deferred contract acquisition costs		(7,946)
Ending Balance, December 31, 2022	$	292,054

Future estimated amortization of capitalized commission costs is as follows at December 31, 2022:

Year ending December 31,		
2023	$	29,975
2024		29,975
2025		29,975
2026		29,975
2027		29,975
Thereafter		142,179
Total	$	292,054

Taxes Collected from Customers and Remitted to Governmental Authorities

When required, the Company collects sales tax from its customers on sales and remits these funds to various governmental authorities when due. The Company made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by any governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer. The Company records sales tax collected from customers as a component of accrued expenses within the consolidated balance sheet.

Leases

On January 1, 2022, the date of initial application, the Company adopted ASC 842, *Leases*, using the modified retrospective transition method whereby prior comparative periods have not been restated and continue to be reported under the accounting standards in effect for the prior period. The Company elected the package of practical expedients permitted under the transition guidance for all leases, which allowed the Company to adopt ASC 842 without reassessing whether arrangements contain leases, the lease classification, and the determination of initial direct costs.

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term while lease liabilities represent the obligation to make lease payments arising from the lease. All leases with an expected term greater than 12 months result in the recognition of an ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. Lease liabilities are measured at the present value of remaining lease payments, while ROU assets are initially set equal to the lease liability, as adjusted for any payments made prior to lease commencement, lease incentives, and any initial direct costs incurred by the Company. The Company elected the practical expedient for private companies that allows companies to use the risk-free discount rate at the lease commencement date to determine the present value of the lease payments instead of calculating their incremental borrowing rate.

The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Company will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an ROU asset or lease liability.

For operating leases, rent expense is recognized on a straight-line basis over the term of the lease, and ROU assets are subsequently re-measured to reflect the effect of uneven lease payments. For finance leases, ROU assets are amortized on a straight-line basis over the lease term. Expenses for finance leases include the amortization of ROU assets, which is recorded as depreciation and amortization expense, and interest expense, which reflects interest accrued on the lease liability. The Company has elected to combine lease and non-lease components, such as fixed maintenance costs, as a single lease component in calculating ROU assets and lease liabilities for all classes of leased assets.

Income Taxes

The Company is a C-corporation for US tax purposes and a corporation for Canadian tax purposes and accounts for income taxes using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense, and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to differences between the tax basis of assets and liabilities and their financial reporting amounts. Deferred income tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which the deferred income tax assets or liabilities are expected to be settled or realized. In assessing the ability to realize deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers historic earnings, scheduled reversals of deferred income tax liabilities, and projected future taxable income in making this assessment.

The Company follows the provisions of the FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes,* which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense. The Company does not believe there are any material uncertain tax positions that should be recorded as of December 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments

The carrying values of financial instruments, such as accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items.

Fair Value Measurements

The Company follows ASC 820-10, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology other than quoted prices in active markets are either directly or indirectly observable as of the reporting date, and the fair value can be determined using models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimate assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recently Issued Accounting Standards

Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-05, *Financial Instruments – Credit Losses (Topic 326)*, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The new current expected credit loss (CECL) methodology does not have a minimum threshold for recognition of impairment losses, and entities will need to measure expected credit losses on assets that have a low risk of loss. This update is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of the pending adoption of the ASU on its consolidated financial statements.

3. Business Combination

milliCare

On November 12, 2021, Clintar Inc., a wholly owned subsidiary of Holdings, acquired the assets of milliCare, Inc. As a result of this transaction, the purchase price was allocated to milliCare's balance sheet, resulting in a new basis of accounting. This included a step-up of certain assets to fair value and the recognition of certain identifiable intangible assets, as provided for under the purchase method of accounting.

The investment to fund the acquisition consisted of the following:

Capital contributions	$	3,000,000
Net working capital adjustment		138,764
Total Initial Investment	$	3,138,764

The total consideration has been allocated using the purchase method of accounting to the assets acquired and liabilities assumed based upon a determination of estimated fair values, as follows:

Accounts receivable	$	569,912
Inventory		46,018
Property and equipment		696
Separately identifiable intangible assets		632,000
Goodwill		771,495
Total Assets		2,020,121
Accounts payable		93,235
Accrued expenses		426,976
Accrued compensation		18,762
Total Liabilities		538,973
Net Assets Acquired	$	1,481,148

The excess of the initial investment over the net assets acquired was used to cover acquisition costs, and to fund additional working capital for operations.

Intangible assets acquired consist of trade names of $318,000 and franchise agreements of $314,000. The Company did not separately value the customer relationships or non-compete intangible assets from goodwill, in accordance with the private-company alternative available under FASB ASC 805, *Business Combinations*. The fair value of the intangible assets is based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements under ASC 820-10. The fair value of the trade names was determined under the income approach, specifically the relief-from-royalty method. The fair value of the franchise agreements was determined under the income approach, specifically the multi-period excess earnings method.

In addition, goodwill of $771,495 was recorded to reflect the excess of the purchase price over the estimated fair value of the net identifiable assets acquired, which is not deductible for tax purposes.

The Company incurred $741,042 of acquisition costs, which is included in operating expenses within the accompanying consolidated statement of operations for the year ended December 31, 2021.

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4. Intangible Assets, Net

Acquired intangible assets (other than goodwill) consisted of the following:

December 31, 2022

	Cost	Accumulated Amortization	Net Book Value
Trade names	$ 2,532,880	$ (243,139)	$ 2,289,741
Franchise agreements	2,188,492	(441,584)	1,746,908
Total	$ 4,721,372	$ (684,723)	$ 4,036,649

December 31, 2021

	Cost	Accumulated Amortization	Net Book Value
Trade names	$ 2,668,625	$ (124,055)	$ 2,544,570
Franchise agreements	2,303,375	(214,035)	2,089,340
Total	$ 4,972,000	$ (338,090)	$ 4,633,910

For the years ended December 31, 2022 and 2021, amortization expense of $377,697 and $338,090, respectively, for trade names and franchise agreements is included in depreciation and amortization expense within the accompanying consolidated statements of operations. Foreign currency translation impact on intangible assets, net, was a decrease of $(219,564) and an increase of $1,875 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense on intangible assets is as follows:

Year ending December 31,	
2023	$ 365,669
2024	365,669
2025	365,669
2026	365,669
2027	359,127
Thereafter	2,214,846
Total	$ 4,036,649

5. Goodwill, Net

The Company's goodwill balance is a result of the acquisitions. The Company elected to test goodwill for impairment at the entity level and amortize the balance on a straight-line basis over a ten-year period. Amortization expense of $1,070,251 and $775,634 for the years ended December 31, 2022 and 2021, respectively, is recorded in operating expenses in the consolidated statements of operations.

The carrying value of the Company's goodwill was as follows:

December 31,		**2022**		2021
Gross Carrying Amount of Goodwill, beginning of year	**$**	**9,692,227**	$	8,918,808
Additions from business acquisition		**-**		771,495
Accumulated amortization		**(1,845,885)**		(775,634)
Foreign currency translation		**(430,236)**		3,924
Net Carrying Amount of Goodwill, end of year	**$**	**7,416,106**		8,918,593

Estimated amortization expense of goodwill is as follows:

Year ending December 31,		
2023	$	917,909
2024		917,909
2025		917,909
2026		917,909
2027		917,909
Thereafter		2,826,561
Total	$	7,416,106

6. Income Taxes

The provision for income tax expense is as follows:

Year ended December 31,		**2022**		2021
Foreign - current	**$**	**337,167**	$	174,125
Foreign - deferred		**10,529**		(93,172)
Income Tax Expense	**$**	**347,696**	$	80,953

The income tax expense differs from the statutory rate due primarily to the impact of foreign income tax expense, meals and entertainment, nondeductible goodwill amortization, and valuation allowance.

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The components of deferred income tax assets and liabilities are as follows:

December 31,	2022	2021
Deferred Income Tax Assets (Liabilities)		
Property and equipment	**$ (78,910)**	$ (69,143)
Intangible assets	**(1,027,945)**	(1,057,913)
Gain on sale of property and equipment	**(8,704)**	(2,992)
Prepaid expenses	**(112)**	(3,524)
Net operating losses	**1,200,176**	458,048
Acquisition costs	**229,352**	229,352
Bad debt expense	**25,000**	-
Unrealized gain/loss	**(514)**	-
Total Deferred Income Tax Assets (Liabilities)	**338,343**	(446,172)
Valuation Allowance	**(1,458,967)**	(682,274)
Deferred Income Tax Liability	**$ (1,120,624)**	$ (1,128,446)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based on current and projected future taxable income, management believes it is more likely than not that the U.S. deferred tax assets will not be realized. Therefore, a valuation allowance was placed on the Company as of December 31, 2022 and 2021, respectively. Management believes it is more likely than not that the foreign deferred tax assets will be realized.

The Company evaluates uncertain tax positions as prescribed under ASC 740, which requires significant judgments and estimates regarding the recoverability of deferred tax assets, the likelihood of the outcome of examinations of tax positions that may or may not be currently under review and potential scenarios involving settlements of such matters. The Company assessed its uncertain tax positions and has determined that no liability should be recorded as of December 31, 2022 and 2021. The Company's policy is to recognize interest and penalties as a component of the provision for income taxes. For the years ended December 31, 2022 and 2021, there were no penalties or interest recorded.

The Company has available at December 31, 2022 a net operating loss carryforward of $1,500,000 for federal tax purposes, carrying forward indefinitely, and $200,000 for state tax purposes with various expiration dates.

7. Stockholders' Equity

Common Stock

The Company has 300,000 shares of common stock authorized and 21,380 and 18,823 shares issued and outstanding as of December 31, 2022 and 2021, respectively, with a par value of $0.01.

Stock Options

The Company's 2020 Equity Incentive Plan (Incentive Plan) is administered through Holdings. The Incentive Plan, which is shareholder approved, permits the grant of stock options to the Company's employees and members of the Board of Directors. The Company believes that such awards better align the interests of its employees with those of its shareholders. Stock options are granted with an exercise price equal to the estimated fair value per Holdings' common stock value at the grant date. The plan administrator may determine the time or times at which a stock option granted will vest or become exercisable and the terms that require exercisability of a stock option. Generally, the stock options issued vest over a period of seven years. For the years ended December 31, 2022 and 2021, the Company issued six and 1,312 stock options, respectively. As of December 31, 2022 and 2021, there were 2,145 stock options authorized under the Incentive Plan, respectively.

The fair value of each time-based vesting stock option is estimated on the date of grant using a Black-Scholes-based valuation model that uses various assumptions regarding the: (1) expected volatility in the fair value of the Company's common stock, (2) expected term of the award, (3) expected dividend yield on the underlying common stock, (4) risk-free interest rate based on the U.S. Treasury yield curve, and (5) current price of the underlying common stock. The Company based its expected volatility calculation upon similar, publicly traded companies tracked over a five-year period. The Company has assumed the vesting term as the expected life of the stock options based on when a change of control is expected to occur. The Company did not contemplate any expected dividends based upon the Company's credit facilities, which prohibits the payment of dividends. A U.S. Treasury bond rate was utilized as of the respective grant date in line with the expected life of the options.

The specific assumptions used to determine the fair value of the stock options granted were as follows:

December 31,	**2022**	2021
Expected volatility	**25%**	25%
Expected dividend yield	**-**	-
Expected life	**7 years**	7 years
Risk-free interest rate	**1.47%**	1.14-1.47%

A summary of rights to stock option activity under the plan is presented below:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding, January 1, 2021	-	$ -	-
Granted	1,312	1,268	11.7
Forfeited or canceled	-	-	-
Outstanding, December 31, 2021	1,312	1,268	11.7
Granted	6	1,000	11.3
Forfeited or canceled	(40)	1,000	10.7
Outstanding, December 31, 2022	1,278	$ 1,110	10.8
Exercisable, December 31, 2022	250	$ 1,080	10.8

Stock-based compensation expense related to stock options granted to employees charged to operations was $69,697 and $33,054 for the years ended December 31, 2022 and 2021, respectively. Stock-based compensation expense is included in selling, general, and administrative expenses on the accompanying statement of operations.

The following is a summary of non-vested options:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Non-Vested, January 1, 2021	-	$ -
Granted	1,312	390
Vested	(67)	390
Forfeited or exercised	-	-
Non-Vested, December 31, 2021	1,245	390
Granted	6	425
Vested	(183)	357
Forfeited or exercised	(40)	289
Non-Vested, December 31, 2022	1,028	$ 393

As of December 31, 2022 and 2021, there was $388,911 and $458,443, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company's Incentive Plan. The cost for the Company's time vested option is expected to be recognized over a weighted-average period of 5.5 years.

8. Advertising Costs and Fund

milliCare Franchising, LLC maintains a United States (U.S) national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs. Contributions to the Promotional Fund are required from franchisees and are based on a percentage of franchisee sales.

Restricted assets and liabilities of the Promotional Fund are as follows:

Year ended December 31,	**2022**	2021
Restricted cash	**$ 304,679**	$ -
Accounts receivable	**185,128**	-
Advertising Fund Restricted Assets	**$ 489,807**	$ -
Accounts payable	**$ 75,802**	$ -
Accrued expenses and other current liabilities	**410,707**	426,976
Advertising Fund Restricted Liabilities	**$ 486,509**	$ 426,976

Advertising promotional fund expense is included in selling, general, and administrative expenses on the accompanying statements of operations totaled $485,018 for the year ended December 31, 2022. There was no expense for the year ended December 31, 2021. The 2021 advertising fund restricted liabilities were funded by Holdings during 2022.

9. Lease Obligations

The Company has operating lease arrangements for its various office spaces, office equipment, and vehicle, respectively, that have lease terms that range from three to five years, some of which include renewal and termination options that can be elected by the Company. For the majority of leases entered into during the current period, the Company concluded it is not reasonably certain that the Company would exercise the options to extend the lease or not terminate the lease. Therefore, as of the lease commencement date, the Company's lease terms generally do not include these options. The Company includes options to extend the lease when it is reasonably certain that the Company will exercise that option.

The Company's leases typically include a combination of fixed and variable payments. Fixed payments are generally included when measuring the ROU asset and lease liability. Variable payments, which primarily represent payments based on usage of the underlying asset, are generally excluded from such measurement and expensed as incurred. In addition, certain of the Company's lease arrangements may contain a lease coupled with an arrangement to provide other services, such as maintenance, or may require us to make other payments on behalf of the lessor related to the leased asset, such as payments for taxes or insurance. As mentioned in Note 2, the Company accounts for these non-lease components together with the associated lease component for each asset class.

The Company's lease arrangements generally do not contain significant restrictions or covenants; however, certain of the Company's vehicle and equipment leases include residual value guarantees, whereby the Company provides a guarantee to the lessor that the value of the underlying asset will be at least a specified amount at the end of the lease. Amounts probable of being owed under these guarantees are included within the measurement of the ROU asset and lease liability.

Lease Position

The following table presents the Company's lease-related assets and liabilities as of December 31, 2022:

Lease type	Classification on the Consolidated Balance Sheet		Amount
Operating lease assets	Operating lease ROU assets, net	$	410,947
Total Lease Assets		$	410,947
Current			
Operating	Current portion of operating ROU liability	$	144,553
Noncurrent			
Operating	Long-term portion of operating ROU liability		268,324
Total Lease Liabilities		$	412,877

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Lease Costs

The following table presents information related to the Company's lease expense:

December 31, 2022		
Operating lease expense	$	163,136
Short-term lease expense		9,092
Total Lease Expense	$	172,228

Lease Term and Discount Rate

The following table presents certain information related to the lease terms and discount rate:

Year ending December 31, 2022	
Weighted-average remaining lease term:	
Operating leases	2.87 years
Weighted-average discount rate:	
Operating leases	1.22%

Maturity of Lease Liabilities

The following table reconciles the Company's future minimum lease payments on an undiscounted cash flow basis to its lease liabilities reported in the consolidated balance sheet as of December 31, 2022:

Year ending December 31,		Operating Leases
2023	$	151,239
2024		139,918
2025		128,582
2026		2,567
Thereafter		642
Total Minimum Lease Payments		422,948
Less: imputed interest		(10,071)
Present Value of Future Minimum Lease Payments	$	412,877
Current portion of lease liabilities	$	144,553
Noncurrent portion of lease liabilities		268,324
Present Value of Future Minimum Lease Payments	$	412,877

Disclosures Related to Prior Periods: Prior to Adoption of ASC 842

Rent expense was approximately $146,000 the year ended December 31, 2021. Rent expense is included in selling, general, and administrative expenses on the accompanying statement of operations.

Non-cancelable future minimum lease commitments as of December 31, 2021 were as follows:

Year ending December 31,		
2022	$	200,623
2023		156,892
2024		145,088
2025		100,930
Total	$	603,533

10. Related Party Transactions

The Company signed consulting services agreements with affiliates of the majority equity holder of Holdings to provide for certain consulting and advisory services. The agreements also require periodic reimbursement of out-of-pocket expenses associated with such services. There was $593,364 and $1,485,968 expensed under these agreements for the years ended December 31, 2022 and 2021, respectively, which was included in selling, general, and administrative expenses in the consolidated statements of operations.

11. Commitments and Contingencies

During the ordinary course of business, the Company is, from time-to-time, threatened with, or may become a party to, legal actions and other proceedings. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect that these legal proceeds or claims will have any material adverse impact on its future financial position or results of operations.

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and cyber security breaches for which the Company carries commercial insurance. There have been no significant reductions in coverage from prior year, and settlements, if any, have not exceeded coverage.

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12. Foreign Operations

Total assets and liabilities (after intercompany eliminations) of subsidiaries in foreign countries are as follows:

December 31,	**2022**	2021
Current assets	**$ 3,532,025**	$ 4,627,227
Long-term assets, net	**10,803,845**	12,393,540
Total Assets	**14,335,871**	17,020,767
Total Liabilities	**(3,135,958)**	(2,686,878)
Net Assets	**$ 11,199,913**	$ 14,333,889

Net revenue and net income of the Company's foreign subsidiaries totaled $11,496,011 and $584,386 respectively, for the year ended December 31, 2022. Net revenue and net loss of the Company's foreign subsidiaries totaled $11,447,265 and $487,857, respectively, for the year ended December 31, 2021.

13. Subsequent Events

The Company has evaluated subsequent events though May 26, 2023, the date the consolidated financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements, other than the events noted below.

On January 1, 2023, TruNet (Quebec) merged with and into TruServe Groundscare Inc.

On April 10, 2023, the Company entered into a membership interest purchase agreement to acquire membership interests of Green Guard Services Inc. for an initial base purchase price of $10,500,000, subject to purchase-price adjustments based on principles defined in the membership interest purchase agreement. The acquisition was funded from RMCF.

EXHIBIT B-1

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, EverSmith Brands Holding Company, a Delaware corporation (the "Guarantor"), located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209, absolutely and unconditionally guarantees to assume the duties and obligations of milliCare Franchising, LLC located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Charlotte, NC on the 3rd day of March, 2024.

Guarantor:

EverSmith Brands Holding Company

DocuSigned by:

By: Robert Gannett

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Robert Gannett, CEO

EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

MILLICARE® FLOOR & TEXTILE CARE

milliCare® Services System

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EXHIBITS:

A –Territory

B – Continuation of Other Non-Competing Businesses

MILLICARE® FLOOR & TEXTILE CARE

FRANCHISE AGREEMENT

This Franchise Agreement (the "**Agreement**") is made by and between milliCare Franchising, LLC. ("**milliCare**"), a Delaware limited liability company with an address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 Carolina limited liability company ("**Franchisor**"), and ____ ("**Franchisee**").

RECITALS

A. Franchisor owns proprietary know-how and trade secrets relating to the establishment, marketing, promotion, and operation of businesses that provide cleaning, maintenance, and protective treatment of floor coverings, interior finishes and interior furnishings and related services in commercial, industrial, and office properties (the "milliCare® Services System" or the "System").

B. Franchisor has expended time, effort, and money to develop and protect business plans, procedures, training programs, and marketing identity in connection with the operation of the milliCare® Services System.

C. Franchisor has rights to the trademark, distinctive logo, and identifying commercial symbol and design "milliCare®" for use with cleaning compounds and the service mark and name "milliCare®" and accompanying distinctive logo for interior maintenance, and anticipates developing additional trademarks, trade names, service marks, and other commercial symbols (such marks as now existing or as they may be developed hereafter being referred to herein as the "Marks").

D. Franchisor maintains high standards of quality for its products and services such that valuable goodwill is attached to the Marks.

E. Franchisee desires to obtain the right to own and operate a franchised milliCare® services business on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the promises contained herein, the parties agree as follows:

1. **FRANCHISE AND TERM**

1.1 Grant of Franchise. Franchisor grants to Franchisee, and Franchisee accepts, the right to use the Marks and the milliCare® Services System of Franchisor in the operation of a business (the "**Franchised Business**") on the terms and conditions set forth in this Agreement. Franchisee may not use the Marks in any other business or offer any products or services which are not included within the Franchised Business without the prior written consent of Franchisor. Franchisee must use the milliCare® Services System to: (1) provide cleaning, maintenance, and protective treatment of carpet; (2) provide cleaning, maintenance, and protective treatment of textile panels and upholstery; (3) provide private-labeled performance coatings chemistries and processes; (4) provide private-labeled tile and grout cleaning and maintenance chemistries and processes, and other hard surface cleaning and maintenance; and (5) provide advisory services to specified clients with the Company's written consent (which may include consulting services and the sale of performance coatings and maintenance products, including Franchisor's proprietary or private-labeled performance coatings and maintenance products (collectively, the "**Services**"). Franchisor reserves the right to introduce new Services or eliminate any current or other Services during the term of this Agreement as part of the milliCare® Services System, provided that any new Services must relate solely to cleaning, maintenance, and related services for commercial, industrial, and office properties. Franchisee shall be required to provide all Services that Franchisor requires and approves for your franchise. Franchisee may not provide Services to residential customers.

1.2 Current Services. The current Services that are part of the milliCare® Services System primarily are based upon milliCare® dry maintenance chemistries and processes, private-labeled performance coatings chemistries and processes, and private-labeled tile and grout and other hard surface cleaning/maintenance chemistries and processes. All such services, chemistries, and processes may be supplemented, as Franchisor may determine, by other maintenance services, chemistries, and processes.

1.3 Territory. Franchisee is hereby granted Territory defined by geographic boundaries as determined by Franchisor in its sole discretion after giving consideration to relevant demographic information, including population density and the number of square feet of office, commercial and industrial space, the actual boundaries of which are set forth on Exhibit A attached to this Agreement and which will be deemed a part of this Agreement. If you receive a "Protected Territory", Franchisor will not operate, or grant a franchise for others to operate a milliCare franchised business under the Marks within the Protected Territory except as set forth below. If you receive a "Marketing Territory" Franchisor may operate, or grant franchises to others to operate a milliCare franchised business under the Marks with a Marketing Territory within, or that overlaps with, your Marketing Territory who may advertise and solicit customer accounts within your Marketing Territory and who may be in competition with you.

Franchisee may not conduct any advertising that is circulated outside the Territory or otherwise solicit customer accounts that are located outside the Territory without the prior written consent of Franchisor. Franchisee may not hold itself out to the public as being able to provide the Services outside the Territory. Franchisee may not solicit customers within the Territory with respect to Services that would be provided to such customer both within and outside the Territory (such customer being referred to as a "**Strategic Account**" or "**National Account**") without the prior written consent of Franchisor. If Franchisee receives customer inquiries or leads from outside the Territory, it must direct such inquiries or leads to Franchisor. The Company retains the right to solicit and sell to National Accounts within the Territory, including solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet. Franchisee may provide Services outside of the Territory only if Franchisor gives you its written consent to provide these Services outside the Territory.

If the Franchisor enters into an agreement to provide Services to any customer that has a location within the Territory, the Franchisor may offer Franchisee the right to service this account at the location and at the terms upon which the Franchisor and this account have agreed. Franchisee may decline to perform Services for National Accounts which are referred by Franchisor. In the event Franchisee enters into an agreement to provide Services to a National Account with upon Franchisor's consent, Franchisee's agreement in respect thereof must provide that Services for locations other than in the Territory must be referred to or subcontracted to other milliCare® franchisees ("**Other Franchisees**"). Franchisee must give Other Franchisees a right of first refusal to provide the Services to locations of any National or Strategic Account that are located in the Territories of Other Franchisees. In the event that no other milliCare® franchisee is able to service such National Account, Franchisee may sub-contract such business to a non-milliCare® service provider only if Franchisor gives prior written consent to the use of such non-milliCare® service provider.

If Franchisee is granted a Marketing Territory, Franchisee may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any current customer of another milliCare® franchisee (including customers invoiced by that franchisee during the previous 365 days) with respect to all property owned, leased, or managed by that customer within the same building or building complex ("**Customer Accounts**") in the Marketing Territory ("**Overlapping Franchisee**"). For the purpose of this paragraph, "**customer**" shall be defined as the decision-maker that determines which Franchisor will provide its carpet cleaning and maintenance services. You must submit monthly reports to the Franchisor, in a form and manner as the Franchisor may require, which list all of your current customers and which reflect additions to and deletions from the previous report. Franchisee must post and maintain on the Franchisor's private extranet, on a monthly basis, a listing of Franchisee's Customer Accounts, including the name and address of each Customer Account. The provisions of this paragraph are intended to be broadly interpreted to prevent Franchisee from directly or indirectly interfering with any of the customer relationships that have been established by an Overlapping Franchisee in a Marketing Territory. The provisions of this paragraph will not apply if Franchisee obtains written permission, granted by the President or Vice President of the Company, to engage in conduct that otherwise is prohibited in this paragraph. If Franchisee violates any of the provisions of this paragraph, Franchisee must pay to the Overlapping Franchisee(s) 50% of the revenue derived from the Customer Accounts that caused the violation. This revenue must be paid to the Overlapping Franchisee(s) within 10 days of receiving such revenue, for so long as Franchisee receives revenue from those Customer Accounts. However, if Franchisee commits more than 1 violation of the provisions of this paragraph, Franchisor may terminate your Franchise Agreement. This prohibition will apply only if the Customer Accounts creating an Overlapping Franchise have been entered into the Franchisor's customer database, and only if an Overlapping Franchisee is subject to the same or similar provisions of this paragraph.

The Franchisor, its parents, or its affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any the Territory using the Marks. Franchisee may not solicit or accept orders from customers outside of the Territory, and Franchisee may not solicit or accept orders from customers within the Territory if services to that customer will be provided, in whole or in part, outside of the Territory. Franchisee also may not make sales within or outside of the Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing without Franchisor's consent.

Franchisor may purchase, merge, acquire or be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and Franchisor may then operate, franchise or license those other businesses and/or facilities under any names or marks other than the Marks regardless of the location of these businesses and/or facilities, which may be within the Territory or immediately near it. Franchisee will receive no compensation for these activities.

Franchisor retains the right to solicit and sell to accounts within the Territory that also have locations outside of the Territory, including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other online computer networks, without compensating Franchisee.

1.4 Term.

1.4.1 ***Initial Term.*** This Agreement is effective and binding for an initial term of 10 years commencing on the date of its execution by Franchisor, unless sooner terminated as provided herein.

1.4.2 ***Renewal Term.*** Subject to Section 1.4.3, Franchisee may renew its right to operate as a franchisee of Franchisor for two successive 5-year terms on the same terms and conditions on which Franchisor is then customarily granting new franchises; or, if Franchisor is not then granting any new franchises, then on the same terms and conditions on which Franchisor is then customarily granting renewal franchises by executing the then current form of such agreement. If renewal is granted, Franchisee will be required to pay a $5,000 renewal fee. The Franchisee must give Franchisor written notice of intent to renew not more than 180 calendar days nor less than 90 calendar days prior to the expiration of the preceding term.

1.4.3 ***Renewal Conditions.*** Notwithstanding the foregoing provisions, Franchisor will not be obligated to renew Franchisee's right to operate as a franchisee of Franchisor if Franchisee has failed to satisfy certain renewal conditions, has failed to perform fully Franchisee's duties, obligations and covenants during the preceding term, or is then in default of any provision of this Agreement or any policy or standard of the milliCare® Services System. Among the renewal conditions that Franchisee must satisfy are the following:

(a) Franchisee must have fully complied with all the terms and conditions of this Agreement throughout the term;

(b) Franchisee must have exercised diligent efforts to develop the Franchise to its full potential during the term, in a manner acceptable to Franchisor;

(c) Franchisee must have met Franchisor's then current subjective and objective standards for new franchisees, including those relating to relevant experience, education and licensing, background and past record of compliance with laws, financial capacity, skills, integrity and other qualities of character, and shall have provided Franchisor with all such documentation that Franchisor may have requested to make such a determination, including but not limited to federal income tax returns and/or financial statements for the milliCare® Franchise, and for any other business operated at the same location as that of the Franchise;

(d) Franchisee must have given Franchisor written notice of its election to renew the franchise relationship not less than 90 days nor more than 180 days prior to the end of the term;

(e) Franchisee and its employees must have completed, or must have agreed to complete, at its own expense (including the cost of the course, and all travel, meal, and lodging expenses), all training programs and business consulting programs required by Franchisor;

(f) If required by Franchisor, Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business must have attended all required meetings, seminars, conferences, and other events, and this shall include the requirement that they attend the milliCare® Annual Exchange Conference at least 6 of the 10 years of the Initial Term and at least 3 of the 5 years of the Renewal Term;

(g) Franchisee must execute a general release releasing Franchisor from any claims arising during the Initial Term and during any Renewal Term; and

(h) Franchisee and its owners must have executed the form of franchise agreement (including any additional supplemental agreements then being used by Franchisor) that Franchisor is then customarily using in connection with the granting of milliCare® franchises, which agreement shall supersede this Agreement and may have terms materially different from those appearing in this Agreement, including, without limitation, requirements to upgrade equipment and facilities, use new systems and procedures, and pay higher fees and Promotional Fund contributions.

1.4.4 ***Month-to-Month Operation***. If, with our consent, Franchisee continues to operate the Franchised Business after the end of the term without proper renewal, Franchisee will be deemed to be operating on a month-to-month basis under the terms and conditions of the franchise agreement and other agreements being used by Franchisor at the time of expiration of this Agreement, and from time-to-time thereafter, in connection with the granting of milliCare® franchises; provided, however, that Franchisee's rights to operate the Franchised Business under these circumstances may be terminated by Franchisor at any time and without cause, in Franchisor's sole discretion, upon 10 days prior written notice to Franchisee.

2. OBLIGATIONS OF MILLICARE

2.1 Site Selection. The Franchised Business may be operated at such location (the "**Location**") within the Territory as may be approved in advance by Franchisor in writing. Final site selection will be subject to the approval of Franchisor, which approval will not be unreasonably withheld. To obtain approval, Franchisee must give Franchisor written notice of the proposed Location, as well as photographs of inside and outside the premises of the proposed Location. If Franchisor does not give Franchisee written notice of disapproval within 20 business days after receipt of the written notice of the proposed Location, then the proposed Location will be deemed to be approved by Franchisor. Franchisee specifically acknowledges that site approval by Franchisor is not to be interpreted as a guarantee of success or profitability of the Franchised Business which is to be operated at the Location.

2.2 Facilities Layout. Franchisor will, if requested by Franchisee, provide Franchisee with advice concerning a generalized space plan, workflow and general layout of a typical milliCare® Services System office and warehouse facility.

2.3 Confidential Manual. Franchisor will give Franchisee access to the milliCare® Services System Confidential Operating Manual and Confidential Technical Manual (as they may be revised, collectively the "**Confidential Manual**") to use during the term of this Agreement. Franchisor may revise the contents of the Confidential Manual, in a form and manner as Franchisor may determine, to convey to Franchisee advancements and new developments in sales, marketing, operational techniques, and any other items and procedures relevant to the operation of the Franchised Business. Franchisor will send revisions, or a completely revised Confidential Manual, to Franchisee, at no cost to Franchisee. The revisions and/or the Confidential Manual may be in electronic, digital, or another format.

2.4 Initial Training. Franchisor will conduct a comprehensive initial training program in the management and operation of the Franchised Business ("**Initial Training Program**"). The Initial Training Program must be successfully completed by Franchisee's General Manager. The first module of the Initial Training Program must be successfully completed prior to beginning operation of the franchised business. Franchisee must have a minimum of one dedicated, full time, fully trained salesperson. The Initial Training Program, which consists of a program provided in several separate modules, will be conducted during the one-year period following execution of the Franchise Agreement, and will consist of:

2.4.1 Up to 5 calendar days of instruction at Franchisor's business offices, at another location in the United States, and/or via a computerized training module, which will include orientation to milliCare®, introduction to the milliCare® franchise program, introduction to commercial maintenance, and advanced commercial maintenance;

2.4.2 Up to 5 calendar days of marketing and sales training at Franchisor's business offices, at another location in the United States, and/or via a computerized training module, which will include marketing methods and sales techniques; and

2.4.3 Up to 3 calendar days of startup support at Franchisee's business location.

Franchisee will be responsible for all travel, food, lodging, and other expenses incurred by Franchisee and any of its employees in connection with attendance at the Initial Training Program. If any trainee fails to successfully complete the Initial Training Program, such trainee will be permitted to repeat the Initial Training Program. If Franchisee's General Manager or any of its designated salespersons fails to complete the Initial Training Program to the satisfaction of Franchisor, then Franchisor will have the right to terminate this Franchise Agreement.

2.5 Ongoing Training. If required by Franchisor, Franchisee and its employees must attend ongoing training programs and training that is part of Franchisor's education ladder. Franchisee will be responsible for all travel, food, lodging, and other expenses incurred by Franchisee and its employees in connection with attendance at the training set forth below, including any registration fees that may be charged by the Franchisor.

2.5.1 ***Specific Training.*** Franchisor will provide training on specific, job-related issues for technicians, administrative staff, operations managers, and sales and marketing personnel on an ongoing basis as Franchisor deems appropriate. Ongoing training classes will typically be between 1 and 5 calendar-day sessions. Attendance requirements will be determined by Franchisor in its sole discretion. Specific training may include technical skills training at a designated model franchise, which would include job costing and scheduling, training, job site behavior, equipment usage, storage and maintenance, and marketing and sales techniques for the Services.

2.5.2 ***General Training.*** Franchisor will provide ongoing general training on an annual basis to introduce new products, services, and equipment, to review sales and marketing practices, and to discuss other topics that are relevant to the Services provided by Franchisee. Ongoing general training classes will be held on a regional, national, or international basis, as determined by the Franchisor, and will typically be 2 or 3 calendar-day sessions. Franchisor will hold ongoing general training at the milliCare® National Exchange Conference, known as the "**Exchange**," and milliCare® University; and Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business for every Territory are required to attend such general training classes as specified by Franchisor; and provided further that in all events, Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business shall attend general training at milliCare® University. Attendance requirements at other ongoing general training sessions will be determined by Franchisor in its sole discretion.

2.5.3 ***New Hires.*** If Franchisee hires a new General Manager or salesperson, such employee shall be required to complete the Initial Training Program within the one-year period following the date they were hired by Franchisee. In the event that Franchisee hires a new location or operations manager or lead technician, Franchisee will cause each of such employees to attend a course providing the training required for such person's position within 90 calendar days of the date such person is hired by Franchisee or not later than the date such course is next offered by Franchisor if more than three months after such person is hired by Franchisee. Franchisee must notify Franchisor of such new hires in writing within 14 calendar days of the date such person is hired by Franchisee. Franchisor will not charge an initial training fee for such new hires, but Franchisee will be responsible for all of the new hires' expenses incurred in connection with attending the Initial Training Program, including flight, room, board, wages, and insurance.

2.6 Opening Assistance. A representative of Franchisor will advise and assist Franchisee in the opening of the Franchised Business and in establishing and standardizing procedures and techniques essential to the operation of a milliCare® Services System business. A representative of Franchisor shall visit Franchisee's location for at least 5 days within 45 days after the opening of the Franchised Business to assist Franchisee in the operation of the Franchised Business.

2.7 Advisory Services. Franchisor will provide, as and to the extent required in Franchisor's judgment, project management services or continuing advisory services, which may include consultation on promotional, marketing, and advertising techniques and customer relations. Representatives of Franchisor will visit and consult regularly with Franchisee at no cost to the Franchisee. Field representatives will be available at Franchisee's request for extraordinary training, consultation and assistance on a fee basis by appointment only.

2.8 Proprietary Products and Proprietary Equipment. "Proprietary Products and Proprietary Equipment" ("**Proprietary Products**") are those products and equipment that serve to establish the superior quality or branding of the milliCare® Services System. Franchisor or a person designated by Franchisor (which may be an affiliate of Franchisor) will sell to the Franchisee such milliCare® Proprietary Products as are set forth in the Confidential Manual, and such other Proprietary Products which Franchisor may hereafter develop or obtain. The sale or lease by Franchisor or such other person of such Proprietary Products or equipment to Franchisee will include a commercially reasonable markup. If Franchisor designates a third-party as a supplier of, or to private-label, Proprietary Products to the milliCare® Services System, Franchisor may receive and retain service fees and/or license fees from such provider. Franchisee may not become a wholesaler or distributor of Proprietary Products and may not re-sell Proprietary Products, except in connection with the provision of Services by Franchisee.

2.9 Non-Proprietary Equipment and Supplies. Franchisee will have the right to purchase equipment and supply items that Franchisor pre-approves, other than the Proprietary Products, for use in providing Services, only from suppliers approved in writing by Franchisor or, if there is no approved supplier for a particular equipment or supply item, from such other suppliers who meet all of Franchisor's specifications and standards as to quality, composition, and functionality and adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability necessary for an efficient operation. A list of approved suppliers and approved products will be included in the Confidential Manual and may be revised by Franchisor from time to time in its sole discretion. Franchisor reserves the right to designate a single supplier for any equipment and supply items and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier may be Franchisor or its affiliates. Franchisor and its affiliates may receive payments from suppliers on account of such supplier's sales to Franchisee and other franchisees, and Franchisor may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate. If Franchisee wishes to purchase any equipment or supplies that have not been approved by Franchisor or from a supplier who has not been approved by Franchisor, Franchisee must submit a written request to change products or suppliers to Franchisor. In order to obtain approval of any such proposed alternative equipment, supply item, or supplier, Franchisee must provide Franchisor with documentation from a source independent of Franchisee or the proposed supplier which demonstrates, to the satisfaction of Franchisor, that the proposed alternate equipment, supply item, or supplier, performs as well as the item or supplier to be replaced.

Notwithstanding such documentation, Franchisor will have the right to further test any such proposed equipment or supply item, and to further evaluate any such proposed alternate supplier. In addition, Franchisor reserves the right at any time to require substitution of newly developed Proprietary Products for non- proprietary items, which would then be sold to Franchisee in accordance with Section 2.8. The sale by Franchisor of non-proprietary equipment and supplies to Franchisee shall include a commercially reasonable markup. Notwithstanding anything stated above, Franchisor may, in its sole discretion, disapprove proposed and existing suppliers, equipment, and supply items for any reason, including the number of suppliers, equipment, and supply items that has already been approved. In addition, Franchisee may not become a wholesaler or distributor of non-proprietary equipment and supplies related to the Services to other franchisees or to customers of the milliCare® franchise system.

2.10 Inspection. In order to preserve the validity and integrity of the Marks, and to assure that Franchisee is properly employing the milliCare® Services System in the operation of the Franchised Business, Franchisor and its agents will have the right of entry and inspection of Franchisee's premises, the right to observe the manner in which Franchisee is rendering the Services, and the right to survey and/or confer with Franchisee's employees, customers, and business associates.

2.11 National or Strategic Accounts. To the extent that Franchisor enters into an agreement to provide the Services to any National or Strategic Account which has a location within the Territory, Franchisor may offer Franchisee the right to service such account at such location at the terms upon which Franchisor and the National or Strategic Account have agreed. In the event that there is more than one franchisee licensed by Franchisor in a Marketing Territory, Franchisor may allocate opportunities to service National or Strategic Accounts between such franchisees, as Franchisor in its sole discretion deems appropriate. If, for any reason, Franchisee elects not to service a National or Strategic Account that is offered to Franchisee, Franchisor may, in its sole discretion, service such account or appoint any other party to service such account.

2.12 Customer Leads. From time to time during the term of this Agreement, Franchisor and its affiliates may provide Franchisee with the identity of potential customers for the Services within the Territory. In the event that there is more than one franchisee licensed by Franchisor in a Marketing Territory, Franchisor may allocate such leads between such franchisees, as Franchisor in its sole discretion deems appropriate.

Franchisor may from time to time provide Franchisee with leads for potential customers for Services in locations that are not part of any franchisee's Territory. Franchisee acknowledges and agrees that neither its ability to service, nor the grant of Franchisor's permission to service, customers located outside the Territory affords it any right, title, or interest in or to such area (including any right to service additional customers located outside the Territory, or to acquire such area or any right of first refusal as to such area).

3. OBLIGATIONS OF FRANCHISEE

3.1 Lease. If Franchisee (a) does not live in the Territory. or (b) does not already own/lease operating space in the Territory, Franchisee must execute a lease for the premises in the Territory within 180 calendar days after execution of this Agreement by Franchisor.

3.2 Tenant Improvements. If required, upon execution of the lease(s) for the Location, Franchisee must commence construction and installation of all tenant improvements, trade fixtures, displays, and interior decor necessary or appropriate to commence business. The leased premises must be maintained in a safe and orderly manner, present a neat and businesslike appearance, and be adequately staffed. A generalized space plan and layout will be suggested in the Confidential Manual, but Franchisee is not required to conform to the same. If requested by Franchisee, Franchisor will make itself reasonably available to assist Franchisee in the design or layout of such premises and in the types of improvements appropriate.

3.3 Owner Participation and Responsibility. Franchisee shall be required to have, at all times, a fully trained General Manager and at least one dedicated, full-time, fully trained salesperson. Franchisee's General Manager is not required to be a principal of Franchisee. However, if the General Manager is not a principal of Franchisee, Franchisor shall have the right to evaluate and approve or disapprove of such General Manager. If Franchisee owns or operates a non-competing business, as described in Exhibit B of the Franchise Agreement, Franchisee must comply with the milliCare® Co-Brand Guidelines that are incorporated into the Operations Manual, market such services under one or more trading designations separate from the Marks, maintain separate office space (although such space may be located on the premises at the Location), and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. If Franchisee is a legal entity, the owners, shareholders, and members of Franchisee agree to be bound by all the terms and conditions of this Agreement to the same extent as Franchisee.

3.4 Training. Franchisee must ensure that the General Manager successfully complete the Initial Training Program and the Ongoing Training Program, as described in Sections 2.4 and 2.5 of this Agreement; and that the Franchise always has a fully trained General Manager, a Certified Instructor (defined below) and at least one dedicated, full time, fully trained salesperson. Franchisee's employees who sell the Services must complete Franchisor's online sales training. In addition, at least one employee of Franchisee must become certified by the Institute of Inspection, Cleaning and Restoration, or "**IICRC**" within six months from the date the Franchisee opens the milliCare® business. Should the Franchisee's employee certified by the IICRC leave the employment of Franchisee, another employee of Franchisee must become certified by the IICRC within 6 months of the departure date of the formerly certified employee.

3.5 Employees. Franchisee must hire and train all employees who are necessary for the operation of the Franchised Business. Franchisee will be solely responsible for the terms of employment of its personnel, including compensation, training, supervision, and payroll tax withholding. With respect to all Services, only Franchisee and its employees may provide such services, and subcontractors are specifically prohibited from providing such services. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Websites (as defined in Section 3.14 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor or its affiliates, the System, the Marks, or the Franchised Business on any Networking Media Website without Franchisor's prior written approval.

3.6 Opening of Business. Franchisee must complete training, obtain a location, and commence operations no later than 270-days from the date of this Agreement. Franchisee must continually operate the Franchised Business as a full-time business enterprise. If Franchisee is delayed in commencing business operations for causes reasonably beyond the control of Franchisee, then the time for performance by Franchisee will be extended for a period equivalent to the time of the delay.

3.7 Business Hours. Franchisee must keep the Franchised Business open for business for the number of hours specified in the Confidential Manual unless otherwise authorized in writing by Franchisor.

3.8 Apparel. Franchisee and its employees must wear shirts, jackets, or other approved apparel with the milliCare® logo as designated by Franchisor when performing Services for the Franchised

Business. In the event Franchisee owns any business(es) other than the Franchised Business or other franchises offered by Franchisor to the extent expressly permitted by Section 3.3, the personnel employed in such other business(es) must wear apparel that does not feature any of the Marks or color schemes of the Franchised Business.

3.9 Use of Marks. Franchisee must conduct the Franchised Business only under the Marks and in strict compliance with the Confidential Manual. Franchisor may develop, and require Franchisee to use, additional or substitute Marks in its sole discretion. If Franchisee is a partnership, corporation, limited liability company, or other legal entity, Franchisee may not use any portion of the Marks as part of Franchisee's legal name. Franchisee shall be required to use the "milliCare" name as part of its trade name ("**d/b/a**"), in such format and style as Franchisor designates from time to time in its sole discretion. Franchisee's trade name may include, in addition to "milliCare," such other name, if any, under which Franchisee previously was engaged in business. Franchisor shall have the right to approve or disapprove Franchisee's trade name.

3.9.1 ***Proprietary Rights.*** Franchisee acknowledges the exclusive right, title, and interest of Franchisor in and to the Marks and will not take any action contesting or impairing the right, title, and interest of Franchisor in any of the Marks. Franchisee will not represent that Franchisee has any ownership rights in the Marks and acknowledges that its use of the Marks will not create in its favor any right, title, or interest in or to the Marks, but that all uses will inure to the benefit of Franchisor. Neither Franchisee nor any officer, director, agent, or employee of Franchisee shall in any way register or attempt to register the Marks with any government or any other authority, nor dispute or impugn the validity of the Marks, Franchisor's rights to the Marks or Franchisor's right to use the Marks or grant licenses to others to use the Marks. Franchisee must affix and change trademark notices and indications of registration when and as instructed by Franchisor and must adopt and use in the Franchised Business any new trademarks or service marks owned by Franchisor as they are created or introduced from time to time during the term of this Agreement. Franchisee will assist Franchisor to the extent reasonably requested in obtaining or maintaining any registration of any of the Marks to the extent reasonably requested, including by providing advertising samples.

3.9.2 ***Display of Name.*** At all times during the term of this Agreement, Franchisee will use the Marks and milliCare® name in a form and manner approved by Franchisor, in all advertising, promotions, and communications involving the Franchised Business, including but not limited to telephone yellow pages listings, signs, banners, vans, business cards, stationery, promotional and advertising materials, forms, contracts, Websites (defined in Section 3.14), and all other materials which identify the Franchised Business. All uses of the Marks and milliCare® name by Franchisee must clearly state that Franchisee is independently owned and operated. In the event that Franchisee is expressly permitted by Section 3.3 to own any business(es) other than the Franchised Business unless such business is also a franchise offered by Franchisor, neither Franchisee nor the personnel engaged in such other business(es) may conduct the same under the milliCare® name or any of the Marks or color schemes of the Franchised Business, or operate in any manner so as to cause confusion of origin or sponsorship between milliCare®-related services and products and the services or products offered or rendered by such other business(es).

3.9.3 ***Name Infringement.*** Franchisee will promptly notify Franchisor of any unauthorized use of any of the Marks, or any colorable variation thereof, by third parties. Franchisee will promptly notify Franchisor of any claim, demand, or suit against Franchisee based upon, or arising in connection with, Franchisee's use of any of the Marks. Franchisee acknowledges that Franchisee has no authority to defend or prosecute any action relating to the Marks, and that Franchisor, at its sole discretion, may elect to defend or prosecute any action relating to the Marks. In the event that Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee will execute any and all documents and do all acts which may be necessary or of aid, at the determination of Franchisor's legal counsel and at the expense of Franchisor, to carry out the litigation.

3.10 Confidential Manual. In order to protect the reputation and goodwill associated with the Marks, and to maintain the uniform standards of quality and operations thereunder, Franchisee must conduct the Franchised Business in strict accordance with the Confidential Manual, which shall be in a form as Franchisor may determine, as modified from time to time by Franchisor.

3.11 Proprietary Products. In order to maintain the high standards of quality associated with the milliCare® Services System, Franchisee must purchase such milliCare® Proprietary Products or equipment from Franchisor or a person designated by Franchisor as are referred to in Section 2.8 and as may be set forth in the Confidential Manual. Franchisee must purchase a start-up package of Proprietary Products and equipment at the time Franchisee signs this Agreement. Franchisee must not alter, amend, or modify any of such Proprietary Products or equipment, or use any other products instead of the Proprietary Products or equipment.

3.12 Equipment and Supplies. Franchisee will display, sell, and use only such equipment and supply items of independent suppliers which have been approved by Franchisor in accordance with Section 2.9 hereof. Franchisee must purchase a start-up package of equipment and supply items at the time Franchisee signs this Agreement. Franchisee must purchase or lease at least one van that will be used in the operation of the Franchised Business. In the event Franchisee desires Franchisor approval of a particular supplier, equipment, or supply item, Franchisee will provide the documentation contemplated by Section 2.9 at its sole expense and will reimburse Franchisor for costs of further testing as contemplated by Section 2.9. Franchisee may not enter into or renew any agreement with a third-party vendor of services, supplies, or equipment if such agreement requires that Franchisee disclose information regarding the identity of its customers, or the Services performed by Franchisee for any of its customers. If, as of the date of this Agreement, Franchisee is already a party to an agreement of the sort described in the preceding sentence, Franchisee will not be deemed to be in violation of any of the provisions of this Agreement by virtue thereof for the remainder of the current term of such agreement.

3.13 Pricing. Franchisor shall have the right to determine the prices of the products and Services offered and sold by Franchisee, unless it is *per se* unlawful to do so. Franchisor also shall have the right to establish minimum prices and/or maximum prices of the products and Services offered and sold by Franchisee unless it is *per se* unlawful to do so. Franchisee shall strictly adhere to the lawful prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time-to-time in its unfettered discretion. Franchisor also shall have the right to establish suggested prices for the milliCare® products and Services offered and sold by Franchisee, which Franchisee will not be required to adhere to.

3.14 Independent Advertising. Franchisee, at its own expense, must conduct local advertising and promotional activities as reasonably required to enhance public awareness, goodwill, and image of the Franchised Business. Franchisee may not use any advertising, sales, or promotional materials of any kind, or conduct any broadcast advertising or promotion, without first obtaining the written approval of Franchisor, which approval will not be withheld unreasonably. To obtain approval, Franchisee must submit a copy of the proposed advertising to Franchisor for review. If Franchisor does not give Franchisee written notice of disapproval within 15 business days after receipt of the proposed advertising, then such advertising will be deemed to be approved. Notwithstanding the foregoing, Franchisor may from time to time, in its reasonable discretion, provide Franchisee with such marketing programs and brochures developed by

Franchisor as Franchisor deems appropriate for use in the Territory. Franchisee may use such of Franchisor's marketing materials in connection with Franchisee's local advertising in accordance with Franchisor's advertising standards and without Franchisor's prior approval unless Franchisor sends written notice to Franchisee that the use of such marketing material is thereafter prohibited. Franchisee must purchase a start-up package of marketing items at the time Franchisee signs this Agreement. Franchisee must comply with all of Franchisor's policies regarding the advertising, promotion, and positioning of the milliCare® brand and image.

Franchisee specifically acknowledges and agrees that any Website shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this Section 3.14. (As used in this Agreement, the term "**Website**" means an interactive electronic document contained in a network of computers linked by communications software that refers to the Franchised Business, Marks, Franchisor, and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages, as well as social and business networking media such as Facebook, Twitter, LinkedIn, and online blogs and forums ("**Networking Media Websites**") and the Franchisee Website. Franchisee must sign a license agreement with Franchisor's designated supplier for a branded Website for the Franchised Business (the "**Franchisee Website**"). In connection with any Website, Franchisee agrees to the following:

3.14.1 If Franchisee proposes any material revision to a Website or any of the information contained in a Website, Franchisee shall submit each such revision to Franchisor for Franchisor's prior written approval.

3.14.2 Franchisee shall not post any information relating to Franchisor or its affiliates, the System, the Marks, or the Franchised Business on a Networking Media Website without Franchisor's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that, in the opinion of Franchisor, (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Marks.

3.15 Accounting Records and Reports.

3.15.1 ***Maintenance of Books; Reports.*** Franchisee must maintain full and complete records of the Franchised Business in accordance with generally accepted accounting principles and the standards and Confidential Manual provided by Franchisor. Franchisee will submit to Franchisor, via any means specified by Franchisor (including electronic means), such information and accounting data as Franchisor may request, including but not limited to profit & loss statements in such format as Franchisor directs for each calendar month ("**Monthly Reports**") and calendar year ("**Annual Reports**") within 15 calendar days of the end of each calendar month and calendar year, as appropriate. In addition, within 90 calendar days of the end of each calendar year, Franchisee will furnish Franchisor with unaudited financial statements for the Franchised Business signed by the Franchisee, if the Franchisee is an individual, or the majority partner, shareholder, or member of the Franchisee if the Franchisee is a partnership, corporation, or limited liability company, which shall include an income statement and balance sheet. If Franchisee is a division of a corporation, then the financial statements need only relate to the operations of such division. Within 10 days of filing each year, Franchisee must submit to Franchisor a copy of Franchisee's income tax returns for the prior year. Additionally, Franchisee must submit reports to Franchisor in the form, content, and frequency specified by Franchisor containing information related to Franchisee's customers. Franchisor reserves the right to require Franchisee to obtain, at Franchisee's sole expense, booking and accounting software which Franchisor may, from time to time, require.

3.15.2 ***Right of Inspection.*** Franchisor has the right, upon a minimum of 48 hours' notice, to inspect and audit Franchisee's books, records, ledgers, journals, bank statements, sales tax reports, income tax returns, cash control systems, and other accounting records pertaining to the Franchised Business. If any audit shows that the Franchisee has underpaid any royalties, Promotional Fund contributions (as such term is defined in Section 4.3.1), or other amounts due to Franchisor, Franchisee must immediately make payment to Franchisor to correct the underpayment. If the underpayment exceeds 2% of the total royalties, Promotional Fund contributions or other amounts due in any 12-month period, which includes the date when the underpayment occurred, Franchisee must also pay or reimburse Franchisor for the costs of conducting the audit, in addition to any Late Payment owed to Franchisor.

3.16 Maintenance and Repair. Franchisee must maintain the condition and appearance of the Franchised Business in a manner consistent with the milliCare® Services Systems image. Franchisee will perform all maintenance that is reasonably required from time to time to maintain the condition, appearance, and efficient operation of the Franchised Business, including replacement of worn-out or obsolete fixtures, equipment, signs, supplies and inventory, repair of the interior and exterior of the premises, and periodic cleaning and decorating. If at any time in the Franchisor's reasonable judgment the general state of repair, appearance, or cleanliness of the Franchised Business does not meet Franchisor's standards, then Franchisor will give Franchisee written notice specifying the action to be taken by Franchisee to correct the deficiency, and Franchisee will initiate the required action immediately upon receipt of the notice.

3.17 Confidentiality.

3.17.1 ***Proprietary Information.*** Franchisee acknowledges that during the term of this Agreement, Franchisee will have access to, become acquainted with, and have disclosed to it by Franchisor confidential information, programs, devices, methods, techniques, and processes that are not generally known to the public pertaining to the promotion, marketing, operation, and management of a business that offers the cleaning, maintenance, and protective treatment of floors, carpet and other floor coverings, textile panels, upholstery, interior finishes and interior furnishings, tile and grout and related services in industrial, commercial, and office properties, including the information contained in the Confidential Manual (the "**Proprietary Information**"); and Franchisee further acknowledges that such Proprietary Information constitutes trade secrets of Franchisor.

3.17.2 ***Covenant Not to Disclose or Misuse.*** Franchisee must take all steps necessary to preserve and protect the Proprietary Information from publication, communication, or other unauthorized disclosure or misuse. Franchisee must not disclose any of the Proprietary Information, use it in any unauthorized way, or assist any other person or entity to disclose or use it either during the term of this Agreement or at any time thereafter. In particular, Franchisee will require as a condition of the employment of any employee by Franchisee in the management and operation of the Franchised Business that the employee similarly covenants to maintain and protect the Proprietary Information, including the execution of its standard covenants, and Franchisee will be responsible for the compliance with such covenants by its managerial and staff employees, with such covenants being for the benefit of Franchisor and enforceable by Franchisor. In the event Franchisee becomes aware of any actual or threatened violation of any such covenant by any of its employees, Franchisee will promptly and fully advise Franchisor in writing of all related facts known to Franchisee. Franchisee will further cooperate with Franchisor in all ways reasonably requested by Franchisor to prevent or stop any such violation, including without limitation institution or permitting to be instituted in the name of Franchisee any demand, suit, or action that Franchisor determines is advisable, which demand, suit, or action will be maintained and prosecuted solely by and at the expense of Franchisor. The Confidential Manual (as it may be revised from time to time) is, and will be, the sole property of Franchisor, may not be duplicated, and must be returned to Franchisor promptly upon the expiration, nonrenewal, transfer, or other termination of this Agreement.

3.17.3 ***Injunctive Relief.*** The parties acknowledge that upon violation of any of these covenants, Franchisor will experience irreparable harm and it will be difficult to determine the resulting damages to Franchisor. Therefore, in addition to any other remedies Franchisor may have, Franchisor will be entitled to make application to a court of competent jurisdiction for temporary and permanent injunctive relief without the necessity of proving actual damages.

3.18 Competition.

3.18.1 ***Services Limitation.*** During the term of this Agreement, except to the extent expressly permitted by Section 3.3, and for the period of 2 years thereafter in the Territory or post-term within 25-miles of from the Territory of any other milliCare franchised business, Franchisee will not, directly or indirectly, without the consent of Franchisor, for Franchisee or on behalf of or in conjunction with any other person, partnership, corporation, limited liability company, or other legal entity, own, maintain, engage in, be employed by, participate in, or have any interest in the operation of any business that offers products or services that are essentially the same as, or substantially similar to, the products or Services that are part of the milliCare® Services System, except other franchises offered by Franchisor (any business carrying on such activities, being herein called a "**Competing Business**"). For 2 years after the termination or expiration of this Agreement, Franchisee may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any customer served or invoiced by Franchisee during the 365 days prior to the termination or expiration of the Agreement.

3.18.2 ***Customer Approval.*** Franchisee may provide the Services for any customer who is not disapproved in writing by Franchisor. Franchisor may disapprove of customers for any reason.

3.18.3 ***Severability of Covenants.*** Each of the covenants of Franchisee contained in Sections 3.17.2, 3.18.1, and 3.18.2 is a separate and independent covenant applicable to each of the separate counties and states in the United States in which Franchisor transacts business. To the extent that any such covenant may be determined to be judicially unenforceable in any county or state, that covenant will remain enforceable in every other county and state.

3.18.4 ***Covenants of Owners of Franchised Business.*** If Franchisee is a partnership, corporation, limited liability company, or other legal entity, each partner, shareholder, member, or other owner of Franchisee will execute and deliver in favor of Franchisor non-disclosure and non-competition covenants, such as those set forth in Exhibit E, in form and substance satisfactory to Franchisor containing provisions substantially the same as those contained in Sections 3.17.2, 3.18.1, and 3.18.2 above.

3.18.5 ***Covenants of Employees.*** Franchisee must ensure that all employees engaged in the management or operation of the Franchised Business must execute and deliver in favor of Franchisor, prior to commencing employment at the Franchised Business, non-disclosure and non-competition covenants, such as those set forth in Exhibit E, in form and substance satisfactory to Franchisor containing provisions substantially the same as those contained in Sections 3.17.2, 3.18.1, and 3.18.2 above.

3.19 Insurance.

3.19.1 ***Duty to Maintain.*** Franchisee must obtain and maintain policies of insurance providing the following types of coverage in the amounts set forth in the Confidential Manual:

(a) comprehensive general liability insurance, including broad-form contractual liability, with a combined single limit for death and bodily injury, property damage, and contractual, products, completed operations, contractor, cross or severability-of-interests, and employee types of liabilities;

(b) all-risk property coverage on the contents of the Franchised Business in an amount not less than 90% of the replacement cost;

(c) commercial automobile liability;

(d) violation of employment and labor standards; and

(e) blanket fidelity insurance for employees.

All such insurance policies must be issued by insurance companies of recognized responsibility, and must be satisfactory to Franchisor in form, substance, and coverage. Each such insurance policy must contain a provision that the policy may not be canceled without 10 calendar days' prior written notice to Franchisor. All comprehensive general liability and automobile insurance policies must designate Franchisor as an additional named insured, and such comprehensive coverage must be maintained in such additional amounts as the landlord of any Authorized Location may require. Franchisor may, in the exercise of its reasonable business judgment, periodically increase the required minimum limits of liability coverage or require Franchisee to maintain additional types of insurance. Franchisee must also maintain workers compensation insurance, unemployment insurance, and all other types of insurance that may be required by applicable law with minimum limits of liability as required by law. Franchisee will deliver to Franchisor a certificate of the issuing insurance company evidencing each policy that is required under this Agreement.

3.19.2 ***Failure to Maintain.*** If Franchisee fails to obtain or maintain any insurance that is required under this Agreement, Franchisor may, but is not obligated to, obtain the required insurance at the sole cost and expense of Franchisee. All costs incurred by Franchisor must be reimbursed by Franchisee upon demand, together with interest at the lower of 3% above the prime interest rate charged by Franchisor's primary bank and the maximum rate permitted by applicable law, from the date the expense is incurred until the date payment is received by Franchisor.

3.20 Signs. Franchisee must maintain and display only standard signs on real estate and motor vehicles in accordance with the specifications established by Franchisor.

3.21 Taxes. Franchisee will promptly pay when due all applicable taxes and assessments against the premises and the equipment used in the Franchised Business, and cause to be discharged all liens or encumbrances of every kind or character created or placed upon or against any of its property in accordance with the terms of any agreement, law, ordinance, or court order imposing the same, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business.

3.22 Compliance with Law. Franchisee and its owners will comply with all federal, state, and local laws and regulations pertaining to the operation of the Franchised Business and will timely obtain and maintain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business. Franchisee will pay promptly, as they become due, all state, city, and county licensing and permit fees and charges in connection with the operation of the Franchised Business.

3.23 Operating Costs. Franchisee will maintain and pay its own costs of doing business, including rent, telephone, utilities, insurance, and other fixed and variable expenses.

3.24 Review of Disclosure Document and Agreement. Franchisee and its owners specifically acknowledge that they have reviewed the Franchise Disclosure Document and this Agreement prior to execution.

3.25 Indemnity. Franchisee will, during and after the term of this Agreement, indemnify and hold Franchisor and its affiliates, and each of their employees, officers, directors, shareholders, agents, representatives, successors, and assigns (collectively, "**Indemnitees**") free and harmless from and against any and all costs (including reasonable attorneys', accountants', consultants', and expert witness fees), damages, liabilities, expenses, claims, demands, actions, or causes of action which may be incurred by or threatened against Indemnitees and which arise out of (i) the Franchisee's operation of the Franchised Business, (ii) transactions between Franchisee and any third party, or (iii) Franchisee's improper use of the Marks.

3.26 National or Strategic Accounts. In the event that Franchisee enters into an agreement to provide services to any National or Strategic Account which has locations outside the Territory, if any such location is within the Territory of another franchisee of Franchisor, Franchisee shall offer such other franchisee the right to service such account within such other franchisee's Territory prior to offering such right to any other party, in accordance with Section 1.3 above.

3.27 Contracts with Customers. Franchisee may enter into contracts having such term as Franchisee wishes to negotiate; provided, however, that any contract for the performance of any of the Services shall provide that, upon the expiration of this Agreement or any termination of this Agreement by Franchisor in accordance with Section 6.1 or otherwise, either (i) the customer contract must terminate simultaneously with the expiration or termination of this Agreement; or (ii) the customer will receive alternate services not involving the methods or products of Franchisor upon the expiration or termination of this Agreement. In no event will Franchisor be liable for any damages to Franchisee or any customer of Franchisee due to either the violation of this Section 3.27 or Franchisee's failure or inability to perform Services due to such expiration or termination.

3.28 Promotion and Development of Business. Franchisee shall use best efforts to promote and develop the milliCare® Services System and the Services of the Franchised Business, thereby supporting and enhancing the milliCare® Services System for the benefit of the Franchisor and all of its franchisees and offering the best possible service to customers. Franchisee shall fully develop and conduct the Franchised Business in strict compliance with the terms and conditions of this Agreement and the Confidential Manual.

3.29 Computer System. Within 15 days from the date hereof, Franchisee must obtain a computer system (including hardware and software) meeting Franchisor's specifications and thereafter will be required to update such computer system at such times as Franchisor may reasonably require. Franchisee must establish Internet access and two e-mail addresses for the Franchised Business within fourteen days of obtaining the specified computer system (which we will either provide or you may obtain through our designated supplier). Franchisor shall have the right to specify all or part of Franchisee's e-mail address. When this Agreement expires or is terminated, Franchisee must promptly transfer such e-mail address to Franchisor.

4. **FEES**

4.1 Initial Fee. In consideration of the license granted herein, Franchisee shall pay to Franchisor, on the date this Agreement is executed by Franchisee, an initial fee of $49,000. If Franchisee already owns a majority interest in a franchise in the milliCare® Services System and is purchasing a majority interest in an additional milliCare® franchise from Franchisor, the initial fee for such additional unit is $40,000. There is a renewal fee of $5,000 if Franchisee is renewing its right to operate as a franchisee of Franchisor pursuant to Section 1.4.2 above. The initial franchise fee is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for its lost or deferred opportunity to franchise others.

4.2 Continuing Fee.

4.2.1 ***Calculation.*** In consideration for the continuing use of the Marks and the milliCare® Services System, Franchisee will pay to Franchisor each calendar month continuing royalty and license fees ("**Royalties**") equal to a percentage of the "Gross Receipts" (as defined below) relating to various portions of the Franchised Business for the previous calendar month. Royalties will commence beginning on the first full month following completion of the Initial Training Program. The Royalties are as follows:

(a) 5% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks in the first 24 months following completion of the Initial Training Program.

(b) 6% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks after the first 24 months of operations.

(c) Franchisee must pay a minimum monthly Royalty for each Territory Franchisee owns. Payment of the minimum monthly Royalty for single a Territory or the first Territory in the event Franchisee owns multiple Territories commences on the six-month anniversary of Franchisee's or Franchisee's General Managers completion of Initial Training and shall be in the following amounts:

(i) Months 6 to 12: $450.00 per month
(ii) Months 13 to 24: $550.00 per month
(iii) Months 25 and thereafter: $650.00 per month

(d) If Franchisee owns multiple Territories, the minimum monthly Royalty for the first Territory will commence on the six-month anniversary of Franchisee's completion of Initial Training, with the minimum monthly Royalty for the second Territory commencing 12 months after minimums commence for the first Territory, and minimums for any additional Territories will commence 12 months after minimums commence for the prior Territory.

4.2.2 ***Gross Receipts Defined.*** "**Gross Receipts**" means the amount of all money and the value of all property directly or indirectly received by the Franchisee for goods sold and services rendered in connection with the Franchised Business, whether as cash sales or as payment for any charge, credit balance, or advance deposit (including payments attributable to National Accounts), *minus* (i) sales taxes and other charges collected by Franchisee and paid to a governmental agency other than income taxes, (ii) the amount of any incorrect sales amount, allowances, and discounts to customers, (iii) revenues from providing services under the milliCare® Entry Mats System; and (iv) customer refunds or returns, provided that the revenues from the sales in question have previously been included in Gross Receipts. Gross Receipts shall not include: (i) proceeds from any business which is identified on Exhibit B hereto and which is operated in accordance with Section 3.3; or (ii) amounts payable to you and amounts you pay to other franchisees with respect to any Strategic or National Account with which Franchisee has an agreement to provide services and which we have approved, and for which the services are provided by a franchisee in the network that is not an affiliate of your franchise.

4.2.3 ***Payment.*** Each payment of royalty and license fees must include a Monthly Report issued by Franchisee for the month for which payment is being made. All such payments and Monthly Reports shall be made in such form as Franchisor may direct. All items which are claimed as deductions in determining Gross Receipts must be supported by proper documentation. Royalties are due and payable in full on the 15th calendar day of each calendar month based on Gross Receipts for the preceding calendar month. Payments of Royalties are not refundable and must be made via bank wire or such other electronic funds transfer procedure as Franchisor may require.

4.3 Technology Fee. Franchisee will pay to Franchisor its then current technology Fee (the "**Technology Fee**") for: (a) use of the website furnished by the Franchisor and the associated microsite and website pages featuring the Franchisee; and (b) for the software that will be used for scheduling, tracking, etc. and that is intended to help the Franchisee efficiently run its business. As of the Effective Date, the Technology Fee is $399 per month. Franchisor may increase this fee periodically up to the greater of (i) the fee (or aggregate fees) any vendor charges us or an affiliate for your technology services; or (ii) $500 per month. The Technology Fee is due and payable in full on the same day, in the same method and manner as the Royalty. Payments of the Technology Fee are not refundable. The first payment is due the month accompanying the first payment of Royalties. If Franchisee owns multiple Territories, Franchisee is only required to pay a single Technology Fee.

4.4 Promotional Fund.

4.4.1 ***Franchisee Contributions.*** Franchisee will pay to Franchisor each month as a contribution to the milliCare® Services System promotional fund (the "**Promotional Fund**") an amount equal to 1% of Franchisee's Gross Receipts in the first 24 months of operations and 2% of Franchisee's Gross Receipts thereafter. Promotional Fund contributions are due and payable in full at the same time, and in the same manner, as Royalties.

4.4.2 ***Use.*** Franchisor will not commingle Promotional Fund contributions with its general funds but will hold all Promotional Fund contributions from all its franchisees in one or more designated accounts.

The Promotional Fund may be used as determined solely by Franchisor:

(a) to develop and purchase national, regional, and local advertising in broadcast, print, and electronic media wherever Franchisor deems fit, and without respect to Franchisee's geographical location, including a milliCare® website in which franchisees are permitted or required to participate;

(b) to prepare, purchase, and distribute camera-ready advertising copy for use in local advertising, script or text for broadcast advertising, signs, posters, brochures, banners, and other point-of-sale advertising and promotional materials;

(c) to acquire the services of in-house and outside advertising and public relations professionals;

(d) to defray the expense of training programs and conferences intended to develop the marketing and promotional skills of franchisees and their employees;

(e) research and development, tests or target marketing, the conducting of surveys, brand development and promotion;

(f) to carry on, wherever Franchisor deems fit, and without respect to Franchisee's geographical location, other advertising and promotional activities as Franchisor may reasonably deem advisable to increase demand for Services offered by the franchise network, including utilizing Networking Media Websites and other emerging media or promotional tactics; and

(g) to pay the reasonable expenses of administering the Promotional Fund, including the reasonable compensation of Franchisor's employees and expenses of the advisory council described in Section 4.4.3 while working on behalf of the Promotional Fund.

4.4.3 ***Administration.*** The Promotional Fund will be administered by the Franchisor or by an advertising agency selected by the Franchisor. Franchisor, in its sole discretion, may establish a franchisee advisory council from time to time to provide input and suggestions regarding use of the Promotional Fund and the effectiveness of programs funded by the Promotional Fund. If the franchisee advisory council is established, it will consist of representatives of Franchisor and representatives of the franchisees, with the representatives of franchisees constituting a majority of the members thereof. Franchisor shall retain sole discretion over the use of the Promotional Fund.

4.4.4 ***Accounting.*** Franchisor will account to Franchisee annually for all Promotional Fund contributions received and spent. The accounting will be made by written report within 120 days of the end of each year setting forth the total contributions received from all milliCare® Services System franchisees as a group and all expenditures made by Franchisor, together with the balance on account in the Promotional Fund as of the date of the report. Franchisor is not required to have the Promotional Fund audited.

4.4.5 ***Commercial Relationship.*** Franchisor and Franchisee agree that the rights and obligations of the parties arising from the Promotional Fund and all related matters are governed solely by this Agreement, and that this Agreement and the Promotional Fund are not in the nature of a "trust," "fiduciary relationship," or similar special relationship. Franchisor and Franchisee agree that the Promotional Fund and this Agreement are based on an ordinary commercial relationship between independent businesspersons.

4.5 Transfer Fee. Upon any transfer or assignment of this Agreement or any interest in this Agreement, Franchisee (or the transferee) will pay to Franchisor a transfer fee in an amount equal to $7,500, but the amount is reduced to $5,000 if the transfer is to a person or entity that already owns or controls a majority interest in an existing milliCare® franchise) on or before the date of transfer or assignment of this Agreement.

4.6 Mandatory Conference Fee. We may require you (or your General Manager) to attend our mandatory conference, which generally will be held annually, as well as milliCare University. You will attend all such conferences and pay us or our designee a mandatory conference fee in the amount we designate. You will also be responsible for all of your travel and living expense related to your attendance at the conference. If Franchisee has been granted a franchise for more than one Territory, each non-adjacent Territory must have a separate General Manager (or other attendee that has been approved by Franchisor) in attendance at each required program or conference and the mandatory conference fee will be payable for each such person. Franchisor may change the amount of the registration fee and the Non-Attendance Fee at any time, in its sole discretion.

4.7 Late Payment. Any payment not received by us when due will bear interest at eighteen percent (18%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. The fact that such charges are imposed shall not be construed as a waiver of our right to timely payment. In addition, Franchisor may place Franchisee on a "credit hold" whenever Franchisee's account is more than 30 days past due.

5. **TRANSFERABILITY**

5.1 Transfer by Franchisor. There are no restrictions on the right of Franchisor to sell or assign this Agreement in whole or in part; provided, however, that Franchisor will not assign or otherwise transfer this Agreement unless the assignee agrees to assume Franchisor's obligations hereunder.

5.2 Transfer by Franchisee.

5.2.1 ***Individual.*** If Franchisee is an individual, Franchisee may not sell, assign, transfer, or convey any interest in this Agreement or in the Franchised Business without the prior written consent of Franchisor.

5.2.2 ***Corporation.*** If the Franchisee is a corporation, then any issuance, redemption, or transfer of the equity or voting shares of the Corporation, or any disposition of the assets of the Corporation in one transaction or in a series of transactions which, in the aggregate, results in either (i) more than a 25% change in the beneficial ownership of the corporation, or (ii) a change in the voting control of the corporation, is a transfer which requires the consent of Franchisor; provided, however, that no issuance or transfers of any percentage interest or other kind of transfer shall be permitted to a Competing Business, or to a trust. The bylaws of the corporation and all share certificates evidencing ownership of the corporation must contain the following provision:

> "The issuance or transfer of shares in this corporation is subject to the restrictive provisions of a Franchise Agreement with milliCare Franchising, LLC and any new shareholder and/or transferee, as a condition to the issuance or transfer of shares, agrees to be subject to such Franchise Agreement and all its provisions and requirements. Reference is made to the Franchise Agreement for all particulars."

5.2.3 ***Limited Partnership or Limited Liability Company*****.** If Franchisee is a general or limited partnership or a limited liability company, then the admission of a new partner or member, or the redemption, purchase, liquidation, or transfer of a partnership or limited liability company membership interest, or any disposition of the assets of the partnership or company, in one transaction or in a series of transactions which, in the aggregate, results in either (i) more than a 25% change in the beneficial ownership of the partnership or company, or (ii) a change in the voting control of the partnership or company, is a transfer which requires the consent of Franchisor; provided, however, that no admissions, purchases, or transfers of a partnership or limited liability company interest of any percentage amount or other kind of transfer shall be permitted to a Competing Business or to a trust. The partnership agreement or limited liability company operating agreement must contain the following provision:

> "The issuance or transfer of a legal or beneficial interest in the **[partnership] [limited liability company]** is subject to the restrictive provisions of a Franchise Agreement with milliCare Franchising, LLC, and any new partner/member and/or transferee, as a condition to the issuance or transfer of such interests, agrees to be subject to such Franchise Agreement and all its provisions

and requirements. Reference is made to the Franchise Agreement for all particulars."

5.2.4 ***Conditions to Transfer.*** In connection with any transfer which requires Franchisor's consent, Franchisor shall have the right to require that any or all of the following conditions are satisfied, as determined by Franchisor in its sole discretion, in addition to any other conditions imposed by Franchisor:

(a) The proposed transferee or its principals must meet Franchisor's reasonable requirements for experience, net worth, entrepreneurial ability, and character, as applied by Franchisor on a nondiscriminatory basis in selecting new franchisees and must have or obtain before transfer all licenses required by law for operation of the Franchised Business.

(b) The proposed transferee (and each partner, member, or shareholder) must have duly executed an agreement to be bound by, and to assume and perform all the duties of the Franchisee under, the Agreement (including, in the case of such partners, members, or shareholders, the covenants not to compete required by Section 3.18.4).

(c) All maintenance, repairs, and renovation required to bring the Franchisee's premises into compliance with Franchisor's standards must have been completed.

(d) The transferor and each of its partners, members, shareholders, officers, and directors must execute a general release of any and all claims against Franchisor and its affiliates, and their shareholders, officers, directors, employees, and agents.

(e) The fees specified in Sections 4.5, 5.2.4(b) and 5.2.4(c) must have been paid in full; provided, however, that there will be no transfer fee if the transfer or assignment of this Agreement is to the spouse or an adult child of Franchisee, if Franchisee is an individual; or the spouse or an adult child of the majority partner, shareholder, or member of the Franchisee, if Franchisee is a partnership, corporation, or limited liability company.

(f) Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and/or Franchisor to evaluate the Franchised Business and the proposed transfer, including providing Franchisor with a copy of the proposed purchase/sale agreement between Franchisee and transferee and such other information regarding the terms of the proposed transfer as Franchisor may request. Franchisee authorizes Franchisor to confer with any proposed transferee and furnish it with information concerning the Franchised Business and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except where Franchisor recklessly or negligently provides untruthful information, makes intentional misstatements to a transferee or otherwise acts in bad faith.

5.2.5 ***Effect of Transfer.*** No sale, assignment, transfer, conveyance, encumbrance, or gift of any interest in this Agreement or in the Franchised Business will relieve Franchisee, or the shareholders, members, or partners participating in any transfer, of the confidentiality or noncompetition provisions of this Agreement.

5.2.6 ***Prohibited Transfers.*** For purposes of this Section 5.2, without limiting the generality of the foregoing, Franchisor may withhold its consent for any business reason whatsoever, including, but not limited to: (i) where the proposed sale, assignment, transfer, or conveyance is to a Competing Business or to a manufacturer of carpeting that Franchisor deems to be a competitor of

Franchisor or any affiliate of Franchisor; or (ii) where the proposed sale, assignment, transfer, or conveyance would result in the proposed transferee having a percentage of the sales of the milliCare® Services System that Franchisor deems to be undesirable, whether or not such percentage exceeds the percentage provided in the above Section 5.2.4(h). Any purported sale, assignment, transfer, or conveyance without the prior written consent of Franchisor will be null and void and will constitute a material default under this Agreement.

5.3 Death or Disability. Upon the death or permanent disability of the Franchisee, if the Franchisee is an individual, or upon the death or permanent disability of the majority shareholder, member, or partner of Franchisee if the Franchisee is a corporation, limited liability company, or a partnership, the spouse, adult children, or estate will have the right to participate in the ownership of the Franchised Business under the terms of this Agreement for a period of 180 calendar days from the date of death or disability. During that time, the spouse, adult children, or estate must either:

(a) satisfy all of the qualifications for a transferee or purchaser of a milliCare® Services System franchise, except that no transfer fee or initial fee will be charged; or

(b) sell, transfer, or assign the Franchised Business to a person who satisfies all of the qualifications for a transferee or purchaser of a milliCare® Services System franchise.

In addition, during such time, Franchisor may enter the Franchised Business premises and take possession of the Franchised Business, its equipment, furniture, fixtures, records, lists, and supplies and continue the operation of the Franchised Business for the benefit and account of Franchisee (after paying operating expenses, including a management fee to be established from time to time in the Confidential Manual) pending the conclusion of whichever of the above options is chosen by Franchisee's spouse, adult children, or estate.

5.4 Assignment to Corporation or Limited Liability Company. If Franchisee is a partnership or individual and hereafter desires to conduct the Franchised Business in an incorporated or limited liability company form, Franchisor will not unreasonably withhold its consent to the transfer of this Agreement and Franchisee's interest herein to any corporation or limited liability company formed for that purpose; provided that Franchisee and such corporation or company must, prior to such transfer, satisfy such reasonable requirements as Franchisor shall impose, which may include, without limitation, the following:

(a) Franchisee or its partners will at all times be the record and/or beneficial owner of, and will have, by law or by written agreement satisfactory to Franchisor, voting control of, not less than 51% of the issued and outstanding shares or membership interests of each class of the capital stock or membership interests of such corporation or company;

(b) No other person or entity, except members of Franchisee's or its partners' respective immediate families may own or have any right to acquire any shares, membership interests or other securities of such corporation or company;

(c) The form and content of the articles or certificate of incorporation, organization, or formation of such corporation or company and by-laws of any such corporation or operating agreement of any such company must contain provisions enforceable under applicable law restricting the issuance and transfer of shares, membership interests, or securities of the corporation or company to such extent as Franchisor shall reasonably require;

(d) Franchisor must have been furnished in writing the names and addresses of all existing or prospective shareholders or members of the corporation or company, and Franchisee or its partners and (if requested by Franchisor) each such shareholder or member, or prospective shareholder or member, must have guaranteed in writing (in form and substance satisfactory to Franchisor) the performance by the corporation or company of the obligations of the Franchisee under this Agreement; and

(e) Each shareholder or member must have executed and delivered to Franchisor a non-competition covenant in form and substance satisfactory to Franchisor, containing the covenants not to compete required by Section 3.18.4 hereof.

After assignment of this Agreement to a corporation or limited liability company as above provided, or, if Franchisee is a corporation or limited liability company at the date of this Agreement, the sale, transfer, assignment, or encumbrance or change in rights of any class or series of capital stock, membership interests, or other securities of such corporation or company, whether by operation of law or otherwise, will be deemed a sale by Franchisee or (if a partnership) its partners of its or their interest(s) in this Agreement and will in all respects be subject to the limitations set forth in this Section 5 on the sale of Franchisee's interest in this Agreement. Any merger, consolidation, or reorganization by any corporation or limited liability company having an interest in this Agreement will be deemed a sale of such interest and, unless the prior written consent of Franchisor has been obtained, will constitute a material breach hereof.

5.5 Right of First Refusal. If at any time during the term of this Agreement Franchisee receives a bona fide offer to purchase the Franchised Business, which offer Franchisee is willing to accept, Franchisee must give Franchisor written notice of the terms of the offer and the name of the offeror and allow Franchisor to elect to purchase the Franchised Business on the same terms as contained in the offer within 60 business days after Franchisor's receipt of the offer, except that in place of any non-cash consideration described in such offer, Franchisor or Franchisor's designee may pay the fair market value thereof in cash. If Franchisor fails to give written notice of election or declines election within the 60 business days, Franchisee may sell to the offeror on the terms offered, subject to the provisions relating to transferability as set forth in this Section 5, provided that such sale must be consummated within ninety (90) calendar days after the expiration of such 60-business day period; otherwise, the restrictions of this Section 5.5 shall be renewed and any sale or transfer by Franchisee of its interest in this Agreement, whether to such offeror or other individual or entity, shall again be subject to the restrictions of this Section 5.5. In the event Franchisor or Franchisor's designee elects to purchase, the purchase must be completed within 90 calendar days from the date of Franchisor's notice of election to purchase. For purposes of this Section 5.5, the term "**fair market value**" of any non-cash consideration shall mean the fair market value of such property as determined by agreement of Franchisee and Franchisor; provided, however, that if the parties are unable to reach such agreement within 60 business days after Franchisor's receipt of the offer, then the fair market value of such property will be determined by one appraiser chosen by the parties, who will determine the value of such property. In the event that the parties are unable to agree upon such an appraiser, the parties agree that the office of the American Arbitration Association ("**AAA**") in or closest to Charlotte, North Carolina will be employed to choose an appraiser, and such person will determine the fair market value for these purposes. In the event the appraisal process is utilized, the party whose valuation of such property less closely approximated the value selected pursuant to the above-described appraisal process, measured by dollar amounts and not by percentages, will pay all costs of the appraisal process. Any delay caused by such appraisal process or the parties' disagreement over the fair market value of any non-cash property will extend the period in which Franchisor is to act under this Section 5.5 by that number of calendar days equal to the period of the delay.

6. **TERMINATION AND DEFAULTS**

6.1 Termination by Franchisor. Franchisor may terminate the Franchise Agreement at the time indicated, if any of the following events occurs, each of which shall be deemed a default:

(a) immediately, if the Franchisee or the Franchised Business is declared bankrupt or determined to be insolvent, or all or a substantial part of the assets of the Franchisee or the Franchised Business are assigned to or for the benefit of any creditor, or the Franchisee admits its inability to pay its debts as they come due, or the Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the Franchisee remains unsatisfied for 30 calendar days (unless an appeal bond has been filed), or if a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within 5 business days; or

(b) immediately, if the Franchisee abandons the Franchised Business by failing to operate the Franchised Business for 5 consecutive calendar days during which the Franchisee is required to operate a business under the terms of this Agreement (as set forth in the Operations Manual), or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that the Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the Franchisee's control; or

(c) immediately upon notice, if the Franchisor discovers that the Franchisee has made any material misrepresentations to Franchisor relating to the acquisition, operation, or maintenance of the Franchised Business; or

(d) immediately upon notice, if the Franchisee is arrested or is indicted for, convicted of, or pleads *nolo contendere* to, a felony or any other criminal misconduct which, in Franchisor's sole judgment, is relevant to the operation of the franchise or impairs the goodwill associated with the System or with the milliCare® name or Marks; or

(e) immediately upon notice, if the Franchisee, after curing any default after notice and opportunity to cure, engages in the same noncompliance, whether or not corrected after notice; or

(f) immediately upon notice, in the event Franchisee attempts to transfer any interest in the Franchisee or the Franchised Business in violation of Section 5; or

(g) immediately upon notice, in the event that Franchisee violates the provisions of Section 3.18 hereof; or

(h) immediately upon notice, if Franchisee breaches any material provision of this Agreement or any other agreement between Franchisee and Franchisor, if such breach is not susceptible to being cured; or

(i) upon 10 calendar days' written notice to Franchisee of its failure to pay any fees or other amounts due to Franchisor, any affiliate of Franchisor, or any other franchisee that is not cured within such 10-day period; or

(j) upon 30 calendar days' written notice to Franchisee of noncompliance with any federal, state, or local law or regulation applicable to the operation of the Franchised Business unless cured within such period; or

(k) upon 30 calendar days' written notice to Franchisee of any failure of Franchisee to perform any obligation under this Agreement, if such failure is susceptible to being cured and is not cured within such 30-day period; or

(l) upon 30 calendar days' written notice to Franchisee if Franchisee fails to commence operation of the Franchised Business within 270-days of the date of the Franchise Agreement, and is not cured within such 30-day period; or

(m) prior to the opening of the Franchised Business, if Franchisee or any of its designated employees fails to complete the Initial Training Program described in Section 2.4 to the satisfaction of Franchisor; or

(n) immediately upon notice, if Franchisee or its owners owns or operates another competitive business or commits any violation of Section 3.3, Section 3.8, or Section 3.9 hereof;

(o) immediately upon notice, if Franchisee commits three or more breaches of any of your obligations under this Agreement, whether or not cured, within any consecutive 12-month period;

(p) immediately upon notice, if Franchisee, after curing any default pursuant to this Agreement, commits the same default again, whether or not cured;

(q) immediately upon notice, if Franchisee or Franchisee's principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure; or

(o) at such time as Franchisor and Franchisee mutually agree in writing to terminate this Agreement.

6.2 Rights and Duties of Parties Upon Expiration or Termination. Upon termination or expiration of this Agreement for any reason, all rights of the Franchisee under the Agreement will immediately terminate, but Franchisee will have the following duties, which will survive termination or expiration of this Agreement:

(a) Franchisee must promptly pay Franchisor all sums owing under the terms of this Agreement, including all damages, costs, and expenses incurred by Franchisor by reason of default on the part of Franchisee, whether or not the expenses occur before or after the termination or expiration of this Agreement. The parties agree that payment of these amounts is not a penalty, but rather a reasonable estimate of compensation to which Company would be entitled in case of premature termination.

(b) Franchisee must immediately cease use of the Marks in advertising, websites, forms, manuals, slogans, signs, or in any other manner whatsoever. Franchisee will not represent or advertise that Franchisee was formerly a milliCare® Services System franchisee or that Franchisee did business under the Marks.

(c) Franchisee must ensure at its own expense that all mention of the Marks in connection with Franchisee is removed at the earliest possible time from all telephone and other directories, directory assistance records, building directories, signboards, internet sites, internet search engines, membership rosters, and every other place and publication.

(d) Franchisee must take all action to cancel any assumed name or equivalent registration which contains any of the Marks and will furnish Franchisor with satisfactory evidence of cancellation.

(e) Franchisee must cease and desist from all use of the Marks, and must deliver to Franchisor, or its duly authorized representative, all materials and papers upon which the Marks appear. Franchisee will not, at any time, adopt or use any word or mark which is similar to or confusing with the Marks. Franchisee must continue to comply with Sections 3.17 and 3.18 of this Agreement.

(f) Franchisee must return to Franchisor the Confidential Manual and all documents and records that are reasonably necessary or important to the continuation of the Franchised Business.

(g) If Franchisor so elects, Franchisee must sell to Franchisor, at Franchisee's cost, all products, supplies, and equipment which bear the Marks.

6.3 Dispute Resolution.

(a) **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisor and Franchisee to Franchisor's management and make every effort to resolve the dispute internally. Franchisee must first exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third-party. This agreement to internally resolve disputes will survive termination or expiration of this Agreement.

(b) **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 6.3(a) above, will be submitted first to mediation to take place in Charlotte, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 6.3(b) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

(c) Arbitration. Any controversy or claim arising out of or relating to this Agreement, other than a claim for injunctive relief, will be settled by binding arbitration, and judgment upon the award may be entered in any court having jurisdiction thereof. All arbitrations must be individual proceedings and not a class arbitration or multi-party arbitration. The arbitration must be conducted through the AAA office in Charlotte, North Carolina, and will be conducted by a panel of three arbitrators selected in accordance with the rules and regulations of the AAA applicable to commercial matters. The arbitrators will render a decision based on, and consistent with, North Carolina law and with the facts and evidence that are properly introduced at the hearing. If there are any disputes in matters of public policy, restraint of trade, securities laws violation, or any other matter which cannot be the subject of arbitration, those matters will be separated from all other disputes and those other disputes will first be settled by arbitration. After arbitration, any disputes which cannot be tried by arbitration will be brought before a court of competent jurisdiction. Should the parties be unable to separate matters which will be addressed by arbitration from those which cannot be addressed by arbitration, the allegations and positions of the parties will be brought before the arbitrators, and their decision regarding the appropriateness for arbitration of the matters in controversy will be determinative and binding upon the parties. Unless otherwise determined by the arbitrators, the fees and expenses of arbitration, not including attorneys' fees, will be shared equally by the parties. The parties acknowledge that this alternative dispute resolution procedure is fair and enforceable.

6.4 Termination Not Exclusive Remedy. Termination of this Agreement by the parties shall not be an exclusive remedy and shall not in any way affect a party's rights to receive or collect fees or other amounts payable hereunder, to enforce the provisions of this Agreement, to seek and obtain injunctive relief, or to pursue any other legal or equitable remedy for a breach of this Agreement. In lieu of terminating this Agreement as may be permitted herein, Franchisor, in its sole discretion, may allow Franchisee to continue operating the Franchise on a month-to-month basis, and Franchisor may thereafter terminate this Agreement at any time and for any reason upon 10 days' prior written notice to Franchisee. Franchisor may terminate this Agreement upon such 10 days' prior written notice to Franchisee even if Franchisee cured all defaults during the period when the Franchise was being operated on a month-to-month basis.

6.5 Future Communications. For three years following the termination or expiration of this Agreement, Franchisee agrees to advise Franchisor of its current business and residential addresses and telephone numbers.

7. MISCELLANEOUS

7.1 Governing Law. This Agreement has been accepted and made in the State of North Carolina and all rights hereunder will be governed by and interpreted under the internal laws (and not the law of conflicts of laws) of the State of North Carolina.

7.2 Forum Selection; Jurisdiction. Any claims not subject to arbitration shall be brought and/or defended to conclusion in the courts located in Charlotte, North Carolina. The parties' consent (and waive any objections they might otherwise have) to institute any such claims in a state or federal court of general jurisdiction in Charlotte, North Carolina. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to jurisdiction, venue, or the convenience of the court location.

7.3 Compliance with Law. This Agreement will be deemed to contain and will be construed so as to contain and be consistent with, all mandatory provisions and requirements of applicable state and federal law. In particular, Franchisee represents it has a copy of, and is familiar with, the United States Foreign Corrupt Practices Act, 15 U.S.C. §78dd-2 (the "**FCPA**"), and the purposes of the FCPA; in particular, the FCPA's prohibition of the payment or the gift of any item of value, either directly or indirectly, by a company organized under the laws or the United States of America or any of its states to an official, employee, or officer of, or person acting in an official capacity for, a government or international organization for the purpose of influencing any action or decision, or inducing him to use his influence with the government or organization in any manner contrary to his position or creating an improper advantage to assist a company in obtaining or retaining business for, with, or in that country or organization or directing business to any person. Currently a copy of the FCPA may be found on the internet at www.usdoj.gov/criminal/fraud/fcpa.html. Franchisee represents and warrants that it will take no action that would constitute a violation of the FCPA or any law, and Franchisee will obtain a similar undertaking from its affiliates and owners. Further, Franchisee represents that it and its affiliates do and shall comply with all relevant laws against corrupt business practices, against money laundering and against facilitating or supporting person who conspire to commit acts of terror against any person or government.

7.4 No Subsequent Waiver. Waiver of any default or breach of this Agreement will not be interpreted as a waiver of any subsequent breach.

7.5 No Class Actions. ANY DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, WHETHER RESOLVED IN ARBITRATION OR IN A COURT PROCEEDING, MUST BE RESOLVED IN AN INDIVIDUAL PROCEEDING, AND MAY NOT BE RESOLVED VIA A CLASS ACTION OR SIMILAR MULTI-PARTY PROCEEDING.

7.6 No Punitive Damages. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

7.7 No Trial By Jury. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

7.8 Continuing Obligations. ALL OBLIGATIONS OF THIS AGREEMENT WHICH EXPRESSLY OR BY THEIR NATURE SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT WILL CONTINUE IN FULL FORCE AND EFFECT AFTER AND NOTWITHSTANDING THEIR EXPIRATION OR TERMINATION UNTIL THEY ARE SATISFIED IN FULL OR BY THEIR NATURE EXPIRE.

7.9 Limitation of Claims. FRANCHISEE AGREES THAT ANY AND ALL CLAIMS BY FRANCHISEE AGAINST FRANCHISOR ARISING OUT OF, OR RELATING TO, THIS AGREEMENT MAY NOT BE COMMENCED BY FRANCHISEE UNLESS BROUGHT BEFORE THE EARLIER OF: (A) THE EXPIRATION OF ONE YEAR AFTER THE ACT, TRANSACTION, OR

OCCURRENCE UPON WHICH SUCH CLAIM IS BASED; OR (B) ONE YEAR AFTER THIS AGREEMENT EXPIRES OR IS TERMINATED FOR ANY REASON. FRANCHISEE AGREES THAT ANY CLAIM OR ACTION NOT BROUGHT WITHIN THE PERIODS REQUIRED UNDER THIS SECTION 7.9 SHALL FOREVER BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET OFF.

7.10 Notices and Communications. All notices or communications required or permitted under this Agreement shall be directed to Franchisor by an overnight delivery service that tracks delivery or by United States mail, first-class postage prepaid, return receipt requested, at the following address:

Notices to Franchisor	MilliCare Franchising, LLC Attention: President 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209
Notices to Franchisee:	________________________ ________________________ ________________________ Attn: ____________________

If Franchisee is other than an individual, Franchisee must designate in writing to Franchisor the name and address of its agent to receive notice. Notice to the agent will be conclusively presumed to be full and adequate notice to Franchisee. Notice shall be deemed to have been given on the date of actual receipt, or, if delivery is refused, on the date of attempted delivery.

Notwithstanding the above, any notice by a means which affords the sender evidence of delivery, including but not limited to e-mail, shall be deemed to satisfy any notice requirement.

7.11 Costs and Legal Fees. Franchisee shall reimburse Franchisor for the costs and expenses incurred by Franchisor as a result of Franchisee's failure to comply with the terms of this Agreement, including, without limitation, attorneys', accountants', consultants', and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of, or in connection with the filing of any proceeding to enforce this Agreement.

7.12 Modifications to System. Franchisor has the right to operate, develop, and change the System in any manner that is not specifically precluded by this Agreement, and such changes shall become part of the milliCare® Services System. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant Franchisee a right to take action or omit an action, except as otherwise expressly provided in this Agreement, Franchisor may make its decision or exercise its rights on the basis of the information readily available to Franchisor, and Franchisor's judgment of what is in its best interests and/or in the best interests of the System, at the time Franchisor's decision is made, shall be deemed to be reasonable and enforceable, without regard to whether other reasonable or even arguably preferable alternative decisions could have been made by Franchisor and without regard to whether Franchisor's decision or the action Franchisor takes promotes Franchisor's financial or other individual interest. Franchisor has the right to enter into agreements with other franchisees that are different than this Agreement, and the existence of different provisions in other franchise agreements shall not in any manner affect the duties of the parties to this Agreement.

7.13 Amendment. This Agreement may be amended, modified, or discharged, in whole or in part, only by a document in writing subscribed by all of the parties subscribing to this Agreement.

7.14 Remedies Cumulative. The parties are entitled to any and all remedies at law or in equity, in addition to any remedies set forth in this Agreement. Franchisor's right to terminate this Agreement in accordance with Section 6 shall be deemed to permit Franchisor to elect remedies other than termination.

7.15 Other Franchises. The parties hereby acknowledge and agree that Franchisor may grant other franchises within a Marketing Territory that are the same as or similar to the Franchised Business.

7.16 Successors and Assigns. This Agreement will inure to the benefit of, and be binding upon, the parties hereto and their heirs, successors, representatives, assigns, and transferees to the extent this Agreement is assignable.

7.17 Relationship of the Parties. Franchisee is an independent contractor. The operation of the Franchised Business does not make the Franchisee and Franchisor partners or joint venturers or make them agents, servants, employees, or fiduciaries of the other, and Franchisee will not hold itself out to the contrary. Franchisee will advise its suppliers and customers of its independent ownership of the Franchised Business and will clearly state in its business forms, stationery, advertising, and elsewhere that it is independently owned and operated.

7.18 Entire Agreement. This Agreement, together with its Exhibits, expresses fully the understanding by and between the parties, and all prior understandings, agreements, commitments, conditions, warranties, and representations of any kind, oral or written, as to the Franchised Business (except as to information and representations submitted by Franchisee to Franchisor in the application to purchase the Franchise) are cancelled and null, void and of no effect. Any previous matter, presently covered within this Agreement, is hereby superseded and cancelled with no further liabilities or obligations of the parties with respect to such matter, except as to any monies due and unpaid between the parties to this Agreement at the time of execution of this Agreement. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

7.19 Omitted.

7.20 Severability. If any term or provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement will continue in full force and effect, except to the extent either party would fail to obtain the substantial benefit of its bargain.

7.21 Other Parties. If Franchisee is a partnership, joint venture, association, corporation, limited liability company, or other legal entity, then all persons who have any beneficial interest in Franchisee must execute this Franchise Agreement where indicated below and will be bound jointly and severally by all of the terms and provisions hereof.

7.22 Accuracy of Representations. Franchisee and its owners represent and warrant to Franchisor that (a) all statements, documents, materials, and information submitted to Franchisor, including the application for the rights granted by this Agreement, are true, correct and complete in all material respects, and there have been no material omissions; and (b) Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism

Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Franchisee agrees to promptly advise Franchisor of any material change in the information or statements submitted to Franchisor. Franchisee acknowledges and understands that Franchisor has entered into this Agreement in reliance on the statements and information submitted to Franchisor by Franchisee and its owners, and that any material breach, inaccuracy or omission is grounds for Franchisor to terminate this Agreement.

7.23 Construction. All headings of the various sections and subsections of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, feminine, neuter, or singular usage will be construed to include the masculine, feminine, neuter, singular, or plural, wherever applicable.

7.24 Acknowledgements. Franchisee expressly acknowledges and accepts the following:

(a) Franchisee received from Franchisor a Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 calendar days prior to the execution of this or any other binding agreement or the payment of any consideration to Franchisor. Franchisee also received this Agreement and any related agreements with all blanks completed at least 7 calendar days prior to the execution of this Agreement;

(b) Franchisee agrees that Franchisee or one of Franchisee's principal owners will devote best efforts to the management and development of the Franchise;

(c) Nothing in this Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor provided to Franchisee;

(d) Franchisor has encouraged Franchisee, and Franchisee has had ample opportunity, to seek legal and/or other professional guidance and advice prior to signing the Franchise Agreement, and Franchisor has encouraged Franchisee to contact existing milliCare® franchisees to gain a better understanding of the requirements and benefits of owning a milliCare® franchise;

(e) Franchisee has had a full opportunity to review the Franchise Disclosure Document, Franchise Agreement, and related agreements provided by Franchisor and understands the terms, conditions, and obligations of the Franchise Agreement;

(f) Franchisee has dealt in varied business transactions in the past, and Franchisee is not purchasing a milliCare® franchise for speculative purposes.

7.25 Additional Representations. Franchisee makes the following additional warranties and representations:

(a) Franchisee is a (check one):

□ partnership

□ corporation

□ sole proprietorship

□ limited liability company

(b) If Franchisee is a corporation, limited liability company, or partnership, the name and address of, and percentage interest owned by, each shareholder, member, or partner is as follows:

NAME	ADDRESS	PERCENTAGE INTEREST

(c) The address where Franchisee's records are maintained is:

____

____

(d) The name and address of Franchisee's designated agent to receive notice is:

____

____

Franchisee must not substitute a new designated agent without prior written notice to Franchisor.

(e) The name and address of Franchisee's manager is:

____

____

7.26 Counterparts. This Agreement may be executed in counterparts, all of which together will constitute one and the same Agreement.

(Signature page to Franchise Agreement follows)

The parties have executed this Franchise Agreement on ____________, 20___.

FRANCHISEE:	FRANCHISOR:
(If an individual)	MilliCare Franchising, LLC
Signed: _________________________	By: ___________________________________
	Print Name:______________________________
	Title :__________________________________
(If a corporation)	Date: __________________________________

Name of corporation:______________________
State of incorporation:_____________________
Signed by:________________________________
Title:____________________________________

(If a general or limited partnership)

Name of partnership:______________________
State of organization:______________________
Name of managing or general
Partner:__________________________
Signed by:________________________________
Title:____________________________________

(If a limited liability company)

Name of company:________________________
State of organization:______________________
Signed by:________________________________
Title [member or manager]:_________________
____

Each of the undersigned individuals or entities certifies that he/she/it is an owner of the above-named Franchisee and hereby executes this Franchise Agreement and agrees to be bound by all the terms and conditions thereof to the same extent as the Franchisee:

Print Name of Shareholder/ Partner/Member:

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

_________________________ Signed:____

THE SUBMISSION OF THIS AGREEMENT TO YOU DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT IS NOT EFFECTIVE UNTIL SIGNED BY A CORPORATE OFFICER OF MILLICARE FRANCHISING, LLC. NO FIELD REPRESENTATIVE OR SALESMAN IS AUTHORIZED TO EXECUTE THIS AGREEMENT ON BEHALF OF MILLICARE FLOOR & TEXTILE CARE. FRANCHISEE IS ADVISED NOT TO INCUR ANY EXPENSE OR OBLIGATION WITH RESPECT TO THE FRANCHISED BUSINESS UNTIL FRANCHISEE HAS RECEIVED A FULLY EXECUTED COPY OF THIS AGREEMENT.

EXHIBIT A

Territory

The Franchisee's Territory (as described in Section 1.3 of the Franchise Agreement of which this Exhibit A is a part) is: ____

____

____

____

____

____.

The Territory is a:

Protected Territory ☐ ____________ Initial

Marketing Territory ☐ ____________ Initial

FRANCHISOR:

MilliCare Franchising, LLC

Date: ______________________________ ______________________________

By:______________________________

Title:______________________________

FRANCHISEE:

____

Date: ______________________________ By:______________________________

Title:______________________________

EXHIBIT B

Continuation of Other Non-Competing Businesses

The Franchisee is granted the right to continue to own the following non-competing business(es) throughout the term of the Franchise Agreement, which business(es) is/are not part of the Franchised Business, in accordance with Section 3.3 of the Franchise Agreement of which this Exhibit B is a part:

____

____

FRANCHISOR:

MilliCare Franchising, LLC

Date: ______________________________ By:______________________________________

Title:_____________________________________

FRANCHISEE:

____

Date: ______________________________ By:______________________________________

Title:_____________________________________

EXHIBIT D

CONVERSION ADDENDUM

MILLICARE FLOOR & TEXTILE CARE

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

THIS CONVERSION ADDENDUM TO THE FRANCHISE AGREEMENT (this "**Addendum**") is effective as of _______________, 20__ (the "**Effective Date**"), regardless of the actual date of signature, by and between MilliCare Franchising, LLC. ("**milliCare**") a Delaware limited liability company ("**Franchisor**") and ____ _____________, an ("**Franchisee**"). This Addendum supplements the Franchise Agreement of even date herewith (the "**Agreement**") by and between the parties.

1. **Incorporation and Precedence**. This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum governs, controls and supersedes any inconsistent or conflicting terms of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

2. **Conversion Program**. The Franchisee has applied to become a Franchised Business under the Franchisor's conversion program, and the Franchisor has agreed to award a conversion franchise to the Franchisee. Since the conversion program differs (as detailed in this Addendum) from the standard franchise program, the parties are signing this Addendum to properly detail the features of the conversion program and how the relationship between the parties differs from the standard MilliCare Floor & Textile Care franchise agreement. Prior to acquiring the franchise, Franchisee operated, and continues to operate, a commercial floor and textile maintenance business known as ___________________________________ ______________ (the "**Existing Business**"). The Existing Business is located at ______________________ ____________________________(the "**Existing Premises**"). The Existing Business provides commercial floor and textile maintenance to the commercial accounts (the "**Existing Accounts**"), each with the annual total revenue shown on Exhibit A to this Addendum during the 12-month period immediately preceding the 1st day of the month preceding the Effective Date; the total of which is the "**Annual Maintenance Revenue**" or "**AMR.**" Franchisee desires to operate the Franchised Business combined with the continued operation of the Existing Business under the milliCare® System. The Franchised Business will be operated from the same location as the Existing Business, and the Existing Business will be consolidated into the Franchised Business so that from the Effective Date going forward, the Existing Business and the Franchised Business will be operated and accounted for as one.

3. **AMR**. The Franchisee represents and warrants that its AMR is $__________________.

4. **Initial Fee**. If you currently operate a business similar to a Franchised Business and you achieved a minimum of $200,000 in revenue from your existing commercial account customers within the full 12-month period before the month in which you sign the Agreement, then you may be eligible for the Conversion Program. Under this Addendum, the initial fee is reduced by the following percentages resulting in the following amounts based on the following AMR levels:

AMR	% Reduction	Resulting Initial Fee
$200,000 - $300,000	10%	$40,500
$300,001 - $400,000	15%	$38,250
$400,001 - $500,000	20%	$36,000
$500,001 - $600,000	25%	$33,750
$600,001 - $700,000	30%	$31,500

AMR	% Reduction	Resulting Initial Fee
$700,001 - $800,000	35%	$29,250
$800,001 - $900,000	40%	$27,000
$900,001 - $1,000,000	45%	$24,750
$1,000,001 and above	50%	$22,500

5. **Royalties and Promotional Fund Contributions**. During the term of the Agreement, Franchisee shall pay Franchisor Royalties and Promotional Fund Contributions as required by the Agreement, but reduced as follows solely during the following time periods only for the Gross Receipts up to and including the amount of the AMR:

(a) If your conversion business has documented revenues within the previous 12 months of at minimum $200,000.00 up to $600,000.00 in gross revenue; you will qualify for a 3% Royalty rate for the first 12-months following your conversion and a 4% Royalty rate in months 13-14 following your conversion. Your Promotional Fund contribution will be reduced to 1% for the first 24 months following conversion.

(b) If your conversion business has documented revenues within the previous 12 months of at minimum $600,001.00 and above in gross revenue; you will qualify for a 2.5% Royalty rate for the first 12-minths following your conversion and a 3% Royalty rate in months 13-24 following your conversion. Your Promotional Fund contribution will be reduced to 1% for the first 24 months following conversion.

(C) Otherwise, and for all Gross Receipts over the AMR, the Royalty will be at the same rate otherwise stated in the Agreement.

6. **Approved Location / Site / Facilities Layout**. Franchisor approves the location of the Existing Business for the operation of the Franchised Business and will not be required to provide Franchisee with advice regarding its facilities layout.

7. **Opening Date**. Franchisee must commence business operations no later than [__] months of the Effective Date.

10. **Transfers**. If there is a transfer of the franchise and the, then this Addendum will automatically be cancelled, and the Agreement will continue in effect without modification by this Addendum.

11. **Termination**. If for any reason the Agreement terminates or expires, all of your rights under this Addendum also end, effective as of the same date of termination or expiration of the Agreement.

Intending to be bound, the parties sign and deliver this Addendum as of the Effective Date, regardless of the actual date of signature.

FRANCHISOR:	**FRANCHISEE:**
milliCare Franchising, LLC	
By:____________________	By:____________________
Name:__________________	Name:__________________
Title:__________________	Title:__________________
Date:__________________	Date:__________________

EXHIBIT E

OPTION AGREEMENT

MULTI-UNIT OPTION AGREEMENT

THIS MULTI-UNIT OPTION AGREEMENT ("Agreement") is made and entered into on _______________, 20_, by and between milliCare Franchising, LLC., a Delaware limited liability company with its principal place of business at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 ("Franchisor"), and ______________________________________, an individual residing at ____, or ___________________________________, a ______________________________ with its principal place of business at ____ ("Developer").

BACKGROUND

A. Contemporaneous with the execution of this Agreement, Developer and Franchisor entered into Franchisor's current form of single-unit franchise agreement (the "First Franchise Agreement") for the right to establish and operate a single MilliCare Floor & Textile Care franchised business (the "First Franchised Business").

B. Franchisor offers qualified franchisees the right and option to open and operate an additional MilliCare Floor & Textile Care franchised business (the "Additional Franchised Business") during the time periods set forth below and subject to the terms and conditions of this Agreement.

C. Developer wishes to purchase an option to establish and an Additional Franchised Business under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. GRANT OF OPTION AND OPENING DEADLINES

1.1 **Grant**. Upon the execution of this Agreement, Developer will pay Franchisor an option fee equal to twenty percent (20%) of Franchisor's then current initial franchise fee (the "Option Fee"). The Option fee is deemed fully earned upon payment and is nonrefundable under any circumstances but will be credited towards the initial franchise fee due for the Additional Franchised Business.

1.2 **Eligibility**. Developer must purchase this option and execute this Agreement contemporaneously with Developer's execution of the First Franchise Agreement.

1.3 **Option Area.** The Developer has the option to purchase an Additional Franchised Business for the following Territory:

____
____.

2. EXERCISE OF OPTION. In order to exercise its option to acquire an Additional Franchised Business, Developer must satisfy all of the following conditions:

(a) Execute Franchisor's then-current form of franchise agreement for that Additional Franchised Business (the "Additional Franchise Agreement") within 18-months of its execution of the First Franchise Agreement;

(b) Pay Franchisor the balance due for the initial franchise fee due for an Additional Franchise Agreement;

(c) Developer must not default under this Agreement, or any other agreement with Franchisor or its affiliates, including any other franchise agreement, and must have fully and faithfully performed all of Developer's material obligations under any such agreements throughout their respective terms;

(d) Neither this Agreement, the First Franchise Agreement, nor any other agreement Franchisor has entered into with Developer has been terminated by Franchisor;

(e) Developer has timely paid any fees or other monies due to Franchisor as and when due under the terms of the First Franchise Agreement or any other agreement with Franchisor;

(f) There has been no change in the effective control of Developer (by way of change in share ownership, membership or partnership interest, or otherwise) without Franchisor's written consent; and

(g) Developer's personnel have successfully completed Franchisor's training programs.

3. ASSIGNMENT. Developer's rights under this Agreement are personal to Developer and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in the First Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

4. CHOICE OF LAW AND DISPUTE RESOLUTION. Section 3.25 (Indemnity), Section 6.3 (Dispute Resolution) and Section 7 (Miscellaneous) of the First Franchise Agreement are incorporated by reference into this agreement as if set forth at length herein.

5. TIME OF THE ESSENSE. Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

6. **ACKNOWLEDGEMENT.** Developer acknowledges that this Agreement is not a franchise agreement and does not confer upon Developer any rights to use Franchisor's Marks or its System.

7. CONSTRUCTION OF LANGUAGE. Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

FRANCHISOR	**DEVELOPER**
milliCare Franchising, LLC	________________________
By: _____________________	By: _____________________
Name: ___________________	Name: ___________________
Title:_____________	Title: ____________________

EXHIBIT F

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ("**Agreement**") is made this _____ day of _________, 20___, by and between ___________________________ (the

"**Franchisee**"), and ___________________________, who is an owner, partner, shareholder, member, manager, supervisor, and employee of Franchisee (the "**Individual**").

RECITALS:

WHEREAS, MilliCare Franchising, LLC (**"milliCare"*)*** owns proprietary know-how and trade secrets relating to the establishment, marketing, promotion, and operation of businesses that provide cleaning, maintenance, and protective treatment of floors and floor coverings, interior finishes and interior furnishings, tile and grout, and related services in commercial, industrial, and office properties (the **"milliCare® Services System"**);

WHEREAS, milliCare has expended time, effort, and money to develop and protect business plans, procedures, training programs, and marketing identity in connection with the operation of the milliCare® Services System;

WHEREAS, milliCare has rights to the trademark, distinctive logo, and identifying commercial symbol and design "milliCare®" for use with cleaning compounds and the service mark and name "milliCare®" and accompanying distinctive logo for interior maintenance, and anticipates developing additional trademarks, trade names, service marks, and other commercial symbols (such marks as now existing or as they may be developed hereafter being referred to herein as the **"Marks"**);

WHEREAS, milliCare maintains high standards of quality for its products and services such that valuable goodwill is attached to the Marks;

WHEREAS, milliCare has licensed Franchisee, under a milliCare Floor & Textile Care Franchise Agreement (the **"Franchise Agreement"**), to operate a milliCare® Services System franchise under the Marks using milliCare's trade secrets and other proprietary and confidential information in accordance with the milliCare® Services System;

WHEREAS, Individual, by virtue of his or her position with Franchisee, will gain access to certain of milliCare's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement to which Franchisee is bound; and

WHEREAS, in order to protect milliCare's Confidential Information and intellectual property rights, milliCare requires, as a condition to Franchisee's license under the Franchise Agreement, that Franchisee's owners and employees enter into a Confidentiality and Non-Competition Agreement, in which the specified Individual promises to adhere to certain non-disclosure and non-competition covenants.

IN CONSIDERATION of these promises, Individual's status with Franchisee, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Individual hereby acknowledges that the milliCare® Services System and the Marks are the sole and exclusive property of milliCare and hereby agrees that he/she shall not, directly or indirectly, in any manner or fashion, challenge or contest the right, title, or interest of milliCare in and to the milliCare® Services System, nor shall Individual claim any right, title or interest in or to the Marks.

2. Individual shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, know-how, or techniques concerning the methods of operation of the business franchised thereunder which may be communicated to Individual or of which Individual may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement ("**Confidential Information**"). In addition, any and all information, knowledge, know-how, and techniques which milliCare designates as confidential (including the Confidential Manual specified in Franchise Agreement) shall be deemed Confidential Information for purposes of this Agreement, except information which, at or after the time of disclosure by milliCare to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

3. Individual specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of its status with Franchisee, Individual will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the milliCare® Services System.

4. Individual covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by milliCare, Individual shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the milliCare® Services System or of any franchisee using the milliCare® Services System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the milliCare® Services System;

(ii) Employ or seek to employ any person who is at that time employed by milliCare, Franchisee, or any other franchisee of milliCare, or otherwise directly or indirectly induce such person to leave his or her employment; or

(iii) Own, maintain, engage in, participate in, make loans to, or have any interest in any business that offers products or services that are essentially the same as, or substantially similar to, the products or services that are part of the milliCare® Services System, except other franchises offered by milliCare (any business carrying on such activities being herein called a **"Competing Business"**).

5. Individual covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by milliCare, Individual shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(a) Provide or seek to provide products or services that are essentially the same as, or substantially similar to, the products or services that are part of the milliCare® Services System, to any customer who was a customer of Franchisee, milliCare, or another franchisee of the milliCare® Services System at any time during the twelve months prior to the beginning of the Post-Term Period;

(b) Employ or seek to employ any person who, at any time during the six months prior to the beginning of the Post-Term Period, was employed by milliCare or by another franchisee of the milliCare® Services System; or

(c) Own, maintain, engage in, participate in, or have any interest in any Competing Business in the Franchisee's Territory. (This sub-section (c) shall not apply to those individuals who are only employees of Franchisee.)

6. As used in this Agreement, the term "Post-Term Period" shall mean a continuous uninterrupted period of 2 years from the date of: (a) a transfer permitted under Section 5 of the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); and/or (c) termination of Individual's status with Franchisee.

7. Individual acknowledges that any failure to comply with the requirements of this Agreement will cause milliCare irreparable injury, and Individual agrees to pay all court costs and reasonable attorneys' fees incurred by milliCare in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

8. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Individual agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect milliCare's and/or Franchisee's legitimate business needs as permitted by applicable law and public policy. In so doing, Individual agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

9. No delay or failure by milliCare or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

10. Individual hereby acknowledges and agrees that milliCare is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

11. This Agreement shall survive the termination of Individual's relationship with Franchisee and the transfer, termination, or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Individual attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ___ day of _______________, 20____.

FRANCHISEE	INDIVIDUAL
____________________________________	____
By:____________________________________	By:____________________________________
Name:__________________________________	Name:__________________________________
Title:__________________________________	Title:__________________________________
Date:________________________________	Date:________________________________

EXHIBIT G

LIST OF FRANCHISEES

Current as of March 10, 2023

United States Franchises

A. Open Outlets

Franchisee Name/ Territory	Owner Name	Street Address	City	State	Zip Code	Telephone Number
ALABAMA						
milliCare of N.W. Florida, S. Alabama**	Mike Barranco	350 Leavell Circle	Montgomery	Alabama	36117	(334) 377-9269
milliCare of – Montgomery**	Mike Barranco	350 Leavell Circle	Montgomery	Alabama	36117	(334) 377-9269
CALIFORNIA						
MilliCare Bay Area - San Jose**	David Copeland	309 Pyral Ct.	San Ramon	California	94582	(415) 613-3602
MilliCare Bay Area – Oakland**	David Copeland	309 Pyral Ct.	San Ramon	California	94582	(415) 613-3602
milliCare by Advanced Green Solutions	Michael Gottlieb Ryan Afromsky	16742 Stagg Street, Unit 102	Van Nuys	California	91406	(818) 901-7949
COLORADO						
milliCare by Arete Commercial Hygiene-North	Jason Mantas	372 Mountain View Road, #3	Johnstown	Colorado	80534	(303) 222-1056
milliCare by Arete Commercial Hygiene – South	Jason Mantas	372 Mountain View Road, #3	Johnstown	Colorado	80534	(303) 222-1056
milliCare Denver South	Ken Granader	773 Capilano Court	Castle Rock	Colorado	80108	(303) 324-5787
DELAWARE						
milliCare by EBC Carpet Services – Wilmington,DE**	Chip Rankin	1300 First State Blvd, Suite 1	Wilmington	Delaware	19804	(302) 995-7461
FLORIDA						
milliCare by Sustaining Interiors	Grace Cubarrubia	4100 North Powerline Road, Suite E-5	Pompano Beach	Florida	33073-9998	(561) 972-5311
milliCare by Cubix – Jacksonville**	Rick DeVane	9454 Phillips Highway, Suite 3	Jacksonville	Florida	32256	(904) 524-0519
milliCare by Cubix - Albany-	Rick DeVane	9454 Phillips Highway, Suite 3	Jacksonville	Florida	32256	(904) 296-9355

Tallahassee**						
milliCare by Suncoast Facility Management - Tampa Bay	Randy Keech	6625 55th Street, North Suite 110/120	Pinellas Park	Florida	32256	(904) 296-9355
milliCare by Cubix – Orlando**	Rick DeVane	6450 Kingspointe Parkway, Suite 10	Orlando	Florida	32819	(407) 373-7410
milliCare by Cubix – Tampa**	Rick DeVane	3927 Progress Road, Suite 101	Lakeland	Florida	33811	(863) 937-7073
GEORGIA						
milliCare by KleanWorx, LLC	Travis Shepard	2213 Avalon Road	Alpharetta	Georgia	30009	(404) 402-3000
ILLINOIS						
milliCare by Optimum Floor Care**	Trish Jensen	812 Central Avenue	Roselle	Illinois	60172	(314) 368-4475
milliCare by Magnificent Mile Floor Care	Alyssa Price	1817 Linton Court #102	Schaumburg	Illinois	60193	(630) 742-7044
milliCare by MR Jensen Enterprises (Peoria, IL)**	Mitch Jensen	2080 Concourse Drive	St. Louis	Missouri	60172	(314) 291-4811
milliCare by –MR Jensen – Crown Point **	Trish Jensen	2080 Concourse Drive	St. Louis	Missouri	63146	(314) 291-4811
INDIANA						
milliCare by Carpet Concepts – Indianapolis**	Mike Heffernan	7898 East 88th Street	Indianapolis	Indiana	46256	(513) 772-7060
KENTUCKY						
milliCare of Kentucky	Jeff Blackstone	146 Wood Hill Road	Bardstown	Kentucky	40004	(502) 493-5911
LOUISIANA						
milliCare by Floor Care Concepts	Michael Davis	823 Carroll Street, Suite A3	Mandeville	Louisiana	70448	(985) 789-8786
MilliCare New Orleans	Leila Waller	841 Walker Street	New Orleans,	Louisiana	70142	(504) 343-2455

MARYLAND						
milliCare by EBC Carpet Services - Balt/Wash**	Geoff Snavely	4385 Nicole Drive	Lanham	Maryland	20706	(301) 552-1800
MASSACHUSETTS						
MilliCare of Boston	Oliver Kell	165 M Street	Boston	Massachusetts	02127	(978) 487-5568
MICHIGAN						
Mid-Michigan milliCare	Jack McAlpine	15620 Dice Road	Hemlock	Michigan	48626	(989) 780-1079
MISSOURI						
milliCare by RTH Commercial Interiors	Bob Harrison	6528 Raytown Road, Suite H	Raytown	Missouri	64133	(816) 358-1220
milliCare by MR Jensen Enterprises**	Mitch Jensen	2080 Concourse Drive	St. Louis	Missouri	63146	(314) 291-4811
NEBRASKA						
milliCare Lincoln/Omaha	Dave Graf	2500 Bretigne Circle	Lincoln	Nebraska	68512	(402) 214-0730
NEVADA						
milliCare by ADL EcoCare, Inc. - Las Vegas	Agnes Lyons	961 Pebble Lake Street	Henderson	Nevada	89011	(702) 423-5198
NEW JERSEY						
milliCare by EcoDry	Jim Skillen	160 B Fornelius Avenue	Clifton	New Jersey	07013	(973) 574-9955
NEW YORK						
MilliCare Albany	Brianne Conner	49 Linda Court	Delmar	New York	12054	(518) 975-2831
NORTH CAROLINA						
milliCare by Clean Environments, Inc. - Asheville	Chris Young	869 Riverside Drive	Asheville	North Carolina	28804	(828) 239-0040
milliCare by Dredin, LLC - Raleigh	Andre Prasad	510 Pylon Drive	Raleigh	North Carolina	27606	(919) 648-1308
milliCare by Select Facility Solutions Charlotte	Brian Farmer	4925 Courtney Ridge Land, Unit 518	Charlotte	North Carolina	28217	(704) 445-7087
OHIO						
milliCare by Carpet Concepts – Cincinnati**	Michael Heffernan	9048 Sutton Place	Hamilton	Ohio	45011	(513) 772-7060
milliCare by Carpet Concepts – Columbus**	Michael Heffernan	7536 Reliance Street	Worthington	Ohio	43085	(513) 772-7060
milliCare of Northern Ohio	Michael Opsitnick Jr	Raintree Industrial Park, 5380-F Nainman Pkwy	Solon	Ohio	44139	(330) 603-8525

OKLAHOMA						
milliCare by Facility Solutions of Oklahoma	Ryan Tait	8021 West Reno Avenue	Oklahoma City	Oklahoma	73127	(405) 232-3379
milliCare by MES Oklahoma	Tim McCollough	5663-O South Mingo Road	Tulsa	Oklahoma	74146	(918) 270-1515
PENNSYLVANIA						
milliCare of Western Pennsylvania	Michael Opsitnick Jr	2828 Broadway Blvd, Unit 8	Monroeville	Pennsylvania	15146	(330) 603-8525
milliCare by CIS DryCare	Jim Graf	4903 Old William Penn Highway	Monroeville	Pennsylvania	15146	(724) 733-4486
milliCare by EBC Carpet Services – Philadelphia, PA**	Chip Rankin	1300 First State Blvd., Suite 1	Wilmington	Delaware	19804	(302) 995-7461
SOUTH CAROLINA						
milliCare by Select Facility Solutions Greenville	Brian Farmer	1018 South Batesville Road, Bldg 3-C	Greer	South Carolina	29650	(864) 616-1828
TENNESSEE						
milliCare by Premium Floor Care and Services	Nancy and Bernie Fechter	3895 Vantech Drive, Bldg D	Memphis	Tennessee	38115	(901) 869-9055
milliCare by Sustainable Flooring Solutions	Tom Yow	4825 Trousdale Drive, Suite 107	Nashville	Tennessee	37220	(615) 833-3506
milliCare by Clean Environments, Inc. - Knoxville	Chris Young	869 Riverside Drive	Asheville	North Carolina	28804	(828) 239-0040
TEXAS						
milliCare by Ecoclean	Fred King	4584 Ripley Drive, 9B	El Paso	Texas	79922	(915) 581-4326
milliCare Austin**	David May	1115 Shady Lane	Austin	Texas	78721	(512) 844-2790
milliCare San Antonio**	David May	1115 Shady Lane	Austin	Texas	78721	(512) 844-2790
milliCare Houston North**	Adam Wright	31726 Midlake Park	Conroe	Texas	77385	(832) 302-5163
milliCare Houston Central**	Adam Wright	31726 Midlake Park	Conroe	Texas	77385	(832) 302-5163
milliCare of Dallas**	Balaji Subramaniam	638 Glen Lakes Drive	Coppell	Texas	75019	(214) 935-2862

MilliCare of McKinney**	Balaji Subramabiam	638 Glen Lakes Drive	Coppell	Texas	75019	(214) 935-2862
UTAH						
milliCare by Commercial Floor Source	Carol Cluff	1645 South 500 West	Woods Cross	Utah	84014	(801) 580-5965
VIRGINIA						
milliCare by EBC Carpet Services**	Chip Rankin	814 Greenbriar Circle, Suite O	Chesapeake	Virginia	23320	(757) 424-0405

**** Denotes Multi-Unit Operator**

B. Signed but Unopened Outlets

milliCare of Birmingham+	Mike Barranco	350 Leavell Circle	Montgomery	Alabama	36117	(334) 377-9269

+ Existing multi-unit owner

EXHIBIT H

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following is a list of the name, city and state and current business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

Terminations

milliCare by Corporate Flooring Solutions	Rodney Brown	3535 E. Broadway Road, Pheonix, AZ 85040	(480) 820-1073
milliCare by Total Installation Management Specialists	Tim Bishop	3939 North Hillcrest, Suite 2, Wichita, KS 67220	(316) 267-0584

Transfers

milliCare by DryTech – Alabama	Paul Knox	2225 S. Broad Avenue, Lanett, AL 36863	(334) 319-0955

** transferred two units

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

EXHIBIT I

FRANCHISEE COMPLIANCE CERTIFICATION

MILLICARE FLOOR & TEXTILE CARE
FRANCHISEE COMPLIANCE CERTIFICATION

Do not sign this Certification if you are a California, Maryland, New York, North Dakota, South Dakota, Virginia, Washington or Wisconsin resident or the business is to be operated in California, Maryland, New York, North Dakota, South Dakota, Virgnia, Wisconsin, or Washington State.

As you know, MilliCare Franchising, LLC (the "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a "milliCare®" franchised business. The purpose of this questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

Where a question refers to a "person speaking on behalf of the Franchisor," this phrase does not include milliCare® franchisees, who are not authorized to speak on behalf of the Franchisor.

(1) Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes ____ No ____

(2) Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes ____ No ____

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

(3) Have you received and personally reviewed milliCare's franchise disclosure document ("FDD") that was provided to you?

Yes ____ No ____

(4) Did you sign a receipt for the FDD indicating the date you received it?

Yes ____ No ____

(5) Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes ____ No ____

If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

(6) Have you had the opportunity to discuss the benefits and risks of establishing and operating a "milliCare®" franchised business with an attorney, accountant, or other professional advisor?

Yes ____ No ____

(7) Do you understand that the success or failure of your "milliCare®" franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ____ No ____

(8) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise that is different from the information contained in the FDD concerning the revenues, profits or operating costs of "milliCare®" franchised businesses operated by the Franchisor or its franchisees?

Yes ____ No ____

(9) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the "milliCare®" franchised business?

Yes ____ No. ____

(10) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue that your "milliCare®" franchised business will generate?

Yes ____ No ____

(11) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the "milliCare®" franchised business that is contrary to, or different from, the information contained in the FDD?

Yes ____ No ____

(12) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a "milliCare®" franchised business?

Yes ____ No ____

(13) Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes ____ No ____

(14) Have you at any time had any discussions with or received any information from a representative of a franchise broker concerning the Franchisor?

Yes _____ No _____ (If "No," please skip to question 18)

(15) Please list the individual(s) associated with a franchise broker with whom you had conversions or received any information about the Franchisor.

____

____

(16) Please review your answers to questions 8-13 of this Compliance Certification. Would your answers to any of these questions be different based upon any conversations with or information received from any individual listed in question 15?

Yes _____ No _____

(17) If "Yes," please describe in detail everything said or provided to you that caused you to answer "Yes" to question 16.

____

____

(18) Have you entered into any binding agreement with the Franchisor, or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes ____ No ____

(19) Have you paid any money to the Franchisor, or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes ____ No ____

(20) If you have answered "Yes" to any one of questions 8-19, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 8-19, please leave the following lines blank.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this questionnaire, you are representing that you have responded truthfully to the above questions.

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

FRANCHISE APPLICANT

__________________________________, 20___

EXHIBIT J

STATE ADDENDA

CALIFORNIA

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF
BUSINESS OVERSIGHT at www.dpfi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN YOUR STATE INCLUDING, BUT NOT LIMITED TO, A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

Item 5 is amended as follows:

As a condition of registration and based upon the audited financial statements of Franchisor's parent milliCare, Inc. and its subsidiary for the year ended December 31, 2022, and for the period from November 12, 2021 (Inception) through December 31, 2021, we have secured a surety bond from Arch Insurance Company in the amount of $147,000 to ensure that the Franchisor fulfills its pre-opening obligations to each franchisee.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of South Carolina with certain exceptions. These provisions may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration is to occur at the office of the American Arbitration Association in Spartanburg, South Carolina with costs being borne by the non-prevailing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that associate or exchange.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The disclosure document, franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the milliCare Floor & Textile Care Franchise Disclosure Document for use in the State of Illinois shall be amended as follows:

1. Item 17(b), under the heading "Renewal or extension of the term," shall be amended by the addition of the following language at the end thereof:

> Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. Item 17(f), under the heading "Termination by the Company with cause," shall be amended by the addition of the following language at the end thereof:

> The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19.

3. Item 17(v), under the heading "Choice of forum," shall be amended by the addition of the following language at the end thereof:

> You may commence an action against us in Illinois with respect to any cause of action arising under Illinois law.

4. Item 17(w), under the heading "Choice of law," shall be amended by the addition of the following language at the end thereof:

> Illinois law, however, will apply to all claims arising under Illinois law.

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

6. The disclosure document, franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO THE MILLICARE FLOOR & TEXTILE CARE <u>FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS</u>

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the milliCare Floor & Textile Care Franchise Agreement (the "**Franchise Agreement**") agree as follows with respect to franchises sold in the state of Illinois:

1. Section 1.4.3 of the Franchise Agreement, under the heading "Renewal Conditions," shall be supplemented by the addition of the following language at the end of the Section:

> If any of the provisions of this Section 1.4.3 concerning non-renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply.

2. Section 6.1 of the Franchise Agreement, under the heading "Termination by Franchisor," shall be supplemented by the addition of the following language at the end of the Section:

> If any of the provisions of this Section 6.1 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

3. Section 7.1 of the Franchise Agreement, under the heading "Governing Law," shall be supplemented by the addition of the following language at the end of the Section:

> Illinois law, however, will apply to all claims arising under Illinois law.

4. Section 7.2 of the Franchise Agreement, under the heading "Forum Selection; Jurisdiction," shall be supplemented by the addition of the following language at the end of the Section:

> Franchisee shall not, however, be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or Illinois law outside of the state of Illinois.

5. Section 7.6 of the Franchise Agreement, under the heading "No Punitive Damages," shall be supplemented by the addition of the following language at the end of the Section:

> Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise disclosure Act or any other law of the State of Illinois is void.

6. Section 7.7 of the Franchise Agreement, under the heading "No Trial By Jury," shall be supplemented by the addition of the following language at the end of the Section:

> Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any law of the State of Illinois is void.

7. Section 7.9 of the Franchise Agreement, under the heading "Limitation of Claims," shall be supplemented by the addition of the following language at the end of the Section:

> No action shall be maintained under the Illinois Franchise Disclosure Act of 1987 to enforce any liability created by the Act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that it may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

8. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date indicated below.

FRANCHISEE:

(If an individual)

Signed: ___________________________

Print Name: ______________________

(If a corporation)

Name of corporation:_______________________
State of incorporation:______________________
Signed by:________________________________
Title:_____________________________________

(If a limited liability company)

Name of company:_________________________
State of organization:_______________________
Signed by:________________________________
Title [member or manager]:__________________

FRANCHISOR:

MilliCare Franchising, LLC

By:____

Title:______________________________________

Date: ______________________________________

MARYLAND

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
<u>REQUIRED BY THE STATE OF MARYLAND</u>

1. Item 5 is amended by the following language:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17 is amended by adding the following language after the table:

   (a) You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   (b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

   (c) This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

   (d) The General Release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

   No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO THE MILLICARE FLOOR & TEXTILE CARE FRANCHISE AGREEMENT AND OPTION AGREEMENT <u>REQUIRED BY THE STATE OF MARYLAND</u>

The parties to the milliCare Floor & Textile Care Franchise Agreement (the "**Franchise Agreement**") agree as follows with respect to franchises sold in the state of Maryland:

1. **<u>Initial Franchise Fee and Start-Up Package</u>**. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. Sections 2.8 and 4.1 of the Franchise Agreement, and Section 1.1 of the Option Agreement are hereby amended accordingly.

2. **<u>No Release, Estoppel or Waiver of State Law</u>**. All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law ("**Maryland Law**").

3. **<u>Jurisdiction</u>**. Any litigation arising from claims under Maryland Law may be brought by the Franchisee in Maryland.

4. **<u>Arbitration</u>**. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. **<u>Limitation on Claims</u>**. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

6. **<u>General Release</u>**. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

7. **<u>Acknowledgments</u>**. Section 7.24 of the Franchise Agreement is hereby deleted in its entirety.

8. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date indicated below.

FRANCHISEE:
(If an individual)

Signed: ___________________________

Print Name: _______________________

(If a corporation)

Name of corporation:________________________
State of incorporation:_______________________
Signed by:__________________________________
Title:_______________________________________

(If a general or limited partnership)

Name of partnership:________________________
State of organization:_______________________
Name of managing or general
Partner:____________________________
Signed by:__________________________________
Title:_______________________________________

(If a limited liability company)

Name of company:__________________________
State of organization:_______________________
Signed by:__________________________________
Title [member or manager

FRANCHISOR:
MilliCare Franchising, LLC

By:____

Title:_______________________________________

Date: _______________________________________

RIDER TO
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE COMPLIANCE CERTIFICATION
REQUIRED BY THE STATE OF MARYLAND

The following is added to the Franchise Compliance Certification:

All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE APPLICANT

_____________________________, 20___

MINNESOTA

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document of milliCare Floor & Textile Care for use in the state of Minnesota shall be amended to include the following:

1. Item 5 shall be amended to include:

> As a condition of registration and based upon the audited financial statements of our parent milliCare, Inc. and its subsidiary for the year ended December 31, 2022, and for the period from November 12, 2021 (Inception) through December 31, 2021, we have secured a surety bond from Arch Insurance Company in the amount of $49,000 to ensure that we fulfill our pre-opening obligations to each franchisee.

2. Item 13, "Trademarks," shall be amended by deleting the sixth paragraph and substituting the following paragraph in lieu thereof:

> You must promptly notify the Company of any unauthorized use of any of the trademarks, or any colorable variation of the trademarks, by third parties. You must promptly notify the Company of any claim, demand, or suit against you based upon, or arising in connection with, your use of the trademarks. You have no authority to defend or prosecute any action relating to the trademarks, and the Company in its sole discretion, may elect to defend or prosecute any action relating to the trademarks. If the Company defends or prosecutes any action relating to the trademarks, you will execute any and all documents and do all acts necessary to carry out the litigation. Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our Marks.

3. Items 17 (b), (c), (e), and (k) of the Franchise Agreement chart, under the headings "Renewal or extension of the term," "Requirements for you to renew or extend," "Termination by the Company without cause" and "Transfer by you – definition," shall be amended by the addition of the following language at the conclusion of the provisions:

> Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably denied.

4. Item 17(m) of the Franchise Agreement chart, under the heading "Conditions for Company approval of transfer," shall be amended by adding the following language at the end of the Item:

> The general release will not apply to any liability under the Minnesota Franchise Law.

5. Item 17 (v) of the Franchise Agreement chart, under the heading "Choice of forum," shall be amended by deleting in its entirety and replacing it with the following:

> Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit you from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Item 17(w) of the Franchise Agreement chart, under the heading entitled "Choice of law," shall be amended by adding the following language at the end of the Item:

> This provision may not be enforceable under Minnesota law.

7. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930 are met independently without reference to this Addendum to the Franchise Disclosure Document.

8. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO MILLICARE FLOOR & TEXTILE CARE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules. §§ 2860.0100 through 2860.9930, the parties to the attached milliCare Floor & Textile Care Franchise Agreement (the "**Franchise Agreement**") agree as follows:

1. Sections 1.4, 5.2.4 and 6.1 of the Franchise Agreement, under the headings entitled "Term," "Conditions to Transfer," and "Termination by Franchisor," shall be supplemented by the addition of the following language:

> Minnesota law provides franchisees with certain termination, non-renewal and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

2. Section 3.9.3 of the Agreement, under the heading "Obligations of Franchisee," shall be amended by the addition of the following new paragraph:

> Pursuant to Minnesota Stat. Sec. 800.12, Subd. 1(g), Franchisor is required to protect any rights Franchisee may have to Franchisor's Marks.

3. Section 7.1 of the Franchise Agreement, under the heading entitled "Governing Law" shall be supplemented by the addition of the following:

> 7.1.1 Pursuant to Minn. Stat. § 80C.21, this Section 25 shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 7.2 of the Franchise Agreement, under the heading entitled "Forum Selection; Jurisdiction," shall be supplemented by the addition of the following language:

> Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. This Section 26.4 shall not in any way abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 7.2 of the Franchise Agreement, under the heading entitled "Forum Selection; Jurisdiction," shall be supplemented by the addition of the following:

> Pursuant to Minn. Stat. § 80C.17 (subd. 5), this Section 7.2 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn. Stat. § 80C.17.

6. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ATTEST

MILLICARE FRANCHISING, LLC

By:____

Name:______________________________________

Title:_______________________________________

FRANCHISEE

By:____

Name:______________________________________

Title:_______________________________________

NEW YORK

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
<u>REQUIRED BY THE STATE OF NEW YORK</u>

1. **The following information is added to the cover page of the Franchise Disclosure Document:**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. **The following is added at the end of Item 3**:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. **The following is added to the end of Item 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. **The following is added to the end of Item 5**:

The initial fee constitutes part of our general operating funds and will be used as such in our discretion.

5. **The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. **The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. **The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. **The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NORTH DAKOTA

ADDENDUM TO
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
FOR USE IN NORTH DAKOTA

(1) Item 5 is amended as follows:

> After examination of the financial statements of franchisor by the North Dakota Securities Department, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fee will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

(2) The first sentence of the summary column of Item 17, paragraph c. of this disclosure document is modified as follows:

> "Sign new franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, comply with current Franchise Agreement, exercise diligent efforts to develop your franchise during the term in a manner acceptable to us, meet our then current subjective and objective standards for new franchisees, provide us with requested documentation, give timely notice of desire to renew, execute a general release (except for matters coming under the North Dakota Franchise Investment Law (the "**ND Law**"), complete required training and consulting programs, and attend all required meetings and events."

(3) The summary column of Item 17, paragraph (i) of this disclosure document is modified by adding the following at the end of the sentence:

> "The Franchisee is not required to pay liquidated damages upon termination for any matters coming under the ND Law."

(4) The Summary column of Item 17, paragraph (r) of this disclosure document is modified by adding the following at the end of the sentence:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

(5) The Summary column of Item 17, paragraph (u) of this disclosure document is amended by adding the following at the end of the paragraph:

> "except those matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location and may not be remote from the franchisee's place of business."

(6) The Summary column of Item 17, paragraph (v) of this disclosure document is amended to read as follows:

"Except for matters coming under the ND Law, litigation must be in Spartanburg, South Carolina."

(7) The Summary column of Item 17, paragraph (w) of this disclosure document is amended to read as follows:

"Except for matters coming under the ND Law, the laws of South Carolina apply."

(8) The Franchisee is not required to consent to a waiver of exemplary and punitive damages.

(9) The Franchisee is not required to waive jury trial for any matters coming under the ND Law.

(10) The Franchisee is not required to consent to limitation of claims within 1 year for any matters coming under the ND Law.

(11) No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(12) The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RIDER TO
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

This Rider is entered into this _______________, 20___ (the "**Effective Date**"), between **MILLICARE, FRANCHISING, LLC** ("**milliCare**"), a Delaware limited liability company ("**Franchisor**"), and ____ ("**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Renewal Conditions**. Franchisee is not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "**ND Law**").

3. **Liquidated Damages Upon Termination Due to Franchisee's Default**. The provision relating to Liquidated Damages is deleted.

4. **Competition**. Covenants not to compete, such as those mentioned in this section, are generally considered unenforceable in the state of North Dakota.

5. **Arbitration**. All matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location and may not be remote from the Franchisee's place of business.

6. **Forum Selection; Jurisdiction**. All matters coming under the ND Law may be brought in the courts of North Dakota.

7. **Governing Law**. This Agreement will be governed by and interpreted under the laws of North Dakota.

8. **No Punitive Damages**. Section 7.6 of the Franchise Agreement has been deleted in its entirety.

9. **No Trial by Jury**. Section 7.7 of the Franchise Agreement is deleted in its entirety.

10. **Limitation of Claims**. The statute of limitations under ND Law applies to all matters coming under ND Law.

11. **Costs and Legal Fees**. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

12. **Payment of Initial Franchise Fee**. After examination of the financial statements of franchisor by the North Dakota Securities Department, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fee will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Intending to be bound the Franchisor and Franchisee sign and deliver this Rider in 2 counterparts effective on the date of execution of the Agreement, regardless of actual date of signature.

MILLICARE FRANCHISING, LLC	**FRANCHISEE**
By:______________________________	By:____
Name:____________________________	Name:______________________________________
Title:_____________________________	Title:_____________________________________

VIRGINIA

ADDENDUM TO THE
MILLICARE FLOOR & TEXTILE CARE
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginian Retail Franchising Act, the Franchise Disclosure Document for MilliCare Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follow:

The following statements are added to Item 17.h:

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforced.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

ADDENDUM TO THE MILLICARE FLOOR & TEXTILE CARE FRANCHISE DISCLOSURE DOCUMENT
<u>REQUIRED BY THE STATE OF WASHINGTON</u>

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisor offers a referral incentive program that pays $10,000 to an existing franchisee who directly refers a candidate to Franchisor who executes a milliCare franchise agreement for a new location within 6 months of the date of referral. The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

As a condition of registration and based upon Franchisor's limited operating history and limited financial condition, Franchisor has secured a surety bond from Arch Insurance Company in the amount of $100,000 to ensure that the Franchisor fulfills its pre-opening obligations to each franchisee.

ADDENDUM TO MILLICARE FLOOR & TEXTILE CARE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisor offers a referral incentive program that pays $10,000 to an existing franchisee who directly refers a candidate to Franchisor who executes a milliCare franchise agreement for a new location within 6 months of the date of referral. The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

As a condition of registration and based upon Franchisor's limited operating history and limited financial condition, Franchisor has secured a surety bond from Arch Insurance Company in the amount of $100,000 to ensure that the Franchisor fulfills its pre-opening obligations to each franchisee.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ATTEST

MILLICARE FRANCHISING, LLC

By: ____
Name: ____
Title: ____________________________________

FRANCHISEE

By: ____
Name: ____
Title: ____________________________________

EXHIBIT K

FORM OF GENERAL RELEASE

RELEASE OF CLAIMS

IN CONSIDERATION of MilliCare Franchising, LLC ("milliCare"), agreeing to a renewal term for the milliCare Floor & Textile Care franchise owned by ____________________ in ______________, ______________ ("__________"), __________ and its member(s), ____________________ ("__________"), for themselves and for their affiliates, officers, employees, and agents, and their respective successors and assigns, agree to hereby release milliCare, its affiliates, their collective shareholders or members, officers, employees, and agents, and their respective heirs, successors, and assigns, from any claims arising out of their franchise agreement with milliCare, and any other claims they may have, or may in the future be found to have, arising out of said franchise relationship or any other association with milliCare, its affiliates, shareholders or members, officers, employees, and agents, and their respective successors and assigns to date (the "Claims").

And __________ __________ do hereby acknowledge that this Release is given by them in full satisfaction and settlement of any Claims, and they fully understand that neither they, nor their successors or assigns, can make any further claim as to any Claims against the persons or entities who are hereby released, nor can any person or persons representing them.

It is distinctly understood and agreed as follows: 1) that this Release shall act and operate as a Full and Complete Release of the persons and entities referred to herein from any Claims; 2) that this Release expresses a full and complete settlement of any and all liabilities claimed; and, 3) regardless of the adequacy or inadequacy of the consideration or other amount paid, it is intended to be final and complete.

__________ and __________ hereby declare and represent that in making this Release they have relied wholly upon their own judgment, belief and knowledge of the nature and extent of any Claims, and that they have not been influenced to any extent whatever in making this

Release by any representations or statements regarding any Claims, or regarding any other matters, made by the persons or entities who are hereby released, or by any person or persons representing them or any of them.

It is further understood and agreed that there is no promise or agreement on the part of the persons or entities who are hereby released to do or omit to do any act or thing not herein mentioned, that this Release contains the entire agreement of ___________ and ___________ as to any Claims, and that the terms of this Release are contractual and not a mere recital.

And ___________ ___________ do further state that they have read the foregoing Release, understand the contents thereof, and that they signed the same as their own free act upon the advice of counsel.

This release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder

WITNESS our hand and seal this _____ day of ________________, 20____.

WITNESS: ____

________________________________ By: ________________________________

____

________________________________ Its: Member

________________________________ ____

___________________________, Individually

____

________________________________ ____

___________________________, Individually

EXHIBIT L

STATE EFFECTIVE DATES

State Effective Dates

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

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

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If milliCare Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If milliCare Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is milliCare Franchising, LLC, located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Its telephone number is 254-718-6981

We authorize the respective state agencies identified on Exhibit A to receive service of process for us if we are registered in the particular state.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	**Principal Business Address**	**Telephone Number**
Stephen Schiller	milliCare Franchising, LLC 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209	254-718-6981

Issuance Date: March 28, 2024. (See State Effective Dates page immediately prior to the Receipt for state effective dates.)

I have received a disclosure document dated: March 28, 2024, that included the following exhibits:

A. State Administrators and Agents for Service of Process
B. Financial Statements
B.1 Guaranty of Parent
C. Franchise Agreement
D. Conversion Addendum
E. Option Agreement
F. Confidentiality and Non-Competition Agreement
G. List of Franchisees
H. List of Franchisees Who Have Left The System
I. Franchisee Compliance Certification
J. State Addenda
K. Form of General Release
L. State Effective Dates

Date: ______________________________

____
Prospective Franchisee

____
Print Name

RETAIN THIS COPY

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 milliCare Franchising, LLC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If milliCare Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

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I. Franchisee Compliance Certification
J. State Addenda
K. Form of General Release
L. State Effective Dates

Date: ______________________________

____
Prospective Franchisee

____
Print Name

RETURN THIS COPY TO MILLICARE