

## FRANCHISE DISCLOSURE DOCUMENT



Agile Pursuits Franchising, Inc.  
an Ohio corporation  
2 Procter & Gamble Plaza, TE-16  
Cincinnati, Ohio 45202  
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<http://www.tidecleaners.com>

The franchise offered is to operate a retail dry cleaning business under the “Tide Cleaners” name and other trademarks offering premium dry cleaning, laundering, and related fabric and garment care services and products.

The total estimated investment necessary to begin operation of a Tide Cleaners Outlet is set forth in the table below:

Model	Estimated Investment Necessary To Begin Operation	Amount That Must Be Paid To The Franchisor Or An Affiliate
Plant Store	\$703,500 - \$1,477,400	\$62,000 - \$70,500
Central Plant	\$718,500 - \$1,492,400	\$77,000 - \$99,500
Drop Store	\$145,150 - \$565,500	\$40,000 - \$44,500
Neighborhood Drop Store	\$90,950 - \$274,100	\$27,500 - \$32,000
Plant Store Conversion	\$182,800 - \$411,700	\$10,000 - \$18,500
Central Plant Conversion	\$142,000 - \$345,000	\$10,000 - \$34,500
Drop Store Conversion	\$94,000 - \$208,200	\$10,000 - \$14,500
Development Rights Agreement (3 to 5 Tide Cleaners Outlets)	\$30,500 - \$51,000	\$30,000 - \$50,000

You must agree to develop at least three Tide Cleaners Outlets under the Development Rights Agreement, the first of which must be a Plant Store.

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 its 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 Clare Moore at 2 Procter & Gamble Plaza, TE-16, Cincinnati, Ohio 45202 and 513-309-5033.

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, and any related or ancillary documents, 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 may help you understand how to use this disclosure document, is available from the Federal Trade Commission (“FTC”). 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: November 18, 2021

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

**Out-of-State Dispute Resolution.** The Franchise Agreement and the Development Rights Agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in the franchisor's home state (currently Ohio). Out-of-state 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 its home state than in your own state.

**Financial Condition.** The franchisor'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 requires other risks to be highlighted.

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### Exhibits

- |   |  |
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| A. List of State Agencies/Agents for Service of Process | I. General Release   |
| B. Confidential Disclosure Agreement                    | J. List of Franchisees and List of Franchisees Who Left the System |
| C. Development Rights Agreement                         | K. Financial Statements  |
| D. Franchise Agreement                                  | L. Franchisee Disclosure Questionnaire                             |
| E. Conversion Incentive Addendum                        | M. State-Specific Addenda  |
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| G. Lease Rider  | O. Receipts  |
| H. Manual Table of Contents                             |  |

## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” or “our” means Agile Pursuits Franchising, Inc., the franchisor. “You” means the person or legal entity who buys the franchise. If you are a corporation, a partnership or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

We were incorporated in Ohio in December 2008. We maintain our principal business address at 2 Procter & Gamble Plaza, TE-16, Cincinnati, Ohio 45202. We began offering franchises for “Tide Dry Cleaners” Outlets in October 2009. We are in the process of converting the name of these businesses from “Tide Dry Cleaners” to “Tide Cleaners” and in this disclosure document, we will refer to these businesses as “Tide Cleaners Outlets”. We do not operate any Tide Cleaners Outlets (although our affiliate, Agile Pursuits, Inc. (“Agile”) does, which we refer to in this disclosure document as “Company-Owned Outlets”). As of June 30, 2021, there were 214 franchised Tide Cleaners Outlets and 14 Company-Owned Outlets in operation. If we have an agent for service of process in your state, that agent is disclosed in Exhibit A-2. We conduct business under our corporate name, the “Tide Cleaners” mark and other trademarks described in Item 13. We conduct business under no other names.

#### **Franchise Rights and Development Rights for Tide Cleaners Outlets**

When you apply to become a Tide Cleaners franchisee, you will sign a Confidential Disclosure Agreement (Exhibit B) with us to protect the confidentiality of the information you will receive while you are evaluating the franchise opportunity. If we approve your application to become a Tide Cleaners franchisee, then you will sign a Franchise Agreement as well as a Development Rights Agreement, as explained below.

We grant franchises and development rights for Tide Cleaners Outlets, which are retail dry cleaning businesses that are identified by the Marks (defined below) and which currently provide premium dry cleaning, laundering, and related fabric and garment care services and products. In this disclosure document, we call the Tide Cleaners Outlet that you will operate under the Franchise Agreement the “Outlet.” We typically offer franchises for Tide Cleaners Outlets for new construction dry cleaning businesses. (For purposes of this disclosure document, a “new construction” dry cleaning business means a business having a physical premises located and developed at: (1) a vacant land parcel for new development; (2) a substantially empty building or commercial leasehold space that does not include a pre-existing dry cleaning business or related equipment; or (3) proposed conversions and/or remodels of pre-existing premises as potential sites for Tide Cleaners Outlets at our sole option).

We own and license, or are authorized to use and license, the Marks and related brand names, devices, and patented technologies for use with retail dry cleaning locations. Tide Cleaners Outlets operate under the trademarks, service marks and other commercial symbols that we periodically designate, including the “Tide Cleaners” brand name and derivative trademarks as we periodically modify them (the “Marks”). Tide Cleaners Outlets offer and use products and services, including Proprietary Products and Proprietary Processes (each defined below), that we, our affiliates, or designated third parties authorize and periodically specify for use in operating Tide Cleaners Outlets. Tide Cleaners Outlets operate under our mandatory and suggested business formats, methods, designs, layouts, specifications, standards, operating procedures and rules that we periodically designate for operating Tide Cleaners Outlets, as we periodically modify them (“System Standards”).

We also offer multi-unit development rights to qualified franchisees, who then will have the right to develop an approved number of Tide Cleaners Outlets (either as Plant Stores and/or Drop Stores as defined below) within a defined geographic area (the “Area”) according to a mandatory development schedule (the “DRA Schedule”).

All franchisees will sign our form of Development Rights Agreement (Exhibit C). You or your Controlled Affiliates (defined in Item 15) will sign our then-current form of Franchise Agreement (Exhibit D) to operate each Plant Store or Drop Store you (or they) develop under that Development Rights Agreement, which might differ from the form of Franchise Agreement attached to this disclosure document. The total number of Tide Cleaners Outlets you will agree to develop under the Development Rights Agreement will vary based on the circumstances, however, we currently require you to develop at least three Tide Cleaners Outlets in your Area under the Development Rights Agreement, the first of which must be a Plant Store. The conversion of any business to a Tide Cleaners Outlet and the development of a Central Plant Store (as defined below) will not qualify as the development of a new Tide Cleaners Outlet under the Development Rights Agreement.

“Proprietary Products” means the proprietary agents, detergents, solvents, formulas, equipment, devices, and related products that we, our affiliates, and/or designated third parties own, have developed, or may develop and authorize for use or sale at Tide Cleaners Outlets. (For purposes of this definition, Proprietary Products specifically include products marketed under trademarks that we or our affiliates own, which products currently are generally available and that you may purchase through third-party wholesale or retail sources, according to our then current System Standards.)

“Proprietary Processes” means the proprietary know-how, techniques, procedures, cleaning methods, technologies, and related processes that we, our affiliates and/or designated third parties own, have used, or may use to develop the products and services (including the Proprietary Products) that Tide Cleaners Outlets offer and that we or they authorize for use in Tide Cleaners Outlets. Our designated supplier, GreenEarth Cleaning LLC (“GrE”), licenses certain trade names, trademarks, proprietary methods, technologies and procedures to us that we currently include among the Marks, Proprietary Products, and Proprietary Processes and that we authorize you to use in operating Tide Cleaners Outlets as part of the System Standards.

### **Store Formats of Franchises Offered**

We currently offer four types of store formats for Tide Cleaners Outlets.

- 1) Plant Store Format. Our “Plant Store” format represents the basic operational model, which features a consumer-facing on-site garment treatment and handling using plant equipment at the approved site of the Tide Cleaners Outlet.
- 2) Central Plant Store Format. Our “Central Plant Store” format is a facility that is not consumer-facing and that provides on-site garment treatment and handling services using Plant Store equipment on-premises.
- 3) Drop Store Format. Our “Drop Store” format features certain varied procedures from the Plant Store format, most notably the provision of garment cleaning and treatment services provided at a Plant Store, which is a remote premises we approve that is located away from the approved retail site of the Tide Cleaners Outlet.
- 4) Neighborhood Drop Store Format. Our “Neighborhood Drop Store” format features a smaller storefront and a reduced equipment package from that of the standard Drop Store format.

Unless we specify otherwise, all references to a “Tide Cleaners Outlet” in this Disclosure Document include all four store formats of a Tide Cleaners Outlet, all references to a “Plant Store” mean and include a Central Plant Store, and all references to a “Drop Store” mean and include a Drop Store and/or Neighborhood Drop Store.

Your Franchise Agreement will identify the store format that you will utilize in the operation of your Tide Cleaners Outlet. Your initial Tide Cleaners Outlet must be a Plant Store that is not a Central Plant Store, unless we otherwise agree. You may open and operate additional Tide Cleaners Outlets as Plant Stores or Drop Stores according to our then-current System Standards and other requirements under the Franchise Agreement.

We previously offered franchises for a non-traditional store format for Tide Cleaners Outlets located and operated in a designated space within an existing business, such as a supermarket, grocery store or other non-traditional location (a “Non-Traditional Store”). Non-Traditional Stores use a Plant Store to clean and service garments and otherwise provide operational support.

### **Our Parent, Predecessors and Affiliates**

Our parent company is The Procter & Gamble Company (“P&G”). P&G is an Ohio corporation, incorporated in May 1905, and shares our principal business address.

Our affiliate, Agile Pursuits, Inc. (“Agile”), was incorporated in Ohio in September 2006 and shares our principal business address. Agile operates our Company-Owned Outlets. Agile operates businesses that offer business to business and/or business to consumer lockers and other garment collection devices and businesses that offer pick-up and delivery laundry and dry-cleaning businesses under the Tide Cleaners marks (together, these are referred to as “Affiliate Owned Cleaning Businesses”). These Affiliate Owned Cleaning Businesses operate in various markets and may appear to (or actually) compete with you for certain customers.

We have no other parents, predecessors or affiliates that we are required to disclose in this Item. We currently have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

### **Our Business and Franchising Experience**

Between January 2009 and June 29, 2013, we offered franchises for retail car washes under the trade name “Mr. Clean Car Wash” using a separate disclosure document. There were 13 total car wash outlets, including nine franchises and four company-owned locations, as of the end of that period. Except for the “Mr. Clean Car Wash” trademarks that we still own, we transferred and assigned all effective franchise agreements and existing operating assets of the “Mr. Clean Car Wash” franchise system and network to an unaffiliated third-party acquirer and certain of its affiliates on June 30, 2013, and transferred two company-owned car wash locations in Cincinnati, Ohio to a third party on June 28, 2013.

P&G has developed a retail business format operating under the “Tide Laundromat” mark. Tide Laundromat businesses offer laundering and related services and products. We anticipate that P&G will provide a license to us to begin offering franchises for Tide Laundromat businesses within the next year under a separate franchise disclosure document.

Except as we describe above, neither we nor our affiliates have offered franchises in another line of business.



## **Competition and Industry-Specific Regulations**

Your Outlet will provide dry cleaning services, Proprietary Products, and related services and products to the general public. Your Outlet will compete with other dry cleaning facilities, laundry services, or other businesses offering garment or fabric care products and services, whether franchised or non-franchised, and whether local, regional, or national. The market for retail dry cleaners is well developed and established, particularly in urban areas, but we believe that Tide Cleaners Outlets appeal to consumers because of our widely recognized “Tide” brand name and other Marks that represent our product and service quality. You will compete with other independently-owned, franchised and chain dry cleaning and finished laundry service, and fabric and garment care providers. Your competition also includes home laundry facilities, certain laundromats providing laundry and garment cleaning and delivery services (including Tide Laundromat businesses), do-it-yourself dry cleaning products marketed for in-home use, and other dry cleaning stores (including Tide Cleaners Outlets that we or our affiliates may operate (including the Affiliate Owned Cleaning Businesses) and non-Tide Cleaners dry cleaning businesses that are licensed to use the GrE trademarks).

The U.S. Environmental Protection Agency prescribes air quality regulations specific to dry cleaning businesses, which may require you to install pollution control equipment, obtain a permit, and comply with various good housekeeping, monitoring, recordkeeping, reporting and leak detection and repair specifications at the Outlet. Because dry cleaning businesses may generate hazardous waste, you may need to comply with federal hazardous waste treatment, storage and disposal regulations. You may also have to comply with federal wastewater treatment requirements. Many states have additional environmental regulations applicable to dry cleaning businesses that may be more stringent than the federal requirements, such as environmental fees imposed in some jurisdictions on dry cleaning processes and operations. You also must comply with laws that apply generally to all businesses. You should investigate these laws.

### **ITEM 2**

#### **BUSINESS EXPERIENCE**

##### **Employees of Procter and Gamble**

Chief Executive Officer, Tide Cleaners: Katie Kool

Katie Kool has been P&G’s Chief Executive Officer of Tide Cleaners since October 2019. Ms. Kool has more than 25 years of experience with P&G and served most recently as Vice President Finance, Global P&G Professional from March 2019 to October 2019, Vice President, Finance, North America Fabric Care from December 2015 to March 2019 and Vice President of Investor Relations from January 2012 to December 2015.

Chief Operating Officer, Tide Cleaners: Amy Rardin

Amy Rardin has been P&G’s Chief Operating Officer of Tide Cleaners since June 2019. Ms. Rardin has held various positions with P&G beginning in January 1996. From July 2017 to May 2019, she served as Global Supply Innovation Leader, and from June 2016 to June 2017 she served as Win with Display Innovation Leader.

President, Tide Cleaners: Andrew (“Andy”) Gibson

Andy Gibson has been P&G’s President of Tide Cleaners since October 2019 having previously served as P&G’s Chief Executive Officer of Tide Cleaners from July 2019 to October 2019, Vice President

of Operations, I.T. and Marketing of Tide Cleaners from May 2016 to June 2019, as Vice President of Operations of Tide Cleaners from July 2015 to April 2016, and as Director of Marketing of Tide Cleaners from July 2012 to June 2015. Mr. Gibson has also held the position of Associate Brand Manager since April 2016, Brand Manager from March 2010 to April 2016 and Assistant Brand Manager from June 2005 to March 2010 with P&G in Cincinnati, Ohio. Mr. Gibson worked as General Manager for EBTH in Cincinnati, Ohio from December 2017 to January 2018.

Chief Strategy and Financial Officer, Tide Cleaners: Megan Colvin

Megan Colvin has been P&G's Chief Strategy and Financial Officer of Tide Cleaners since November 2021. Megan Colvin was P&G's Chief Financial Officer of Tide Cleaners from April 2020 to November 2021. Ms. Colvin has held various positions with P&G beginning in April 2011. From July 2013 to September 2016, Ms. Colvin served as Customer Team Finance Manager, Target and from January 2017 to March 2020, Ms. Colvin served as Innovation Finance Director, NA Fabric Care.

Chief Marketing Officer, Tide Cleaners: Evan Brody

Evan Brody has been P&G's Chief Marketing Officer of Tide Cleaners since August 2021. From April 2020 to March 2021, Mr. Brody served as Chief Innovation Officer for OneDine LLC in Plano, Texas, and from February 2015 to March 2020 as Founder and Chief Executive Officer for PnP Loyalty Inc. in Dallas, Texas.

Chief Technology Officer, Tide Cleaners: John Garner

John Garner has been P&G's Chief Technology Officer of Tide Cleaners since September 2021. Mr. Garner has held various positions with P&G beginning in July 2014. From November 2020 to September 2021, Mr. Garner served as Associate Director - Data and Analytics, from November 2019 to November 2020, he served as Associate Director - Purchasing Systems, and from July 2014 to November 2019, Mr. Garner served as Associate Director - Financial Systems.

Senior Director of Finance, Tide Cleaners: Keri Morlock

Keri Morlock has been P&G's Senior Director of Finance of Tide Cleaners since August 2020. Ms. Morlock has held various positions with P&G beginning in June 1997. From June 2016 to July 2020, Ms. Morlock served as Finance Director for the P&G NA Personal Care business and from November 2014 to May 2016, Ms. Morlock served as the Global Home Care Product Supply Finance Leader.

Senior Director of National Marketing, Tide Cleaners: Michael Frey

Michael Frey has been P&G's Senior Director of National Marketing of Tide Cleaners since July 2019. Mr. Frey has held various positions with P&G beginning in June 2012. From February 2016 to April 2018, Mr. Frey served as Brand Director, Dreft NA / Sales Innovation and from May 2018 to June 2019, Mr. Frey served as Director of Brand Marketing, Tide Cleaners.

Franchise Technology Director, Tide Cleaners: Mitesh Shah

Mitesh Shah has been P&G's TC Franchise Technology Director of Tide Cleaners since June 2020. From June 2016 to May 2020, Mr. Shah served as P&G's Janrain Consumer Identity Management Technology Operation Manager for P&G.

Director, Supply Chain, Tide Cleaners: Jack Lu

Jack Lu has been P&G's Director, Supply Chain of Tide Cleaners since June 2020. Mr. Lu has held various positions with P&G beginning in June 2009. From July 2015 to February 2017, Mr. Lu served as P&G's Senior Operations Manager and from March 2017 to May 2020, Mr. Lu served as P&G's Global Transportation Operations & Capability Leader.

Member, Board of Directors of APFI: Andre Schulten

Andre Schulten has been a Member of our Board of Directors since December 2020. He has served as Chief Financial Officer of P&G since December 2020. Mr. From July 2014 to April 2018, Mr. Schulten served as Senior Vice President, Finance & Accounting, Global Baby Care, Feminine Care, and Family Care and from April 2018 to December 2020, Mr. Schulten served as Senior Vice President, Baby Care.

**Employees of Agile Pursuits Franchising, Inc.**

Vice President of Operations: Jerry DeFeo

Jerry DeFeo has been our Vice President of Operations since November 2019. From November 2013 to November 2019, Mr. DeFeo served as Director of Franchise Operations and Sr. Vice President of Operations for Gatti's Pizza in Dallas, Texas.

Associate Director of Marketing: Laura Wright

Laura Wright has been our Associate Director of Marketing since July 2020. From July 2018 to July 2020, Ms. Wright served as our Brand Manager. From July 2016 to July 2018, she served as Brand Manager for Champion Opco, LLC in Cincinnati, Ohio.

Director of Franchising: Clare Moore

Clare Moore has been our Director of Franchising since July 2018. From January 2013 to July 2018, Ms. Moore held multiple positions with Agile Pursuits Franchising, Inc., including Administrative Assistant from January 2013 to June 2014, Franchising Coordinator from July 2014 to June 2015, Franchising Specialist from July 2015 to April 2016, Manager of Franchising from May 2016 to June 2017, and Senior Manager of Franchising from June 2017 to June 2018.

Controller: Charles ("Chuck") Gehring

Chuck Gehring has been our Controller since May 2016. Mr. Gehring previously served as our Manager of Franchise Accounting and Finance from January 2015 to April 2016 in Cincinnati, Ohio.

Director of Field Marketing: Erica Jones

Erica Jones has been our Director of Field Marketing since July 2019 in Chicago, Illinois. From January 2011 to July 2019, Ms. Jones held multiple positions with us, including Administrative Assistant from January 2011 to July 2012, Franchising Coordinator from July 2012 to September 2012, Franchising Specialist from September 2012 to January 2014, Associate Marketing Manager from January 2014 to

January 2016, Marketing Manager from January 2016 to December 2017, and Senior Marketing Manager from June 2017 to July 2019.

Franchise Sales Lead: Leslie Jacobs

Leslie Jacobs has been our Franchise Sales Lead since July 2020. Ms. Jacobs held multiple positions with us including Franchise Qualification Specialist from November 2014 to June 2018 and Senior Franchising Specialist from July 2018 to June 2020.

Franchise Business Director: Linda Cartwright

Linda Cartwright has been our Franchise Business Director since our formation in December 2008.

Franchise Business Associate Director: Shannon Folk

Shannon Folk has been our Franchise Business Associate Director since April 2021. From June 2020 to April 2021, Ms. Folk served as our Franchise Business Consultant. From November 2016 to June 2020, Ms. Folk served as our Operations and Training Manager.

Field Marketing Lead: Carlos Velasques

Carlos Velasques has been our Field Marketing Lead since July 2020. From May 2017 to June 2020, Mr. Velasques served as P&G's Brand Manager for Tide University Laundry in Dallas, Texas. From June 2016 to May 2017, Mr. Velasques served as Sale Coordinator for RightNow Media in McKinney, Texas.

### **ITEM 3**

#### **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4**

#### **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5**

#### **INITIAL FEES**

#### **Development Rights Agreement**

##### Development Rights Fee

You must pay us a Development Rights Fee when you sign the Development Rights Agreement. The Development Rights Fee is \$10,000 for each Plant Store and Drop Store that you agree to develop under the DRA Schedule. The Development Rights Fee is fully earned by us when paid, is not applied against any fees due under the Franchise Agreement, and is not refundable.

## **Franchise Agreement**

### **Initial Franchise Fee**

At least 90 days prior to opening your Tide Cleaners outlet, you will pay an Initial Franchise Fee in the amounts set forth in the table below, which will vary depending on the store format of your Outlet. The Initial Franchise Fee is paid for our costs of evaluating your credentials as a prospective franchisee and otherwise assisting you in the application process to acquire your Franchise; upfront costs associated with certain support and assistance in the location and development of the Outlet, including site selection, lease negotiations, real estate committee review, site tours, design and layout, construction and project management, equipment and supplier support; and certain support and assistance in the start-up and opening of the Outlet, including training, vendor support, technology setup, and other support; and the license to use the System and the Marks during the term of the Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable.

<b>Type of Outlet</b>	<b>Initial Franchise Fee</b>
Plant Store	\$50,000
Central Plant Store	\$65,000
Drop Store	\$30,000
Neighborhood Drop Store	\$17,500

### **Plan Review Fee**

If we approve and authorize you to use an architect that is not one of our pre-approved vendors, you must pay us a plan review fee in the amount of \$4,000 to review your construction plans and specifications.

### **Sign Layout Review Fee**

If we approve and authorize you to use a sign vendor that is not one of our pre-approved vendors, you must pay us a sign layout review fee in the amount of \$500 to review your sign layout and artwork.

### **Training**

We provide an initial training program for two of your designated attendees for your first Tide Cleaners Outlet (which is a Plant Store) that will include you or your Managing Owner (defined in Item 15). For each additional Tide Cleaners Outlet that you develop, we will provide an initial training program for one designated attendee. If you want to send additional individuals to attend the initial training program, then provided that we have space available we will accommodate your request although you will be required to pay our current training charge, which is \$2,500 for each additional attendee. If you or your designated attendees do not feel sufficiently trained in the operation of the Outlet after you complete the initial training program, or if we, in our sole judgment, believe that you are not sufficiently trained in the operation of the Outlet, then we may provide additional training at our then-applicable charges for your additional attendees and our training personnel (collectively, the "Additional Training Fee"). We will determine the duration of this additional training in consultation with you. The Additional Training Fee is currently \$500 per day for each trainer, plus all of our personnel's related expenses (including travel), but could increase if our costs increase. The Additional Training Fee is due after you or your designees complete the additional training program and is non-refundable. We do not refund any portion of the Additional Training Fee if we expel an attendee (no matter the reason) from the additional training program.

## **GrE License Fee**

You must pay us a license fee in the amount of \$2,000 for each dry cleaning machine that you install in a Plant Store on or before June 30<sup>th</sup> following the opening of the Plant Store and on June 30<sup>th</sup> of each year thereafter. A Plant Store may have one or two dry cleaning machines, so this fee will range from \$2,000 to \$4,000. For a Central Plant conversion, this fee will range from \$0 to \$20,000 for ten dry cleaning machines. We will pay this amount to GrE on your behalf for your right to use GrE's Patents, Proprietary Products, Proprietary Processes in your Plant Store.

## **Extension Fee**

We may grant you, in our reasonable business judgment, extensions on the contractual deadlines relating to the opening of the Outlet. If you want to request an extension of the applicable deadline, you must do so at least 14 calendar days before the deadline date. If we grant an extension on any deadline, we will have the right to determine the amount of the extension fee and the length of the extension (and we may consider a variety of factors, including the diligence you have shown in developing the location). However, extensions do not change any date included in any DRA Schedule to an associated Development Rights Agreement. You must pay us our then current lump-sum extension fee for each extension at the time of your extension request to compensate us for our costs, expenses and lost opportunities related to the proposed extension. Currently, the extension fee is \$2,500 per one-month extension. We will deem your extension request granted and the extension fee fully earned and non-refundable by us unless we notify you otherwise on or before the prescribed deadline date. We assume for purposes of this Item 5 (and for the minimum investment amount in Item 7 below) that you will not require any extensions on the opening timeline for the Outlet.

## **Fee Variances**

During our most recently completed fiscal year we waived or reduced the initial franchise fee (and/or the fee which was previously characterized as a start-up assistance and training fee) for eight franchisees due to the Covid-19 pandemic, virtual training programs, testing our Neighborhood Outlet model, and/or the experience of the franchisees. We also waived the New Store Marketing Expenses for an experienced franchisee and a franchisee who conducted the marketing.

## **2021-2022 Conversion Incentive Program**

**Program Criteria.** We are offering a Conversion Incentive Program until September 30, 2022 for our existing Tide Cleaners franchisees who purchase one or more existing dry cleaning businesses to convert the businesses into Tide Cleaners Outlets. In order to be eligible for the Conversion Incentive Program, you must have at least two Tide Cleaners Outlets in operation in a single market, one of which has been in operation for at least two years. You also must be in good standing with us and meet our conversion criteria, which include requirements for superior operational performance at your Tide Cleaners Outlets. If eligible, you will sign a Conversion Incentive Addendum to the Franchise Agreement (Exhibit E). You may only sign one Conversion Incentive Addendum for each brand of businesses that you are converting. The Conversion Incentive Addendum addresses various provisions such as the change-over to the "Tide Cleaners" branding, look-and-feel, technology platform, and operational systems.

**Conversion Fee.** If you sign a Conversion Incentive Addendum, we will waive the Initial Franchise Fee. If you are converting businesses that are located within the existing market where you operate your Tide Cleaners Outlets, you will pay a \$10,000 Conversion Fee for up to four businesses operating under the same brand that you convert to Tide Cleaners. If you convert more than four businesses operating under the same brand in your existing market, you will pay an additional \$10,000 Conversion Fee for each set of

four businesses. If you are converting businesses within a new market where you do not currently operate your Tide Cleaners Outlets, you will pay a \$10,000 Conversion Fee for each business that you convert to Tide Cleaners.

Opening Training. If you sign a Conversion Incentive Addendum, when the anticipated conversion date is approaching for the first business that you convert to a Tide Cleaners Outlet in a market, we will, send up to two of our representatives to your market for a period of up to ten calendar days to provide training and assistance. The number of representatives we send, and the duration of their assistance, will depend on our opinion of your ability, experience, and needs. If you request, and we agree to provide, additional or special guidance, assistance, or training during this conversion phase, then you agree to pay the Additional Training Fee noted above. We and you will jointly determine the duration of this additional training. We will not provide this training for additional businesses that you convert in your market.

## **2021 – 2022 Development Incentive Programs**

### **Neighborhood Drop Stores**

If you open a new Neighborhood Drop Store before September 30, 2022 in full compliance with the Development Schedule set forth in your Development Agreement, you may be eligible for our Development Incentive Program for Neighborhood Drop Stores where we will defer the payment of the Initial Franchise Fee until the one year anniversary of the actual opening date of the Outlet. If you fail to open the Neighborhood Drop Store prior to September 30, 2022 in full compliance with your Development Schedule or you or your affiliates commit a default of any agreement with us you must immediately pay the Initial Franchise Fee to us. You must sign the Development Incentive Program Addendum for Neighborhood Drop Stores (Exhibit F-1) to be eligible for this program.

### **Multi-Outlet Discount**

If you have already developed and are operating at least two Tide Cleaners Outlets (Plant Stores or Drop Stores) under a Development Rights Agreement, and you open an additional Plant Store or Drop Store under that Development Rights Agreement prior to September 30, 2022 in full compliance with your Development Schedule, then we will reduce the Initial Franchise Fee due for the new Plant Store by \$10,000 or the new Drop Store by \$5,000. In order to be eligible for this discount, you must be in good standing and operate your existing Tide Cleaners Outlets in full compliance with their Franchise Agreements and our standards. We do not offer any Multi-Unit Discounts for Central Plants or Neighborhood Drop Stores. You must sign the Development Incentive Program Addendum for Multi-Unit Fee Reduction (Exhibit F-2) to be eligible for this program.

### **Referral Bonus**

We encourage Tide Cleaners Outlet franchisees to refer prospective candidates who want to become a part of our franchise network. We will pay a \$1,000 referral bonus to franchisees in good standing who refer a prospective franchisee to us with whom we are not currently in discussions and whom we have not previously contacted. The prospective franchisee must sign a Franchise Agreement for a Tide Cleaners Outlet for the franchisee to be eligible to receive the referral bonus. Generally, we pay the referral bonus within 30 days after the prospective franchisee signs a Franchise Agreement and pays the initial franchise fee. We reserve the right at any time to cancel, modify, amend, or terminate our franchisee referral program.

**ITEM 6**

**OTHER FEES**

Please review this chart together with the notes that follow.

<b>Type of Fee</b> (Note 1)	<b>Amount</b>	<b>Due Date</b> (Note 2)	<b>Remarks</b>
Continuing Service and Royalty (“ <u>Royalty</u> ”)	6.5% of the Outlet’s weekly Net Sales	Due on or before Thursday of each week on Net Sales during previous week ended	See Note 3 for a definition of “ <u>Net Sales.</u> ”  If you sign a Conversion Incentive Addendum, you will start paying the Royalty at the earlier of the actual conversion date of the Outlet or the scheduled conversion deadline for the Outlet and the Royalty will be reduced to 1% of Net Sales during the first year and 3% of Net Sales during the second, third and fourth years. Thereafter, you will pay the standard Royalty of 6.5% of Net Sales.
Advertising and Development Fund Contribution (“ <u>Fund Contribution</u> ”)	Currently 2% of the Outlet’s weekly Net Sales	Due on or before Thursday of each week on Net Sales during previous week ended	Item 11 discusses the Advertising and Development Fund.  If you sign a Conversion Incentive Addendum, then you will not be required to contribute to the Advertising and Development Fund until the earlier of the actual conversion date of the Outlet or the scheduled conversion deadline for the Outlet.
Local Advertising Expenditures	Up to 2% of the Outlet’s Net Sales	Due on or before Thursday of each week on Net Sales during previous week ended	You must spend 2% of the Outlet’s weekly Net Sales for local advertising for the Outlet. On 30 days’ notice, we may require you to pay all or a portion of this amount to us and we will use the funds to advertise and promote the Outlet.  If you sign a Conversion Incentive Addendum and your converted Outlets are in a market where you operate existing Tide Cleaners Outlets, you will start making the Local Advertising Expenditures at the earlier of the actual conversion date of the Outlet or the scheduled conversion deadline for the Outlet and the Local Advertising Expenditures will be reduced to 0% of Net Sales during the first year and 1% of Net Sales during the second, third and fourth years. Thereafter, you will



Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
			make the standard Local Advertising Expenditures of 2% of Net Sales.
Additional Training Fee	Currently, \$500 per day per trainer, plus all of our personnel's related expenses (including travel)	When training or assistance begins or as incurred	See Items 5 and 11.
Audit	Costs of inspection or audit	15 days after receiving our invoice	Due if you do not provide reports, supporting records, or other required information or if you understate required Royalties or Fund Contributions by more than 2%.
Technology Support Fee	Currently, \$316 per month (\$3,792 annually)	Monthly	These technology support charges reflect our current charges for providing technical support, digital menu board support, store hardware support, reporting (Tableau), website management, and general funds for technology innovations. We may increase the Technology Support Fee as our costs increase.
Computer Systems Maintenance, Support, and Licensing	Central Plant Store and Plant Store: currently \$604 - \$790 per month (\$7,248 - \$9,480 annually); Drop Store: currently \$440 - \$698 per month (\$5,280 - \$8,376 annually); Neighborhood Drop Store: currently \$396 - \$498 per month	Monthly	<p>Technical support contracts and costs due to us or third-party providers. The hosting and the network monitoring portions are passed through to third-party providers of proprietary systems that maintain, monitor and operate the equipment and point-of-sale system technology via an Internet-based reporting system for which we and the third-party providers charge monthly fees for hosting and maintenance.</p> <p>Ranges include the following monthly amounts: (i) hosting fees (\$545 to \$731 for a Central Plant Store and a Plant Store, \$381 to \$639 for a Drop Store, and \$337 to \$429 for a Neighborhood Drop Store); (ii) technology fees (\$250 for a Central Plant Store, Plant Store, Drop Store, and Neighborhood Drop Store); (iii) network monitoring fees of \$100 for a Central Plant Store, Plant Store, Drop Store, and Neighborhood Drop Store; and (iv) website hosting fees of \$100 for a Central Plant</p>

<b>Type of Fee</b> (Note 1)	<b>Amount</b>	<b>Due Date</b> (Note 2)	<b>Remarks</b>
			Store, Plant Store, Drop Store, and Neighborhood Drop Store.
Costs and Attorneys' Fees (Note 4)	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement.
Franchisee Convention Fee	Currently \$300 for the first attendee and \$200 per additional attendee (but could increase if our costs increase)	Before the start of the annual and/or regional conventions	You (or your Managing Owner) and one of your manager-level employees must attend annual and/or regional conventions no more than three days during any calendar year.
GrE License Fee	\$2,000 per dry cleaning machine	June 30	Payable if you operate a Plant Store. We will pay this amount to GrE on your behalf for your right to use GrE's Proprietary Products, Proprietary Processes and trademarks in your Plant Store.
Indemnification (Note 4)	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Outlet's operation or if you breach the Franchise Agreement.
Insufficient Funds Processing Fee	\$100	As incurred	Due if you have insufficient funds in your Account (defined below) to cover a payment, or if a check is returned for insufficient funds.
Insurance	Out-of-pocket cost reimbursement, plus a reasonable fee for our time incurred in obtaining such insurance (Currently \$500, but could increase if our costs increase)	15 days after billing	You must reimburse us if we obtain insurance for you because you fail to obtain or maintain required coverage.
Interest	1.5% per month	15 days after billing	Due on all overdue amounts. Interest rate will not exceed the highest applicable commercial contract interest rate.

<b>Type of Fee</b> (Note 1)	<b>Amount</b>	<b>Due Date</b> (Note 2)	<b>Remarks</b>
Maintenance and Refurbishing of Outlet	You must reimburse our expenses (not to exceed \$1 million)	15 days after billing	If, after we notify you, you do not undertake efforts to correct deficiencies in the Outlet's appearance, then we can undertake the repairs and you must reimburse our expenses.
Management Fee	\$500 per person, per day (plus costs and expenses)	As incurred	Due when we (or a third party) manage the Outlet after your or your Managing Owner's death or disability or after your default or abandonment. Our assumption of management responsibilities for the Outlet is limited to 90-day periods renewable for a maximum total of one year from the time we assume management.
Relocation Fee	Costs of relocation services and an agreed-upon minimum Royalty during the period when the Outlet is closed	15 days after billing	Due if you request and receive our approval to relocate the Outlet to a site acceptable to us.
Renewal Fee	Then-current renewal fee (currently \$7,500)	Upon signing renewal franchise agreement	Due if you satisfy all the conditions relating to renewal.
Tide Cleaners Points of Differentiation (POD) Follow-up Assessment	Costs of follow-up assessment	15 days after receiving our invoice	Due if the Outlet fails an initial assessment and we perform a follow-up assessment to confirm that you have corrected the deficiency.
Testing	Cost of testing (amount of which depends on circumstances, including supplier's location, testing required, and item involved)	When billed	This covers the costs of testing new products or inspecting new suppliers you propose.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Transfer	Then-current transfer fee (currently \$7,500)	Before transfer completed	No charge if you transfer the Franchise Agreement to an entity you control upon signing transfer documentation acceptable to us.
Early Termination Damages	Amount of the average weekly Royalty and Fund Contribution that you owed for the one year period prior to termination, multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of the Franchise Agreement	Within 30 days following the termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the term of the Franchise Agreement.

Notes to Item 6 table:

- Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. All fees are non-refundable. However, in some instances, we have waived some or all of these fees for particular franchisees. In our last fiscal year, we agreed to temporarily reduce the royalty fees for our franchisees during the Covid-19 pandemic.
- Before your Outlet opens, you must sign and deliver to us the documents we require authorizing us to debit automatically your business checking account (the “Account”) for the Royalty, Fund Contributions, and other amounts due under the Franchise Agreement and for your purchases from us and/or our affiliates. We will debit the Account for these amounts on or after their due dates. Funds must be available in the Account for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions.

If you do not report the Outlet’s Net Sales, we may debit your Account for 120% of the amounts of the immediately previous Royalty and Fund Contribution that we debited. If the amounts we debit are less than the amounts you actually owe us, we will debit your Account for the balance on the date we specify. If the amounts we debit are greater than the amounts you actually owe us, we will credit the excess against the amounts that we otherwise would debit from your Account during the following week(s).
- “Net Sales” means all revenue from all sales made from your point-of-sale system and all other revenue that you derive from operating the Outlet, including all amounts that you receive at or away from the premises, and whether from cash, check, credit and debit card, barter exchange, trade

credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits, coupons, manager-authorized and/or customer loyalty program discounts, allowances, and charge-backs the Outlet in good faith gives to customers.

4. These fees also apply under the Development Rights Agreement.

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**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**TABLE 7-A:  
YOUR ESTIMATED INITIAL INVESTMENT  
NEW TIDE CLEANERS OUTLET - PLANT STORES AND DROP STORES**

This initial investment chart represents the estimated initial investment range for construction of a new Tide Cleaners Plant Store and Drop Store (excluding possible acquisition of the building or real estate if you choose to acquire the land and/or construct the building for the Outlet).

<b>ESTIMATED INITIAL INVESTMENT NEW TIDE CLEANERS OUTLET - PLANT STORES AND DROP STORES</b>									
<b>Type of Expenditure</b>	<b>Plant Store Low Amount</b>	<b>Plant Store High Amount</b>	<b>Drop Store Low Amount</b>	<b>Drop Store High Amount</b>	<b>Neighborhood Drop Store Low Amount</b>	<b>Neighborhood Drop Store High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
<b>CAPITAL EXPENDITURES</b>									
Furnishings, Fixtures and Equipment (Note 1)	\$453,300	\$583,900	\$26,200	\$106,800	\$8,900	\$18,800	As arranged	As incurred	Suppliers
Signage (Interior & Exterior) (Note 2)	\$20,000	\$35,000	\$14,500	\$26,000	\$6,000	\$12,000	As arranged	As incurred	Suppliers
POS and Related IT System (Note 3)	\$21,200	\$31,500	\$12,400	\$22,400	\$12,200	\$19,100	As arranged	As incurred	Suppliers
Vehicle (Note 4)	\$0	\$0	\$1,700	\$50,000	\$1,700	\$50,000	As arranged	As incurred	Suppliers
Leasehold Improvements (Note 5)	\$0	\$540,000	\$0	\$211,000	\$0	\$57,000	As arranged	As incurred	Landlord or Suppliers
<b>Total Capital Expenditures</b>	<b>\$494,500</b>	<b>\$1,190,400</b>	<b>\$54,800</b>	<b>\$416,200</b>	<b>\$28,800</b>	<b>\$156,900</b>			
<b>OTHER EXPENDITURES</b>									
Development Rights Fee (Note 6)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Lump sum	When you sign DRA	Us

**ESTIMATED INITIAL INVESTMENT  
NEW TIDE CLEANERS OUTLET - PLANT STORES AND DROP STORES**

<b>Type of Expenditure</b>	<b>Plant Store Low Amount</b>	<b>Plant Store High Amount</b>	<b>Drop Store Low Amount</b>	<b>Drop Store High Amount</b>	<b>Neighborhood Drop Store Low Amount</b>	<b>Neighborhood Drop Store High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (Note 6)	\$50,000 (Central Plant: \$65,000)	\$50,000 (Central Plant: \$65,000)	\$30,000	\$30,000	\$17,500	\$17,500	Lump sum	At least 90 days prior to opening	Us
New Store Marketing Expense (Note 7)	\$25,000	\$25,000	\$20,000	\$20,000	\$5,000	\$5,000	As arranged	As incurred	Suppliers
Initial Training Travel Related Expenses (Note 8)	\$11,500	\$15,500	\$0	\$7,500	\$0	\$7,500	As arranged	As incurred	Suppliers
Pre-Opening Wages (Note 9)	\$16,500	\$27,500	\$2,750	\$8,800	\$2,750	\$8,800	As arranged	As incurred	Employees
Start-up Supplies (Note 10)	\$16,700	\$21,500	\$5,300	\$5,500	\$5,200	\$5,400	As incurred	As incurred	Suppliers
GrE License Fee (Note 11)	\$2,000	\$4,000	\$0	\$0	\$0	\$0	Lump sum	June 30 following opening	Us
Insurance (Note 12)	\$1,800	\$3,000	\$1,800	\$3,000	\$1,200	\$1,500	As arranged	As incurred	Insurance brokers or companies
Other Business Set Up Costs (Note 13)	\$500	\$3,000	\$500	\$1,500	\$500	\$1,500	As arranged	As incurred	Gov't agencies, utility companies, attorney
3 Months' Occupancy Cost (Note 14)	\$0	\$37,500	\$0	\$18,000	\$0	\$15,000	As arranged	As incurred	Landlord
Additional Funds (3 months) (Note 15)	\$75,000	\$90,000	\$20,000	\$45,000	\$20,000	\$45,000	As arranged	As incurred	Employees and Suppliers
<b>Total Other Expenditures</b>	<b>\$209,000</b>	<b>\$287,000</b>	<b>\$90,350</b>	<b>\$149,300</b>	<b>\$62,150</b>	<b>\$117,200</b>			

ESTIMATED INITIAL INVESTMENT NEW TIDE CLEANERS OUTLET - PLANT STORES AND DROP STORES									
Type of Expenditure	Plant Store Low Amount	Plant Store High Amount	Drop Store Low Amount	Drop Store High Amount	Neighborhood Drop Store Low Amount	Neighborhood Drop Store High Amount	Method of Payment	When Due	To Whom Payment is to be Made
<b>Total Estimated Initial Investment</b> (Note 16)	<b>\$703,500</b> (Central Plant: <b>\$718,500</b> )	<b>\$1,477,400</b> (Central Plant: <b>\$1,492,400</b> )	<b>\$145,150</b>	<b>\$565,500</b>	<b>\$90,950</b>	<b>\$274,100</b>			

**Explanatory Notes to Initial Investment For  
New Tide Cleaners Outlets (Table 7-A)**

1. Furnishings, Fixtures & Equipment. These amounts include the laundry and dry cleaning equipment and pumps that supply detergent and chemicals to processing equipment, machines, conveyors, pressing machines, store pick up and drop off lockers or a kiosk, special services machines and other industrial technologies and related items (the “Plant Dry Cleaner Equipment”); the conveyors, touch up boards, store pick up and drop off lockers or a kiosk, and any other applicable dry cleaning equipment for a Drop Store or a Neighborhood Drop Store (the “Drop Equipment”) that you must purchase from suppliers we designate (which may include us or our affiliate). This estimate also covers one-time purchases such as basic furniture, uniforms, office equipment, the phone system, safety supplies, safe, the pump system for wash & fold services and other miscellaneous equipment. The pump system is not included in the Drop Store costs. You may incur additional costs if you add “wash and fold” services. We will determine the amount of Plant Dry Cleaner Equipment or Drop Equipment that you will need to purchase. Outlet sizes and specifications, such as equipment needs (e.g., one dry cleaning machine versus two dry cleaning machines for a Plant Store), can vary with the Outlet’s anticipated volume based on site location and demographics, thus accounting for the lower and higher figures represented. Terms and conditions are determined by the suppliers we designate. We anticipate that your purchase of Plant Dry Cleaner Equipment will require a deposit that approximates 50% of the final equipment price. The remaining balance is typically due to the supplier upon delivery to the Outlet and prior to installation.
2. Signage (Interior & Exterior). We list our designated suppliers and the design for your signage in our confidential operations and policy manuals (collectively, the “Manual”). Our estimate for signage includes only the baseline signage we require for the Outlet. However, you may choose to purchase enhanced or upgraded signage at your option (if available from the designated supplier), which could cost more than our estimate.
3. POS and Related IT System. These estimates include the computer hardware and software you will need to operate your Outlet and any related network equipment and cabling (defined in Item 11). Items 8 and 11 provide details relating to the Computer System components we require you to acquire and use at the Outlet.



4. Vehicle. This estimates the costs you will incur to purchase or lease a van to transport clothing to a remote location for cleaning or to handle delivery services. The high end of the range estimates the costs of buying a new van while the low end of the range represents the down payment and one monthly lease payment. We must approve the van you purchase or lease for use at the Outlet. If you are developing a Plant Store, you typically will not acquire a van until you open a Drop Store or start offering delivery services. The low end of the Locker Only Drop Store amount assumes you already have a Vehicle from another Plant or Drop Store that you can utilize.
5. Leasehold Improvements. A Plant Store requires approximately 2,800 to 3,000 square feet of internal space with 15 foot ceilings and typically occupies an approximate total area of 0.5 to 1.0 acre. A Drop Store requires approximately 1,200 to 1,600 square feet, a Neighborhood Drop Store requires approximately 1,060 to 1,400 square feet. You must modify the Outlet according to our approved standards. For Plant Stores and Drop Stores, the architectural, engineering and construction costs associated with modifications to the site/building that may be necessary to install equipment and operate a Tide Cleaners Outlet according to our floor plans/layouts will vary depending on the condition of the site and whether the landlord includes the cost of improvements in the rent/lease. This may affect the monthly occupancy cost. However, you may choose to purchase upgraded electrical and plumbing, cabinetry, or flooring at your option (if available from the designated supplier), which could cost more than our estimate. You may incur additional costs if you add “wash and fold” services for Drop Stores.
6. Development Rights Fee, Initial Franchise Fee. We describe the Development Rights Fee and Initial Franchise Fee in Item 5. If you develop a Central Plant Store, your estimated initial investment will include the Plant Store estimated initial investment plus \$15,000 due to an increased Initial Franchise Fee of \$65,000, for a total estimated initial investment of \$718,500 - \$1,492,400.
7. New Store Marketing Expense. We describe the New Store Marketing Expense in Item 11.
8. Initial Training Travel Related Expenses. We describe training in Item 11. This figure estimates the out-of-pocket costs and expenses for your attendees (two attendees for a Plant Store and one attendee for a Drop Store if we require you to travel to and participate in our initial training program (for a Drop Store or a Neighborhood Drop Store we may conduct some or all training at the Outlet and for a Locker Only Drop Store we may conduct all training at the Outlet or virtually). The low end assumes you are an existing franchisee who has already successfully completed the Owner Training Academy (or for a Drop Store, if we agreed to waive the requirement that your one designated attendee attend our initial training program because that attendee already completed training to our satisfaction in relation to the Plant Store you also operate).
9. Pre-Opening Wages. For Plant Stores and Drop Stores, this figure estimates the salaries you will pay your key employees (at least one general manager for a Plant Store) during the initial training we provide and their pre-opening employment at the Outlet, as well as a minimum of one week of pre-opening wages for hourly employees needed for opening. It does not include your out-of-pocket expenses related to the training in which your designated attendees will participate before you open your Outlet. For Drop Stores, the high end of the range assumes that you will employ at least one designated manager for the Outlet and the low end of the range assumes that we approve you to use the manager of the Plant Store that provides services for the Outlet as the manager of the Outlet.

10. Start-up Supplies. These figures estimate the total initial cost of various supplies, including: branded laundry bags for consumer use, hangers, poly bags, baskets, Proprietary Products and related items (such as proprietary and non-proprietary agents, solvents, detergents and other miscellaneous products) and miscellaneous office and cleaning supplies for the Outlet. We include our recommendations, minimum requirements or specifications, and designated or approved suppliers for these items in the Manual. “Start-up Supplies” include consumables that are used to operate the Outlet and are replenished on an ongoing basis as needed.
11. GrE License Fee. This is the initial license fee for the right to use the GrE marks and proprietary processes for your first year of operation of a Plant Store. The low estimate is based on the license fee for one dry cleaning machine and the high estimate is based on the license fee for two dry cleaning machines. We will pay this amount to GrE on your behalf.
12. Insurance Costs. We describe your insurance requirements in Item 8. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, net revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for three months. We provide more information on insurance in the Manual.
13. Other Business Set Up Costs. Business set up costs include certain licenses, utility and other deposits and legal fees. You must obtain all business licenses required by the jurisdiction where your Outlet is located and pay all utilities necessary for the Outlet’s premises to operate. The amounts utility companies will require you to deposit vary considerably. You should contact the utility companies that will provide services to your Outlet about the relevant deposits and their amounts. You will incur legal fees for forming your company and reviewing the contracts you will enter into related to your Outlet.
14. 3 Months’ Occupancy Cost. Rent will vary depending on multiple factors, including geographic location, size of the site, prevailing market rates, other businesses in the area, site profile, if buildout costs are included, your credit rating, and other factors and may be considerably higher in certain areas (such as large metropolitan areas) and where the demand for commercial real estate exceeds the available inventory when you are looking for a site. We anticipate that you will rent the Outlet’s premises, particularly for a Drop Store. It is possible, however, that you might choose to buy, rather than rent, real estate on which to construct and/or develop a Plant Store. If you choose to purchase the land and building for a Plant Store, the total cost of acquiring and developing the land, building, and related premises according to our standards may range from approximately \$1,000,000 to \$2,000,000. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential cost of purchased real estate but does include an estimate of the total rental payments due over the first three months of a 10-year lease. If you choose to acquire a Drop Store location, it will likely be in a multi-tenant environment and will require evaluation of relevant costs and expenses.

We or our designees will assist you in all phases of the design, style, and functionality of your Outlet. The Outlet must meet certain square footage, layout and design requirements. We have the right to approve any building you construct or lease. You are responsible for ensuring that the Outlet conforms to all applicable laws, including building, signage and zoning codes. As mentioned above, occupancy costs may vary based upon the amount of required improvements. The low end of our estimate reflects multiple instances where landlords have granted

our franchisees waivers or deferrals of rental amounts during the first three months of operations such that the franchisees paid \$0 during the period.

15. Additional Funds (3 months). This estimates the funds needed to cover your initial expenses for the first three months of operation (other than the items identified separately in the table). These expenses include payroll costs (but not any draw or salary for you) and payment of utilities. These figures are estimates, and we cannot guarantee that you will not have additional expenses during the first three months you operate the Outlet and for a longer time period after that. This three-month period is not intended, and you should not use or interpret it, to identify a point at which your Outlet will break even. Your costs will depend, among other things, on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level the Outlet reaches during the initial period.
16. Total Estimated Initial Investment. We relied on our experience in franchising, building, starting up and operating our Company-Owned Outlets, to generate these estimates. Some of the ranges in the estimates are driven by weather, zoning requirements, site conditions and architectural demands. Other factors may affect the range, but these represent the most common. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. Unless specified otherwise, you will incur the expenses described above in establishing the Outlet. Except for any real estate, rental and utility deposits (which third parties may impose and collect rather than us), no expenditure in the table above is refundable.

**TABLE 7-B:  
YOUR ESTIMATED INITIAL INVESTMENT  
DEVELOPMENT RIGHTS AGREEMENT - 3 TO 5 OUTLETS**

The table below represents the initial investment required under the Development Rights Agreement if you commit to develop three to five Outlets within the Area pursuant to the DRA Schedule. You will also incur the estimated initial investment described under the tables above in this Item 7 for each Tide Cleaners Outlet that you open and operate in your Area.

<b>YOUR ESTIMATED INITIAL INVESTMENT DEVELOPMENT RIGHTS AGREEMENT - 3 TO 5 OUTLETS</b>					
<b>TYPE OF EXPENDITURE</b>	<b>LOW AMOUNT</b>	<b>HIGH AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Development Rights Fee (Note 1)	\$30,000	\$50,000	Lump sum	Upon signing Development Rights Agreement	Us
Additional Funds (3 months) (Note 2)	\$500	\$1,000	Cash	As needed	Suppliers
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> (Note 3)	<b>\$30,500</b>	<b>\$51,000</b>			

**Explanatory Notes to Development Rights Agreement  
Initial Investment (Table 7-B)**

1. Development Rights Fee. The low range is the Development Rights Fee for three Outlets and the high range is the Development Rights Fee for five Outlets. See Item 5.
2. Additional Funds (3 months). This estimates the funds you initially might need to begin looking for acceptable sites for Plant Stores and Drop Stores.
3. Total Estimated Initial Investment. We relied on our experience in franchising, building, starting up and operating our Company-Owned Outlets, to generate these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. No expenditure in the table above is refundable.

**TABLE 7-C:  
YOUR ESTIMATED INITIAL INVESTMENT  
CONVERSIONS – PLANT STORES, CENTRAL PLANT STORES AND DROP STORES**

The table below represents the estimated initial investment required under the Franchise Agreement and the Conversion Incentive Program Addendum if an existing franchisee with two Tide Cleaners Outlets in operation converts an existing dry cleaning business to a Tide Cleaners Outlet as a Plant Store, a Central Plant Store, or a Drop Store.

<b>ESTIMATED INITIAL INVESTMENT CONVERSIONS – PLANT STORES, CENTRAL PLANT STORES AND DROP STORES</b>									
<b>Type of Expenditure</b>	<b>Plant Store Conversion Low Amount</b>	<b>Plant Store Conversion High Amount</b>	<b>Central Plant Store Conversion Low Amount</b>	<b>Central Plant Store Conversion High Amount</b>	<b>Drop Store Conversion Low Amount</b>	<b>Drop Store Conversion High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
<b>CAPITAL EXPENDITURES</b>									
Furnishings, Fixtures and Supplemental Equipment (Note 1)	\$8,100	\$31,700	\$9,000	\$35,900	\$200	\$12,400	As arranged	As arranged	Suppliers
Signage (Interior & Exterior) (Note 2)	\$20,000	\$35,000	\$500	\$1,200	\$14,500	\$26,000	As arranged	As arranged	Suppliers
POS and Related IT System (Note 3)	\$21,500	\$32,000	\$15,000	\$19,000	\$12,400	\$22,400	As arranged	As arranged	Suppliers
Vehicle Rebranding (Note 4)	\$0	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	As arranged	As arranged	Suppliers
Leasehold Improvements (Note 5)	\$24,000	\$135,000	\$0	\$90,000	\$23,000	\$54,000	As arranged	As incurred	Landlord or Suppliers
<b>Total Capital Expenditures</b>	<b>\$73,600</b>	<b>\$237,200</b>	<b>\$28,000</b>	<b>\$149,600</b>	<b>\$53,600</b>	<b>\$118,300</b>			
<b>OTHER EXPENDITURES</b>									
Conversion Assistance Fee (Note 6)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Lump sum	Upon signing Franchise Agreement	Us

**ESTIMATED INITIAL INVESTMENT  
CONVERSIONS – PLANT STORES, CENTRAL PLANT STORES AND DROP STORES**

<b>Type of Expenditure</b>	<b>Plant Store Conversion Low Amount</b>	<b>Plant Store Conversion High Amount</b>	<b>Central Plant Store Conversion Low Amount</b>	<b>Central Plant Store Conversion High Amount</b>	<b>Drop Store Conversion Low Amount</b>	<b>Drop Store Conversion High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Market Re-Launch Marketing Expense (Note 6)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	As arranged	As incurred	Suppliers
Initial Training Travel Related Expenses (Note 7)	\$0	\$2,000	\$0	\$2,000	\$0	\$2,000	As arranged	As incurred	Suppliers
Start-up Supplies (Note 8)	\$17,400	\$21,500	\$22,200	\$26,400	\$3,600	\$5,400	As incurred	As incurred	Suppliers
GrE License Fee (Note 9)	\$0	\$4,000	\$0	\$20,000	\$0	\$0	Lump sum	June 30 following opening	Us
Insurance Costs (Note 10)	\$1,800	\$3,000	\$1,800	\$3,000	\$1,800	\$3,000	Cash or as arranged	As arranged or incurred	Insurance brokers or companies
Other Business Set Up Costs (Note 11)	\$0	\$1,500	\$0	\$1,500	\$0	\$1,500	As arranged	As incurred	Gov't agencies, utility companies, attorney
3 Months' Occupancy Cost (Note 12)	\$0	\$37,500	\$0	\$37,500	\$0	\$18,000	As arranged	As incurred	Suppliers
Additional Funds (3 months) (Note 13)	\$75,000	\$90,000	\$75,000	\$90,000	\$20,000	\$45,000	As arranged	As incurred	Employees and Suppliers
<b>Total Other Expenditures</b>	<b>\$109,200</b>	<b>\$174,500</b>	<b>\$114,000</b>	<b>\$195,400</b>	<b>\$40,400</b>	<b>\$89,900</b>			
<b>Total Estimated Initial Investment (Note 14)</b>	<b>\$182,800</b>	<b>\$411,700</b>	<b>\$142,000</b>	<b>\$345,000</b>	<b>\$94,000</b>	<b>\$208,200</b>			

### **Explanatory Notes to Conversion Initial Investment (Table 7-C)**

1. **Furnishings, Fixtures and Equipment.** For the conversion of Plant Stores and Central Plants, these amounts include the laundry and dry cleaning equipment pumps that supply detergent and chemicals to processing equipment, that you must purchase from suppliers we designate (which may include us or our affiliate). The estimate for the conversion of Plant Stores and Drop Stores include store pick up and drop off lockers and a 24-hour drop box that you must purchase from suppliers we designate (which may include us or our affiliate). This estimate also includes one-time purchases such as basic furniture, uniforms, office equipment, phone system, safe, the pump system for wash and fold services and other miscellaneous equipment. The low end assumes that the majority of the basic furniture, safe, phone system and other miscellaneous equipment are already at the Outlet and do not need to be purchased. The high end assumes you need to acquire all of these items. The pump system is not included in the Drop Store costs. You may incur additional costs if you add “wash and fold” services.
2. **Signage (Interior & Exterior).** We list our designated suppliers and the design for your signage in the Manual. Our estimate for signage includes only the baseline signage we require for the Outlet. However, you may choose to purchase enhanced or upgraded signage at your option (if available from the designated supplier), which could cost more than our estimate.
3. **POS and Related IT System.** These estimates include the computer hardware and software you will need to operate your Outlet and any related network equipment and cabling (defined in Item 11). Items 8 and 11 provide details relating to the Computer System components we require you to acquire and use at the Outlet.
4. **Vehicle Rebranding.** This estimates the costs you will incur to re-brand your Vehicle. The low end of the Plant Store range presumes you already have a Vehicle, and you will not incur these expenses.
5. **Leasehold Improvements.** You must modify the Outlet according to our approved standards if you are converting a Plant Store or a Drop Store. The architectural, engineering and construction costs associated with modifications to the site/building that may be necessary to install equipment and operate a Tide Cleaners Outlet according to our floor plans/layouts will vary depending on the condition of the site. If you choose to purchase upgraded cabinetry, or flooring (if available from the designated supplier), it could cost more than our estimate. The estimate presumes you will need to make minimal modifications to the Outlet and you may incur additional expenses if significant upgrades are required. You may incur additional costs if you add “wash and fold” services at a Drop Store.
6. **Conversion Assistance Fee and Market Re-Launch Marketing Expense.** We describe the Conversion Fee in Item 5 and the Market Re-Launch Marketing Expense in Item 11.
7. **Initial Training Travel Related Expenses.** We describe training in Item 11. This figure estimates the out-of-pocket costs and expenses for a Plant Store and Central Plant Store for your two attendees to travel to and participate in our initial training program. The low end assumes you are an existing franchisee who has already successfully completed the Owner Training Academy (or if we agreed to waive the

requirement that your two designated attendees attend our initial training program because your attendees already completed training to our satisfaction in relation to another Plant Store you operate).

8. Start-up Supplies. These figures estimate the total initial cost of various supplies, including: branded laundry bags for consumer use; hangers; poly bags; baskets; Proprietary Products and related items (such as proprietary and non-proprietary agents, solvents, detergents and other miscellaneous products) and miscellaneous office and cleaning supplies for the Outlet. We include our recommendations, minimum requirements or specifications, and designated or approved suppliers for these items in the Manual. “Start-up Supplies” include consumables that are used to operate the Outlet and are replenished on an ongoing basis as needed. The low end assumes that the majority of supplies such as hand tools and miscellaneous office supplies are already at the Outlet and do not need to be purchased. The high end assumes all supplies are needed.
9. GrE License Fee. This is the initial license fee for the right to use the GrE marks and proprietary processes for your first year of operation of a Plant Store or Central Plant Store. The low estimate assumes the Outlet is already using GrE and the license fee has been paid for the year, the high estimate for a Plant Store is based on the license fee for two dry cleaning machines, and the high estimate for a Central Plant is based on the license fee for ten dry cleaning machines. We will pay this amount to GrE on your behalf.
10. Insurance Costs. We describe your insurance requirements in Item 8. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, net revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for three months.
11. Other Business Set Up Costs Business set up costs include certain licenses, utility and other deposits and legal fees, as applicable. You must obtain all business licenses required by the jurisdiction where your Outlet is located and pay all utilities necessary for the Outlet’s premises to operate. You may incur legal fees for forming your company and reviewing the contracts you will enter into related to your Outlet. The low end of the estimate assumes that you do not use additional legal assistance and that you already have an entity formed and adequate insurance in place.
12. 3 Months’ Occupancy Cost. Rent will vary depending on multiple factors, including geographic location, size of the site, prevailing market rates, other businesses in the area, site profile, if buildout costs are included, your credit rating, and other factors and may be considerably higher in certain areas (such as large metropolitan areas) and where the demand for commercial real estate exceeds the available inventory when you are looking for a site. We anticipate that you will rent the Outlet’s premises, particularly for a Drop Store. It is possible, however, that you might choose to buy, rather than rent, real estate on which to construct and/or develop a Plant Store or a Central Plant. If you choose to purchase the land and building for a Plant Store or a Central Plant, the total cost of acquiring and developing the land, building, and related premises according to our standards may range from approximately \$1,000,000 to \$2,000,000. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential cost of purchased real estate but does include an estimate of the total rental payments due over the first three months of a 10-year lease. If you



choose to acquire a Drop Store location, it will likely be in a multi-tenant environment and will require evaluation of relevant costs and expenses.

We or our designees will assist you in all phases of the design, style, and functionality of your Outlet. The Outlet must meet certain square footage, layout and design requirements. We have the right to approve any building you construct or lease. You are responsible for ensuring that the Outlet conforms to all applicable laws, including building, signage and zoning codes. As mentioned above, occupancy costs may vary based upon the amount of required improvements. The low end of our estimate reflects multiple instances where landlords have granted our franchisees waivers or deferrals of rental amounts during the first three months of operations such that the franchisees paid \$0 during the period.

13. Additional Funds (3 months). This estimates the funds needed to cover your initial expenses for the first three months of operation (other than the items identified separately in the table). These expenses include payroll costs (but not any draw or salary for you) and payment of utilities. These figures are estimates, and we cannot guarantee that you will not have additional expenses during the first three months you operate the Outlet and for a longer time period after that. This three-month period is not intended, and you should not use or interpret it, to identify a point at which your Outlet will break even. Your costs will depend, among other things, on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level the Outlet reaches during the initial period.
14. Total Estimated Initial Investment. We relied on our experience in franchising, building, starting up and operating our Company-Owned Outlets, to generate these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. Unless specified otherwise, you will incur the expenses described above in establishing the Outlet. Except for any real estate, rental and utility deposits (and third parties may impose and collect rather than us), no expenditure in the table above is refundable.

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## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Franchise Agreement

You must operate the Outlet according to our System Standards. System Standards may regulate, among other things, the: (1) types, models, and brands of required building components, fixtures, furniture, Plant Dry Cleaner Equipment, Drop Equipment, other equipment (including credit card merchant equipment, the Computer System, and other point-of-sale equipment), furnishings, vehicles, and signs (collectively, “Operating Assets”); (2) Proprietary Products and Proprietary Processes that you must use or offer at the Outlet; (3) other products and supplies we require for use or sale at the Outlet, including specified consumer products (such as detergents, agents, cleansers, dry cleaning and laundry products) bearing the Marks and other trademarks, electronic media, and other trademarked items (such as advertising and promotional materials); (4) Delivery Services (defined in Item 12); (5) inventory requirements for some or all items; (6) designated and approved suppliers (including us and our affiliates) of Operating Assets and other items and services; and (7) unauthorized and prohibited dry cleaning, laundry, and other products, services and/or suppliers that you may not use at or for the Outlet.

We have the absolute right to limit the suppliers with whom you may deal. We may restrict your sources of Proprietary Products, Proprietary Processes, and other items and services now and in the future in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better purchase terms and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items. If we, at our option, limit the Outlet’s source(s) of certain items to us, our affiliates, and/or other specified exclusive or approved sources, then you must acquire those items only from the limited source(s) at the prices we or they decide to charge. Any purchases you make from us and our affiliates, whether required or voluntary, may be at prices exceeding our costs. We will list all designated and approved suppliers (including us and our affiliates) in the Manual or other written communications. We may periodically revise this list at our discretion.

#### Required Purchases from Specified Sources

You currently must acquire the following items (as applicable) for the Outlet only from outside suppliers we designate: (1) project management services related to the Outlet’s development, as we further describe below; (2) certain Proprietary Products and Proprietary Processes, as we further describe below; (3) the Computer System components and related support, as we further describe below; (4) Plant Dry Cleaner Equipment and Drop Equipment, including lockers or kiosks; and (5) other specified Operating Assets (including uniforms, signage and proprietary furnishings) related to the Outlet’s operations.

We currently designate suppliers to provide certain Proprietary Products and Proprietary Processes that we specify, including proprietary cleaning solvents, treatments, agents, and technologies, to Tide Cleaners Outlets. You may purchase other Proprietary Products or products for retail sale that we require you to use at the Outlet, including products marketed under trademarks that we or our affiliates own, from third-party wholesale or retail sources of your choice, with our prior written approval.

As described in Item 11, you must obtain the Computer System from our designated supplier in compliance with our then current standards and specifications.

If you operate the Outlet as a Drop Store, you must acquire (whether by purchase or lease) a van that we approve to be used for transportation of garments, products, and related items and other needs between the Outlet’s premises and the Plant (the “Vehicle”). You must brand the Vehicle with the Marks

and acquire and maintain sufficient insurance coverage for the Vehicle, as we specify. We must approve your Vehicle as satisfying our then-current standards and other specifications, including the make and model of the Vehicle, exterior wrap design of the Vehicle acquired from an approved vendor, as well as its condition and maintenance.

Except as we describe above, there are no other goods, services, supplies, fixtures, equipment, inventory, or computer hardware and software for the Outlet that you currently must buy or lease from us (or an affiliate) or designated suppliers.

#### Approved Purchases and Sources

To maintain the quality of the goods and services that Tide Cleaners Outlets sell and our system's reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from specified designated suppliers) on their meeting our minimum standards and specifications and/or being acquired from suppliers that we approve. We will issue and modify standards and specifications based on our experience in franchising Tide Cleaners Outlets. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. The Manual or other communications will generally describe our standards and specifications. There might be situations where you can obtain items from a supplier you believe satisfies our then current requirements and, therefore, upon your written request to us, we may qualify the supplier you request as an approved supplier after we evaluate and verify the supplier's capabilities (as described further below). At this time, we will not approve any products or suppliers as substitutes for sources of products and services that you currently must purchase from us, our affiliates, or designated suppliers.

If we institute any type of restrictive sourcing program (which, as noted above in this Item 8, we already have imposed or intend to impose for certain products and services), and if you want to use any product or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, then you first must send us sufficient information, specifications, and samples so that we can determine whether the product or service complies with System Standards or the supplier meets our approved supplier criteria. We may charge you or the supplier a reasonable fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) for the evaluation and will make a decision within a reasonable time (no more than 180 days). We periodically will establish procedures for your requests and may limit the number of approved products, services, and/or suppliers as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to do business with our system, including offering incentives to us or our affiliates. We do not make our criteria for approving suppliers available to our franchisees. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new product, service, or supplier.

We provide certain design layout, construction, and project management assistance for remodels and renovations of Tide Cleaners Outlets. We also provide certain technology support services for Tide Cleaners Outlets. We do not currently serve as an approved or designated supplier for any other products or services sold to our franchisees for their Tide Cleaners Outlets although we may do so in the future. During our fiscal year ended June 30, 2021, we received \$88,488 from these transactions, which is 1.6% of our total revenue of \$5,698,712.

Our franchisees may acquire certain branded items (for example, cleaning detergents, supplies and other related items) through a third party distributor who receives products directly from our affiliates. We did not collect any revenues for these items in our last fiscal year.

#### Advertising Materials

Before you use them, you must send to us for review physical samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved for your use. If you do not receive written approval within 30 days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. Our current web-based marketing platform provides approved advertising and promotional materials. If you would like to create your own advertising and promotional materials, and we approve of the materials, then we or you may have the materials produced by our agency or, alternatively, a local vendor approved by us.

#### Site of the Tide Cleaners Outlet and Lease

The Outlet must be at a site we approve. We have the right to approve the Outlet's lease or sublease before you sign it and to require that it include certain provisions, including our right, in the event of a lease or sublease, to the Outlet's site if the franchise is terminated or not renewed or if you lose possession because of your default under the lease. We also may require you and the landlord to sign a rider to the lease in a form we specify (Lease Rider – Exhibit G).

#### Purchasing and Leasing Arrangements

We estimate that approximately 50% to 75% of your overall purchases and leases in establishing and operating the Outlet will be made from approved or designated suppliers or in accordance with our specifications or requirements. The lower estimate of purchases and leases reflects a leased site for the Outlet and would increase on a percentage basis based on your financing or outright purchase of a site, as applicable.

We and our affiliates have the right to receive payments or other material consideration from suppliers on account of their actual or prospective dealings with our franchisees and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. We do not currently have relationships with suppliers from which we or our affiliates will derive benefits based on franchisee purchases. However, we expect that we or our affiliates will receive payments in the future based on purchases made by our franchisees from other designated and approved suppliers, and we intend to use those amounts for ongoing assistance, support, and administration that we provide to the Tide Cleaners network (which may include, at our discretion, deposits into the Fund that we will use to benefit the Tide Cleaners network generally).

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for the items and services described earlier in this Item that you may obtain only from designated sources. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations (including, in some instances, securing brand development funds, rebates and discounts in connection with product purchases) and our interests as the franchisor. Our affiliate currently has a negotiated rate with a worldwide shipping supplier that may be applicable to product purchases that franchisees make directly from the supplier. We may replace that shipping vendor during the next year with an affiliate that provides similar services. Other than as we describe above, we do not provide material benefits to you (for example, renewal

or granting additional franchises) for your purchase of particular products or services or use of particular suppliers.

None of our officers or directors currently own an interest in any non-affiliated, third-party suppliers that comprise the existing supply base for the Tide Cleaners network.

### Insurance

You must obtain and maintain, at your own expense, the insurance that we periodically require and issued by companies licensed to do business in the states or countries where the services are delivered or the operations are performed and must be rated A, X or better by A.M. Best. You currently must obtain and maintain each of the following: (1) commercial general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate, \$5,000 medical expense per person, and \$300,000 per occurrence for damage to premises rented to you; (2) commercial automobile liability insurance for all owned, non-owned and hired vehicles with limits of at least \$1,000,000 combined single limit for bodily injury and property damage or the greater amount required by all laws and \$10,000 auto medical payment each person; (3) workers compensation and employers liability insurance with limits no less than state statutory benefits, regardless of business form (e.g., sole proprietorship) or number of employees, and Employer Liability coverage no less than \$1,000,000 each accident for bodily injury by accident, \$1,000,000 policy limit for bodily injury by disease, and \$1,000,000 each employee for bodily injury by disease; (4) umbrella/excess liability insurance with limits of no less than \$2,000,000 per occurrence and annual aggregate, as excess over the insurance policies listed above; and (5) property and inland marine insurance including “Special/All Risk perils” in an amount adequate to cover the replacement cost of the Outlet and property in the event of an insured loss, business income and extra expense, including Bailee’s Coverage in an amount equal to the total replacement cost of customers’ goods on premises, Equipment Breakdown in an amount adequate to cover production equipment, and Crime Coverage with a limit of at least \$25,000 covering Employee Dishonesty, Forgery, Money and Securities. You must have a minimum of \$3,000,000 per occurrence for General Liability, Auto Liability and Employers Liability and any combination of the primary and umbrella policy is acceptable in meeting this requirement. The general liability, commercial auto and employer’s liability policies must be scheduled on the umbrella policy. We provide more information on insurance in the Manual.

### Development Rights Agreement

If you or your Controlled Affiliate (defined in Item 15) need third party assistance to find a site for your Outlet and have not yet signed a Franchise Agreement for the location, then the Development Rights Agreement requires that you use the brokers, third-party consultants or other third-party resources we designate, or another third party that you propose and we pre-approve in writing, to assist you in identifying and selecting a suitable proposed site. Otherwise, the Development Rights Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating your development business under the Development Rights Agreement. However, you must give us information and materials we request concerning (i) each site at which you propose to acquire a franchise and operate an Outlet, and (ii) you or your Controlled Affiliate, so that we can assess that site and your and their financial and operational qualifications, both of which are subject to our approval.

## 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 <sup>1</sup>	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/ lease	FA: 2.A, 2.B. and Lease Rider DRA: 2	7, 8, 11, and 12
b. Pre-opening purchases/ leases	FA: 2 and 5 DRA: Not applicable	5, 7, 8, and 11
c. Site development and other pre-opening requirements	FA: 2 DRA: Not applicable	7, 8, and 11
d. Initial and ongoing training	FA: 4 DRA: Not applicable CIA: 7 & 8	6, 7, and 11
e. Opening	FA: 2.G and 2.H; DRA: Not applicable CIA: 3	11
f. Fees	FA: 2.A, 2.C, 2.E - H, 3, 4, 6, 7.C, 12.C.(3)(g), 12.F.(2), 13.A.(3), 14.B, and 17.C DRA: 1 and 2.F DIPA: 1 CIA: 3, 5, 6 and 10	1, 5, 6, and 7
g. Compliance with standards and policies/ operating manual	FA: 4.D - E and 5 DRA: Not applicable	8 and 11
h. Trademarks and proprietary information	FA: 8, 9 and 11 DRA: Not applicable	13 and 14
i. Restrictions on products/ services offered	FA: 1.A and 5.C DRA: Not applicable	8, 11, 12, and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: 1.B DRA: 1 and Exhibit A	12
l. Ongoing product/service purchases	FA: 2.E, 2.F and 5 DRA: Not applicable	6 and 8
m. Maintenance, appearance and remodeling requirements	FA: 5.A DRA: Not applicable CIA: 3	8, 11, 16, and 17
n. Insurance	FA: 5.F DRA: Not applicable	7 and 8
o. Advertising	FA: 6 DRA: Not applicable CIA: 9, 10 & 11	6, 7, 8, and 11

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT<sup>1</sup></b>	<b>DISCLOSURE DOCUMENT ITEM</b>
p. Indemnification	FA: 9.E., 16.D DRA: 7	6
q. Owner's participation/ management/ staffing	FA: 4.A, 5.E, and 10.B DRA: Not applicable	11 and 15
r. Records and reports	FA: 7 DRA: Not applicable	9 and 11
s. Inspections and audits	FA: 4.D, 5.K, and 7.C DRA: Not applicable	6 and 11
t. Transfer	FA: 12 DRA: 6	17
u. Renewal	FA: 13 DRA: Not applicable	17
v. Post-termination obligations	FA: 15 DRA: Not applicable	17
w. Non-competition covenants	FA: 11, 12.C(3)(l), 12.H and 15.C DRA: Not applicable	15 and 17
x. Dispute resolution	FA: 17 DRA: 7	17
y. Request for extension of deadlines	FA: 2.H DRA: Not applicable	6
z. Lender Notification	FA: 7.D DRA: Not applicable	Not applicable
aa. Personal Guarantee	Attached to FA	15

<sup>1</sup>The abbreviations for the agreements in the above table refer to the following: Franchise Agreement (FA), Development Rights Agreement (DRA), Development Incentive Program Addenda (DIPA) and Conversion Incentive Addendum (CIA).

## **ITEM 10**

### **FINANCING**

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or have any practice or intent to sell, assign, or discount to a third party all or part of any financing arrangement of yours.

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, Agile Pursuits Franchising, Inc. is not required to provide you with any assistance.**

## Pre-Opening Assistance

Before you open the Outlet, we will:

1. Work with you regarding site selection for the Outlet. The site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. It is your sole responsibility to locate, identify and submit for our approval a suitable proposed site location for the Outlet. We will approve or disapprove any location you propose within 30 business days after receiving your description of, and evidence confirming your favorable prospects for obtaining, the proposed site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location. (Development Rights Agreement - Section 3.C)
2. Approve your Outlet's lease if it meets our requirements. You must sign a lease for the premises of your Outlet (including personal guarantees) no later than 180 days before the opening date of the Outlet listed on the DRA Schedule, and deliver to us a signed copy of the lease within seven days after its execution. At our sole option, we may require that you and the landlord of the premises sign a rider to the Lease with us (the "Lease Rider" attached as Exhibit G). (Development Rights Agreement - Section 3.D and Lease Rider)
3. Provide you mandatory and suggested specifications and layouts for a Tide Cleaners Outlet, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement - Section 2.C)
4. As discussed in Item 8, identify the Operating Assets, Plant Dry Cleaner Equipment or Drop Equipment, Proprietary Products, certain Proprietary Processes, and related detergents, agents, and fabric and garment care cleaning and products and supplies that you must use to develop and operate the Outlet, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items. We do not currently supply these items to you. (Franchise Agreement - Sections 2.E, 5.A, 5.B, 5.C)
5. Provide you with access to the Manual for guidance in your operation of the Outlet. The current table of contents of the Manual is found in Exhibit H. As of the issuance date of this disclosure document, the Manual contains approximately 1,265 total pages. (Franchise Agreement - Section 4.E)
6. Assist with and provide oversight over the development and construction of the Outlet, which may include in-depth site evaluation, real estate market analysis, demographics analysis, and amounts for program management related to coordinating negotiations, vendor management, floor plan layout, equipment layout and construction management. (Franchise Agreement - Section 2.C) You are responsible for selecting the architect and/or general contractor to design and construct the Outlet, and our project management of the site does not assess the site's compliance with federal, state, or local laws and regulations. Any assistance we provide concerning your construction budget for the Outlet is an estimate only and based on the information and assumptions about your local market that you provide to us. You will likely have additional or unforeseen costs and expenses. You should independently verify the costs and expenses you are likely to experience in developing the Outlet.



7. Review your New Store Marketing Plan or, if applicable for a conversion, your Market Re-Launch Plan, which are described later in this Item. (Franchise Agreement - Section 6.A; Conversion Incentive Addendum – Section 9)
8. Train your two designated attendees for a Plant Store, or your one designated attendee for a Drop Store. (Franchise Agreement - Section 4.A) We describe our training programs later in this Item.

### **Ongoing Assistance**

During your operation of the Outlet, we will:

1. Send one to two of our representatives to the Outlet for a period of approximately 10 days for a Plant Store and 5 days for a Drop Store to assist with the Outlet's opening. The number of representatives we send, and duration of their assistance, will depend on your experience and needs. (Franchise Agreement - Section 4.B) For conversions, we will send up to two of our representatives to your market for a period of up to 10 days. (Conversion Incentive Addendum, Section 8)
2. Advise you regarding the Outlet's operation based on your reports and/or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Tide Cleaners Outlets use; purchasing required and authorized Operating Assets, Proprietary Products, and other items; advertising and marketing materials and programs; supervisory employee training methods and procedures (although you are solely responsible for the terms and conditions of employment of all Outlet employees); and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our Manual, bulletins, broadcast communications or other written materials; by electronic media; by telephone consultation; and/or at our office or the Outlet. (Franchise Agreement - Section 4.D)
3. Give you, at your request (and our option), additional or special guidance, assistance, and training. (Franchise Agreement - Section 4.C)
4. Continue to provide you access to the Manual for the duration that your Franchise Agreement remains in effect. The Manual may include audio/video recordings, electronic media, and/or written materials. The Manual contains System Standards and other suggested specifications, standards, operating procedures, and rules that we designate. We may modify the Manual periodically to reflect changes in System Standards. (Franchise Agreement - Section 4.E)
5. Issue and modify System Standards for Tide Cleaners Outlets. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the Outlet and/or incur higher operating costs. (Franchise Agreement - Section 5.J)
6. Periodically advise or offer guidance to you on prices for any products and services offered for sale by the Outlet that in our judgment constitute good business practice. Alternatively, we may, to the extent the law allows, regulate your minimum, maximum, or other prices for products or services and require you to participate in system-wide discount programs that we may authorize. (Franchise Agreement - Section 5.G)
7. Inspect the Outlet and observe its operation to help you comply with the Franchise Agreement and all System Standards. If the Outlet does not comply with System Standards upon our assessment, we will do a follow-up assessment (as soon as practicable, and typically within 30 days), at your

cost and expense, in order to confirm that you have cured any deficiency. (Franchise Agreement - Section 5.K)

8. Let you use our confidential information. (Franchise Agreement - Section 11)
9. Let you use the Marks and the Patents (defined in Item 14). (Franchise Agreement - Sections 8 and 9)

If we grant you multi-unit development rights, then during your operation under the Development Rights Agreement we will grant you or a Controlled Affiliate franchises for Plant Stores and/or Drop Stores and/or if we approve of your (or the Controlled Affiliate's) financial and operational ability and the proposed sites. You or your Controlled Affiliates must provide us evidence of your or their ability to occupy any site we approve for an Outlet either by signing a purchase agreement, or a lease or sublease for the site, no later than 180 days before the opening date of the Outlet set forth on the DRA Schedule. Neither you nor your Controlled Affiliate may sign any lease, sublease or purchase agreement for a site without our pre-approval of your (or your Controlled Affiliate's) financial and operational ability to develop and operate the Outlet at the site. Within 30 days after you (or your Controlled Affiliate) sign a purchase agreement or lease for a site at which to develop and operate an Outlet, you or the approved Controlled Affiliate must sign our then current form of franchise agreement and related documents for each Outlet, the terms of which may differ substantially from those in the Franchise Agreement attached to this disclosure document. If you or the Controlled Affiliate do not timely sign these franchise agreements, we may withdraw our approval for each site. (Development Rights Agreement - Section 3)

### **Advertising**

**New Store Marketing.** You must spend at least the minimum sum that we specify (currently \$25,000 for a Plant Store, \$35,000 for a Central Plant; \$20,000 for a Drop Store, and \$5,000 for a Neighborhood Drop Store) to advertise and promote the Outlet (the "New Store Marketing Expense") during a new store opening period that we designate (the "Opening Period"). The Opening Period typically covers the period from one month before through three months after the Opening Date (or up to about four total months), subject to changes we may allow based on the particular market area or other unique circumstances of the Outlet, including our approval of an advanced written request that you may submit to us requesting such a change. At least 90 days prior to the opening of the Outlet, you must submit a marketing plan ("New Store Marketing Plan") to us outlining your proposal to advertise and promote the Outlet during the Opening Period. You may not implement the New Store Marketing Plan unless and until we have consented to the New Store Marketing Plan in writing. You agree to modify the New Store Marketing Plan as requested by us and, thereafter, no substantial changes shall be made to the New Store Marketing Plan without our advance written consent. Within ten days after the end of the Opening Period, you must submit proof that you spent the New Store Marketing Expense implementing the New Store Marketing Plan.

**Market Re-Launch Marketing Expense.** If you sign a Conversion Incentive Addendum, we will waive the New Store Marketing Expense. At least 90 days prior to the anticipated conversion date under the Conversion Incentive Addendum, you must prepare and obtain our approval of a marketing plan ("Market Re-Launch Marketing Plan") for the advertising and promotion of the Outlet during a conversion period that we designate. You must then spend \$5,000 for advertising and promotion of up to four businesses operating under the same brand that you convert to Tide Cleaners in your existing market and \$5,000 for each business that you convert to Tide Cleaners in a new market during the conversion period (the "Market Re-Launch Marketing Expense"). As with the Conversion Fee, if you are converting businesses located in an existing market, you must spend an additional \$5,000 for each set of four businesses operating under the same brand that you convert to Tide Cleaners Outlets. The conversion period typically

covers from one month before through three months after the conversion date (or up to four total months), subject to changes we may allow based on the particular market area or other unique circumstances of the Outlet, including our approval of an advanced written request that you may submit to us requesting such a change.

### Advertising and Development Fund

We have established a formal Advertising and Development Fund (the “Fund”) for advertising, marketing, and public relations programs and materials we deem appropriate. You must contribute to the Fund the amounts that we periodically require. Tide Cleaners Outlets that we or our affiliates own will contribute to the Fund on the same basis as franchisees. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Tide Cleaners Outlets and with whom we have agreed to deposit these allowances.

We will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; taxes on Fund Contributions; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. At our sole discretion, the Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet. We have no obligation to spend a requisite amount of Fund expenditures or any other advertising dollars in your area or territory. We and/or a regional advertising agency currently produce all advertising and marketing. The Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Fund separately from our other funds and not use the Fund for our general operating expenses. However, we may use the Fund to reimburse us or our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund’s other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Fund contributions.

The Fund is not our asset. The Fund also is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions only for their permitted purposes (described above). We have no fiduciary obligation to you for administering the Fund.

The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If the Fund spends more than the total amounts available in a given year (regardless of when those amounts accrued), the Fund may repay the difference plus reasonable interest to us (or another entity that covered the deficit) using contributions received by the Fund in the following or later year. We will use interest earned on Fund contributions to pay costs before spending the Fund’s other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises. We will prepare an annual, unaudited statement of Fund collections and expenses and give it to you upon written request. We have the Fund audited annually, at the Fund’s expense, by an independent certified public accountant. We

may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here.

During the fiscal year ending June 30, 2021, the Fund spent 26% on production of media and promotional materials, 68% on media placement; 5% on website hosting and Maintenance, and 1% on administrative expenses. We did not retain any franchisee contributions to the Fund during the prior fiscal year.

We intend for the Fund to maximize recognition of the Marks and patronage of Tide Cleaners Outlets. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Tide Cleaners Outlets, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by Tide Cleaners Outlets operating in that geographic area, or that the placement of advertising and marketing benefits Tide Cleaners Outlets operating as Drop Stores in the same manner or in equal proportion to that of Plant Stores, or that any particular Tide Cleaners Outlet benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising; provided, however, that the use of the Fund's assets in any year is not intended to disproportionately benefit non-franchised outlets over franchised outlets. We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce a franchisee's Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, later reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to franchisees, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding 12-month period. (Franchise Agreement - Section 6.B)

### Your Local Advertising

In addition to your Fund contributions and your New Store Marketing Expense, you must spend at least 2% of the Outlet's Net Sales to advertise and promote your Outlet (including the costs of phone listings) (the "Local Advertising Expenditures"). We may offset this amount (whether partially or fully, as applicable) to the extent of amounts you may pay to a Cooperative Program (defined below) in your ACA (defined below). Within 30 days after the end of each month, you must send us, in the manner we specify, an accounting of your Local Advertising Expenditures during the preceding month. Your local advertising and promotion must follow our guidelines. All advertising and promotional materials developed for your Outlet must contain notices of our website's domain name in the manner we designate. You may not develop, maintain, or authorize any website that mentions or describes you or the Outlet or displays any of the Marks. Effective on 30 days' advance written notice to you, we may require you to pay all or a portion of your Local Advertising Expenditures to us and we will use these funds advertise and promote your Outlet.

All advertising, promotion, and marketing must be completely clear, factual, not misleading, and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. If you are not using the approved marketing materials that are on our web-based marketing program, then before you use them, you must send to us or our designated agency for review physical samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written approval within 30 days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any

advertising, promotional, or marketing materials that we have not approved or have disapproved. (Franchise Agreement – Section 6.C)

If you sign a Conversion Incentive Addendum, you will not be required to make a Local Advertising Expenditure before the earlier of the actual conversion date or the scheduled conversion deadline of your Tide Cleaners Outlet. If your converted Outlets are in a market where you operate existing Tide Cleaners Outlets, the Local Advertising Expenditures will be reduced to 0% of Net Sales during the first year and 1% of Net Sales during the second, third and fourth years. Thereafter, you will make the standard Local Advertising Expenditures of 2% of Net Sales. (Conversion Incentive Addendum, Section 11)

### Cooperative Advertising Programs

We may designate an Advertising Coverage Area (“ACA”) - local or regional - in which Tide Cleaners Outlets are located in order to establish a cooperative advertising program (“Cooperative Program”). An ACA is the area covered by the particular advertising medium recognized in the industry or as we may otherwise prescribe based on a Designated Marketing Area (“DMA”) or other method. We will require all Tide Cleaners Outlets in the ACA to participate in a Cooperative Program if one is established in that ACA. The members of the Cooperative Program in an ACA will be all of the Tide Cleaners Outlets located in that ACA, including those operated by us and our affiliates. Each Tide Cleaners Outlet operating in the ACA will have one vote.

If a Cooperative Program is established for your ACA, you must contribute at least 1% of your Outlet’s Net Sales for the prior month to the Cooperative Program (the “Co-op Dues”), payable in the same manner as the Royalty. Your actual Co-op Dues to the Cooperative Program will be determined by a vote of 67% or more of the Tide Cleaners Outlets participating in that ACA’s Cooperative Program, subject to our approval. Your Cooperative Program may increase your Co-op Dues and the applicable rules of contribution if 67% or more of the Tide Cleaners Outlets operating in the ACA vote to support the change. Any amounts you contribute to a Cooperative Program will count toward your Local Advertising Expenditures, but in no event will your amounts contributed to a Cooperative Program affect your New Store Marketing Expense or Contributions to the Fund. The most we require you to spend on marketing fees is a combined total of 4% of Net Sales towards Contribution, Local Advertising Expenditures and Co-op Dues (except to the extent that your Cooperative Program may vote to increase the level of Co-op Dues above 2%). If your ACA’s Cooperative Program votes to increase the Co-op Dues above 2% of your Outlet’s Net Sales, and you fail or refuse to contribute the increased Co-op Dues to the ACA’s Cooperative Program, the Cooperative Program may suspend your voting rights and other privileges relating to the Cooperative Program until you begin contributing the increased Co-op Dues and pay all past due Co-op Dues.

We have the power to form, change, dissolve, or merge any Cooperative Program. Cooperative Programs will not operate from any written governing documents. We will make available for your review any records showing payments to and expenses of any Cooperative Program in which you participate. (Franchise Agreement - Section 6.D)

### Franchise Advisory Council

We have a Franchise Advisory Council (“FAC”) as a formal channel of communication between us and the franchise system. The FAC acts in an advisory capacity, rather than having a binding effect on us or the network of Tide Cleaners Outlets, with the intent to foster collaboration and innovation within the franchise network. Therefore, while the FAC may provide recommendations on advertising policies impacting the Tide Cleaners Outlet network, its recommendations are not controlling and it has no authority

over the Fund's activities or other advertising initiatives that we may implement. We have the power to form, change, or dissolve the FAC. We appoint franchisee members to the FAC based on nominations received from existing franchisees in good standing (including self-nominations). FAC members receive no compensation for their participation; however, we may reimburse them for their costs associated with participation in the FAC. We determine the number of FAC meetings held during the calendar year (which may be in person or virtual), the number of total members or participants, and the duration of FAC membership terms.

### **Computer System**

You must obtain and use the computer hardware and software complying with specifications that we periodically establish, including hardware components, point-of-sale software, dedicated telephone and power lines, modems, printers, and other computer-related accessories and peripheral equipment (the "Computer System"). You will use the Computer System to maintain and operate the Outlet's equipment and related technology. The Computer System also will function as a web-based point-of-sale system for all transactions at the Outlet. The Computer System may store some data and information about the Outlet's customers, finances and operations based on information you input. You must maintain the continuous operation of the Computer System. You also must have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method.

The Computer System currently includes point-of-sale software and maintenance programs provided by us, our affiliates, or one or more third-party suppliers that we designate. You must acquire the Computer System, certain software downloads, and the point-of-sale system from our designated supplier. You will pay approximately \$15,000 to \$19,000 for a Central Plant Store, \$21,500 to \$32,000 for a Plant Store, \$12,500 to \$22,500 for a Drop Store, and \$12,200 to \$19,100 for a Neighborhood Drop Store to buy and install the Computer System's components when you develop the Outlet.

You must obtain specific hosting, maintenance, updating, upgrading or support contracts for the Computer System from a supplier we designate (including us or our affiliate). We estimate the annual cost of the required maintenance or support contracts for the Computer System to be in a range between \$11,040 and \$13,272 annually for a Central Plant Store and a Plant Store, \$9,072 and \$12,168 annually for a Drop Store, and \$8,544 and \$9,648 annually for a Neighborhood Drop Store.

We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System, and/or other technological developments or events, may require you to purchase, lease and/or license new or modified computer hardware, software and other components and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs of obtaining the computer hardware, software and other components comprising the Computer System (and additions and modifications) and required service or support. Within 60 days after we deliver notice to you, you must obtain the Computer System components that we designate and ensure that your Computer System, as modified, is functioning properly. We anticipate utilizing a new Computer System and related technology during our next fiscal year and this change will have a resulting change in the licensing fees referenced in Item 6 and the cost structure referenced above.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically specify to regulate your use of, and our (or our affiliate's) and your respective rights and responsibilities for, the software or technology. You must not modify, delete, or change any software or

hardware configurations that we or our designated suppliers (which may include our affiliates) provide to you without our advanced written consent. We (and our affiliates) may charge you up-front or ongoing fees for any required or recommended proprietary software or technology that we (or our affiliates) license to you and for other Computer System maintenance and support services provided to you.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, upgrading, and updating of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. We will have unlimited, independent access to all of the information and data in the Computer System, and you acknowledge that we may access customer data that the Computer System uses or generates. (Franchise Agreement - Section 2.F)

## **Opening**

You must open the Outlet (if the Outlet is a Plant Store or a Drop Store) by the opening date set forth on the DRA Schedule to the Development Rights Agreement or we may terminate the Franchise Agreement. If the Outlet is a Plant Store, we estimate that the time between your signing the Franchise Agreement (which is when you will first pay us consideration for the franchise) and opening the Outlet for business is one year if you have not located a site for the Outlet when you sign the Franchise Agreement or 150 days if you have located and signed a lease for an accepted site before you sign the Franchise Agreement. If the Outlet is a Drop Store, we estimate that the time between your signing the Franchise Agreement and opening the Outlet for business is 90 days (because you have located and signed a lease for an accepted site before you sign the Franchise Agreement). The specific timetable for opening depends on the site's condition; the Outlet's construction schedule; the extent to which you must construct a new location or remodel an existing location; the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations.

You may not open the Outlet until: (1) we notify you in writing that the Outlet meets our standards and specifications; (2) you complete pre-opening training to our satisfaction (if applicable); (3) you pay the initial franchise fee (if applicable) and other amounts then due to us; and (4) you give us certificates for all required insurance policies. If the Outlet is a Drop Store, we must approve your Vehicle as satisfying our standards or other specifications before you open the Outlet. Subject to these conditions, you must open the Outlet in accordance with the required opening time frame as applicable. (Franchise Agreement - Section 2.G)

## **Training**

### **Initial Training Program**

If this is your first Tide Cleaners Outlet, then before the Outlet opens, you (or your Managing Owner) must attend our Owner Training Academy, which is held at a designated training facility in Cincinnati, Ohio over two to three days. The Owner Training Academy is an orientation program about us and the Franchise System, not training on the operation of the day-to-day business conducted from Tide Cleaners Outlets.

We will also train two of your designated attendees if the Outlet is a Plant Store (if this is your first Tide Cleaners Outlet, this will include you or your Managing Owner) and one designated attendee if the Outlet is a Drop Store or a Neighborhood Drop Store, on the material aspects of operating a Tide Cleaners Outlet. We will provide the initial training program at a designated training facility of our choice and/or at an operating Tide Cleaners Outlet. Our initial training program currently spans approximately four weeks

(Monday-Saturday). This estimated four-week period excludes the Owner Training Academy and the pre-opening period during which one or more of our representatives will assist you on-site at the Outlet. The initial training program currently includes approximately nine hours of self-directed computer-based training courses that your attendees will complete using our web portal at their own locations and/or at the training facility, and approximately four weeks of classroom instruction and on-the-job training that we conduct at our training facility in Cincinnati, Ohio, an existing Tide Cleaners Outlet, or another location we designate. If you (or your Managing Owner) and your designated attendees cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. If the Outlet is a Drop Store, we may, in our sole discretion, agree to waive the requirement that your one designated attendee attend our initial training program if that attendee already completed training to our satisfaction in relation to the Plant Store you also operate. (Franchise Agreement - Section 4.A).

Additional people beyond your designated attendees may attend initial training if you pay the Additional Training Fee for each attendee. You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our training programs.

Training will occur after you sign the Franchise Agreement and while you are developing the Outlet. Your attendees must complete the required training programs before you may open your Outlet (currently at least 30 days before opening, excluding the new store assistance phase we describe below). We currently provide training modules in dry cleaning and laundry operations and in administration and customer service related to the Outlet. The instructional materials for our required training programs include computer-based training courses and software, videos, handouts, the Manual, hands-on training at a certified training site and tests or other evaluations that we require you to complete. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. As of the date of this disclosure document, we provide the following training:

#### TRAINING PROGRAM

Subject	Hours of Classroom Training		Hours of On the Job Training	Location
	Self-Directed Computer-Based (Note 1)	Live Classroom		
Owner Training Academy	2	12	0	Cincinnati, Ohio or other training location we designate
Manager Training Academy – Production Training	2	4	60	Cincinnati, Ohio or other training location we designate
Manager Training Academy – Guest Service Representative Training	2	4	60	Cincinnati, Ohio or other training location we designate
Manager Training Academy – Manager & Maintenance Training	3	8	56	Cincinnati, Ohio or other training location we designate
<b>Totals</b>	<b>9</b>	<b>28</b>	<b>176</b>	

Note 1 - Franchisee personnel complete self-directed, computer-based training courses at their own chosen locations and/or at the training facility, as we designate.



Note 2 – In some instances upon a franchisee’s request, we may conduct portions of the training program at their outlet depending upon scheduling and the availability of our training staff. If we do so, then we will charge for our trainers’ time and travel costs.

The experience of our trainers is outlined below:

Trainer	Title	Years of Training Experience with Tide Cleaners	Years of Training Experience with Other Businesses
Christina Dillon	Field Operations & Training Specialist	2	0
Morgan Hillis	Senior Training Specialist	1	3
Sharon Bell	Senior Training and Operations Specialist	6	21

#### Opening Assistance

When the Outlet is ready to open, we will send up to two of our representatives to the Outlet for up to a total of 10 days for a Plant Store and we will send one of our representatives to the Outlet for up to five days for a Drop Store or Neighborhood Drop Store to assist with the opening of the Outlet. You and your employees at the Outlet also must successfully complete this phase of the initial training program.

If you sign the Development Incentive Program Addendum for Multi-Unit Fee Reduction, we will not provide any Opening Assistance to you for a Drop Store; however, we will send a representative to inspect the Outlet prior to opening.

#### Conversion Assistance

When the conversion date is approaching for the first business that you convert to Tide Cleaners in a market, we will send up to two of our representatives to your market to provide training and assistance for a period of up to 10 days. The number of representatives we send, and the duration of their assistance, will depend on our opinion of your ability, experience, and needs. If you request, and we agree to provide, additional or special guidance, assistance, or training during this conversion phase, or if you request that we send our personnel to assist with the conversion of additional Tide Cleaners Outlets in the market, then you agree to pay our then applicable Additional Training Fee for our training personnel including our personnel’s travel and living expenses. We and you will jointly determine the duration of this additional training.

#### Additional Training

You (or your Managing Owner) and/or other previously trained and experienced employees must attend and satisfactorily complete various ongoing training courses that we provide at the times and locations that we designate including our quarterly webcasts via webinar. We may charge reasonable registration or similar fees for these courses. We will not require attendance for more than a total of 10 days during a calendar year. You must pay all travel and living expenses which you and your employees incur during all training courses and programs.

#### Conventions and Meetings

Besides attending our training courses, you must send at least two representatives (which can be you (if you are an individual) or your Managing Owner (if you are an entity) and one of your manager-level

employees) to attend any convention and meetings at a location we designate. We will not require attendance at any convention for more than three days during any calendar year. We may charge reasonable registration fees for these conventions. You must pay all costs incurred by your representatives to attend the conventions, including all related travel and living expenses and wages.

#### Training of Other Franchisees

You also must assist us in training other Tide Cleaners Outlet franchisees. We will reimburse your out-of-pocket expenses for providing this assistance.

### **ITEM 12**

#### **TERRITORY**

##### **Franchise Agreement**

You will operate the Outlet at a specific location that we first must approve as the premises. You may operate the Outlet only at the approved premises and may not relocate the premises without our approval. Whether or not we would allow relocation depends on the circumstances at the time and what is in the Outlet's and the Tide Cleaners network's best interests (any relocation will be at your sole cost, plus reasonable costs incurred by us in approving the new location). Factors we will consider include, for example, the proposed area, its proximity to other Tide Cleaners Outlets, whether you are complying with your Franchise Agreement, whether you properly de-identify the old location, and how long it will take you to open at the new location. If we allow you to relocate the premises, then you must comply with our then-current standards and specifications (which currently include, for a Plant Store or a Drop Store (i) starting the relocation process within 180 days after you depart the prior location, and (ii) opening and operating the business at the new location we approve as the updated premises within the next 180 days).

We will describe your territory in your Franchise Agreement when we approve a site for the Outlet (the "Territory"). We will determine the size and boundaries of your Territory in our discretion, based upon factors including geographic area, population density, character of neighborhood, location and number of competing businesses and other factors. Our determination of the Territory is final. While there is no minimum Territory size and the exact size of each franchise Territory varies based on the applicable factors, a typical Territory will cover an area that is an approximate six-minute drive time from the front door of the Outlet, with the premises located at the Territory's approximate center. Your Territory will exclude all geographic areas that comprise a college or university campus, with student housing.

If you are in full compliance with the Franchise Agreement, then during the term of the Franchise Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of another Tide Cleaners Outlet at a location within your Territory. Except for the territorial rights set forth in the preceding sentence, you do not receive an exclusive territory under the Franchise Agreement, and you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates retain all rights with respect to Tide Cleaners Outlets, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate, without our compensating you in any manner when we make sales through these channels or under these brands, whenever and wherever we desire, including:

- (1) the right to provide, offer and sell, and to grant others the right to provide, offer and sell, products or services that are similar or dissimilar to and/or competitive with those provided at Tide Cleaners Outlets (such as home delivery dry cleaning businesses or other fabric or textile cleaning services), whether identified by the Marks or other trademarks or service marks, regardless

of the method of distribution, inside and outside the Territory and on any terms and conditions we deem appropriate;

(2) the right to establish and operate, and to grant to others the right to establish and operate, retail businesses offering premium dry cleaning, laundry, and related fabric care services and products, or any similar or dissimilar products and services, that are not primarily identified by the Marks, both inside and outside the Territory and on any terms and conditions we deem appropriate;

(3) the right to operate, and to grant others the right to operate, Tide Cleaners Outlets the physical premises of which are located anywhere outside your Territory under any terms and conditions we deem appropriate and regardless of proximity to the Outlet;

(4) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Tide Cleaners Outlets, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory); and

(5) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Tide Cleaners Outlets, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory.

Unless you sign or have signed a Development Rights Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises. Your Territory may not be modified under any circumstances.

Our Affiliate-Owned Cleaning Businesses that offer Locker Services, pick-up and delivery laundry and dry-cleaning services may compete with you for certain customers.

Continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency.

There are no restrictions on the areas in which you may solicit or accept orders (except as provided below) provided that the manner or channel of distribution in which you are intending to provide products or services under such orders are permissible under the Franchise Agreement and the Manual.

As long as you or your affiliates operate a Plant Store Outlet that has been open for at least six months, you may offer and provide remote pick-up, delivery, or similar services (collectively, “Delivery Services”) in connection with the Outlet. You must (a) comply with our System Standards and other standards that we periodically specify relating to Delivery Services; and (b) provide Delivery Services directly to end user customers only through your employees, and you may not use independent contractors to provide those services. You may provide Delivery Services only within the Territory for your Outlet (unless we specify a smaller area in writing). We may, at any time and for any or no reason, change the definition of the delivery area and, in particular, reduce its size. (We have the right to review requests for delivery outside the delivery area and may, on a temporary basis, give our approval for those delivery services or revoke our approval.) If we ever decide to do so, you agree immediately to provide Delivery Services only within the newly-defined delivery area (if any). If you fail to do so, then we may immediately terminate your right to provide any Delivery Services anywhere. The delivery area is not exclusive and we may engage, and/or allow other franchisees and third parties to engage, in any activities we desire within

the delivery area without any restrictions whatsoever. We will not be liable for any reduction in your sales as a result of these activities. You must follow our rules for Delivery Services and delivery driver qualifications.

### **Development Rights Agreement**

When you sign the Development Rights Agreement, you (and your Controlled Affiliates) will commit to develop a specified number of Plant Stores and Drop Stores within the Area. We and you will identify the Area in the Development Rights Agreement before signing it. Sizes and boundaries for Areas will vary widely depending on factors like economic conditions in the market you are developing, the number of Plant Stores and Drop Stores that we approve you to develop, demographics, and site availability. There is generally no minimum size for Areas. We will describe the Area using streets or other natural boundaries or, in some markets, city or county boundaries. Your Area will exclude all geographic areas that comprise a college or university campus with student housing. We and you will negotiate the DRA Schedule describing the number of Plant Stores and Drop Stores that you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the DRA Schedule in the Development Rights Agreement before signing it.

If the location of any Plant Store or Drop Store you develop under the Development Rights Agreement is unassigned (meaning not yet selected), then in order to meet the expectation that you will open within the prescribed timeframe, you must locate and obtain our approval of a suitable site for the premises that is located within the Area listed in the Development Rights Agreement. Excluding the first Franchise Agreement, which we and you will sign concurrently with the Development Rights Agreement, within 30 days after you sign the lease, sublease or purchase agreement for a site at which to develop and operate any Plant Store or Drop Store, you or your Controlled Affiliate (and your or its owners) must sign our then-current Franchise Agreements for the Plant Store or Drop Store to be developed at that site.

If you are in full compliance with the Development Rights Agreement, then during the Development Rights Agreement's term neither we nor our affiliates will develop or grant a franchise for the development of another Tide Cleaners Outlet at a location within your Area. Except for the rights set forth in the preceding sentence, you do not receive an exclusive territory under the Development Rights Agreement and you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We may exercise all of the rights that we now reserve in the Franchise Agreement (as described above). After the Development Rights Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

There are no other restrictions on us or our affiliates under the Development Rights Agreement. You may not develop or operate Tide Cleaners Outlets outside the Area without our written consent. We may terminate the Development Rights Agreement (but not franchise agreements with you or your Controlled Affiliates) if you do not satisfy your development obligations according to the DRA Schedule. Except as described above, continuation of your territorial rights in the Area does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Area or your territorial rights without your written consent.

### **Tide Laundromat**

As explained in Item 1, P&G has developed a retail business format operating under the "Tide Laundromat" mark. The Tide Laundromat business offers laundering and related services and products. We anticipate that P&G will provide a license to us to begin offering franchises for the Tide Laundromat


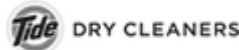
business in the next year under a separate franchise disclosure document. There may be now or in the future Tide Laundromat businesses located in the same market as current and future Tide Cleaners Outlets. These Tide Laundromat businesses could be affiliate-owned, franchised or both. If there is a conflict between you and us caused by a Tide Laundromat business or between a Tide Laundromat franchisee and a Tide Cleaners franchisee, our management team will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interests of the affected system or systems. However, we are not responsible for resolving these conflicts.

Except as previously described in Item 1 and in this Item 12, neither we nor any of our affiliates have established or presently intends to establish, other franchises or company-operated outlets selling or leasing similar products or services under a different trade name or trademark; however, we retain the right to do so in the future.

### ITEM 13



#### TRADEMARKS

We registered the following principal Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) and all required affidavits of use and renewals have been filed:

Mark	Registration Number	Registration Date
TIDE & Design (color) 	3,632,738	June 2, 2009
TIDE CLEANERS	6,212,907	December 1, 2020
TIDE DRY CLEANERS & Design 	4,086,306	January 17, 2012
TIDE DRY CLEANERS	5,712,949	April 2, 2019

P&G has granted us the exclusive right to use and permit our franchisees to use the TIDE CLEANERS mark under a Trademark License Agreement dated August 31, 2020 (the “License Agreement”). P&G has the right to terminate the License Agreement if we commit a breach of the License Agreement. In that event, we will require you to cease using the TIDE CLEANERS mark.

Our designated third party supplier, GrE, has registered the following Marks on the Principal Register of the USPTO and all required affidavits of use and renewals have been filed:

Mark	Registration Number	Registration Date
GREENEARTH (Stylized) 	2,413,095	December 12, 2000
Miscellaneous Design 	2,496,831	October 9, 2001

GrE allows us to use and sublicense these Marks, certain patents and Patented Processes, and related intellectual property under a cooperation agreement between P&G (including its affiliates and subsidiaries) and GrE, effective as of July 1, 2019 (the “Cooperation Agreement”). The Cooperation Agreement is for a 4-year term, renewing for successive 5-year periods unless either P&G or GrE provide advanced notice of non-renewal. Either party may terminate the Cooperation Agreement (a) if the other party is in material breach of the Cooperation Agreement, effective immediately upon notice for non-curable breaches and effective within 30 calendar days after the date of notice for curable breaches, unless the other party cures the breach identified in the notice before the end of the 30-day period; and (b) due to the bankruptcy of the other party. No other agreement limits our right to use or license the Marks. You must include certain Marks that GrE owns in certain signage, marketing materials, and other consumer messaging as we direct in System Standards.

We license the Marks to franchisees to use in operating Tide Cleaners Outlets. You must follow our rules and other System Standards when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

We do not know of any currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not currently know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us and them in protecting and maintaining our interests in any litigation or USPTO or other proceeding. We will reimburse you for your costs of taking any action that we asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of changing the Outlet’s signs), for any loss of revenue due to any modified or discontinued Mark, or for any of your expenses of promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark that we or our affiliates own, and for all costs and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark that GrE owns, under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

The Development Rights Agreement does not grant you rights to use the Marks. These rights arise only under the Franchise Agreement.

## ITEM 14

### PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Certain patents currently are material to the franchise. Under the Franchise Agreement, we would authorize you to use the following principal patents in operating the Outlet:

Patent or Serial Number	Type	Title	Issue or Application Date	Expiration Date
U.S. 8,123,819 (Note 1)	Utility	System & Method for Dry Cleaning Articles	February 28, 2012	November 13, 2028
U.S. 8,097,047 (Note 2)	Utility	Fabric Color Rejuvenation Composition	January 17, 2012	October 21, 2029
U.S. 8,728,172 (Note 2)	Utility	Compositions And Methods For Providing A Benefit	May 20, 2014	August 28, 2029

Note 1: Our designated third party supplier, GrE, owns this patent.

Note 2: Our affiliate, P&G, owns these patents.

We refer below to the patents we license from GrE and P&G collectively as the “Patents.” You must reimburse us or pay our designated third party suppliers directly for all applicable license fees with respect to the Patents including with respect to any trademarks associated with the Patents.

GrE (through the Cooperation Agreement) and P&G (through the License Agreement) authorize us to sublicense the Patents to franchisees as part of the Proprietary Processes used in operating a Plant Store and Drop Store. You must follow our rules and other System Standards when you use the technologies in the licensed Patents. You may not provide or sell any unauthorized services or products under the licensed Patents.

Other than as described above, neither we nor our affiliates currently have any pending patent applications that we believe are material to the franchise. However, in the future we and our affiliates may file other patent applications, or may determine that currently pending patents relate to or have become material to the franchise, and we will make those patents available to franchisees for the operation of Plant Stores and Drop Stores.

We do not know of any currently effective material determinations of any court, or of any pending infringement, opposition, or re-examination proceedings or material litigation, involving the Patents. We do not currently know of either superior prior rights or infringing uses that could materially affect your right to practice under the Patents.

You must notify us immediately in writing of any apparent infringement of any Patent, or of any challenge to your use of the Proprietary Products or Proprietary Processes, and you may not communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We or our affiliates and designated third parties may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any such infringement, challenge, or claim. You must assist us and them in protecting and

maintaining our interests in any litigation or USPTO or other proceeding. We will reimburse you for your costs of taking any action that we asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any products, processes, or technologies and/or to use one or more additional or substitute products, processes or technologies (whether or not patented), you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of changing the Outlet's products or processes), for any loss of revenue due to the use of any modified or discontinued product or process, or for your expenses of promoting a modified or substitute product or process.

Neither we nor our affiliates warrant the validity of any of the licensed Patents. Neither we nor they warrant (whether expressly or impliedly) that the practice of the licensed Patents is not currently limited, or will not be limited in the future, by the intellectual property rights of third parties. At our option, we may defend and control the defense of any proceeding arising from your use of any Proprietary Product or Proprietary Process under the licensed Patents, but we are not obligated to provide indemnification.

### **Copyrights and Confidential Information**

We and our affiliates claim copyrights in the Manual (which contains our trade secrets), advertising and marketing materials, promotional videos and electronic media, and similar items used in developing and operating Tide Cleaners Outlets. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Outlet (and must stop using them if we so direct you).

We do not know of any currently effective adverse determinations of the USPTO, the United States Copyright Office or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third party beneficiary of that agreement with independent enforcement rights.

### **Manual**

Our Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; formulas for Proprietary Products; methods and technologies for Proprietary Processes; training and operations materials; methods, formats, specifications, standards, systems, procedures, dry cleaning and fabric care techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Tide Cleaners Outlets; marketing and advertising programs for Tide Cleaners Outlets; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Operating Assets, Proprietary Products, Proprietary Processes, and other products and supplies;



knowledge of the operating results and financial performance of Tide Cleaners Outlets other than your Outlet; and graphic designs and related intellectual property.

Any materials or guidance that we provide concerning employment-related policies or procedures, whether in the Manual or otherwise, are solely for your optional use. These materials and guidance do not form part of the System Standards. You will determine to what extent, if any, these materials or guidance should apply to your employees and Outlet operations. We and you recognize that we neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Tide Cleaners Outlet employees or customers. You are solely responsible for determining the terms and conditions of employment for your employees and for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of the Outlet's labor relations and employment practices.

You must keep your copy of the Manual current and communicate all updates to your employees and personnel in a timely manner. You must keep all parts of the Manual in a secure location and restrict access to any passwords provided to you or developed by you for accessing the Manual. If you and we have a dispute about its contents, our master copy of the Manual controls. The Manual's contents are confidential and you will not disclose the Manual to any person other than Outlet employees and personnel who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

At our option, we may post some or all of the Manual on a restricted website or intranet to which we will provide you access. If we do so, you must monitor and access the website or intranet for any updates to the Manual or System Standards. We or our designee will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted website or intranet. We consider any passwords or other digital identifications necessary to access the Manual on a website or intranet part of the confidential information relating the Tide Cleaners Outlets.

#### Customer Data

You must comply with our reasonable instructions regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, and credit card information of previous, current and prospective customers of the Outlet ("Customer Data") and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. You must comply with all applicable laws governing the use, protection, and disclosure of Customer Data. If there is a suspected or actual breach of security or unauthorized access involving Customer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed.

We may access all Customer Data and records for the Outlet, including dates of transactions and assortments of garments dry cleaned at the Outlet, located on the Computer System. We are the sole owners of Customer Data, and you may not distribute or sell Customer Data to any third party without our prior written consent. We and our affiliates may use Customer Data in our and their business activities, but during the Franchise Agreement's term we and our affiliates will not use the Customer Data that we or they learn from you or from accessing the Computer System to compete directly with the Outlet. When the Franchise Agreement expires or terminates, we and our affiliates may make all disclosures and use the Customer Data in any manner that we or they deem necessary or appropriate.

### Innovations

You must promptly disclose to us all ideas, concepts, inventions, techniques, or materials concerning a Tide Cleaners Outlet, whether or not protectable intellectual property and whether created by or for you or your owners or employees, which will be our sole and exclusive property, and part of the system. You assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

### Development Rights Agreement

The Development Rights Agreement does not grant you rights to use technologies under the Patents, copyrighted works, or other confidential information belonging to us, our affiliates or designated third parties. These rights arise only under the Franchise Agreement.

## ITEM 15

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

#### **Franchise Agreement**

If the Outlet is a Plant Store or Drop Store, you (or, if you are an entity, your Managing Owner) must act as the general manager of the Outlet with responsibility for direct, on-premises supervision of the Outlet. If you are a legal entity, you must appoint one of your owners to be your “Managing Owner” who will be responsible for overseeing and supervising the Outlet’s operation. You (or your Managing Owner) must devote full time and efforts to the management and supervision of the Outlet. However, if the Outlet is one of multiple Tide Cleaners Outlets that you (or your Controlled Affiliates) own, or if we otherwise allow (in our sole discretion) upon your written request, then a general manager we have approved and who has completed our required training programs (including any replacement general manager during the franchise term) instead may operate the Outlet under his or her direct on-premises supervision.

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Outlet. System Standards may regulate the manner of identifying the Outlet’s personnel and employee training, dress, and appearance.

You must keep us informed at all times of the identity of any supervisory employees acting as assistant managers of the Outlet. Your assistant managers need not have an equity interest in the Outlet or you, but they must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners and their spouses must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” is found on the last page of the Franchise Agreement and constitutes a separate agreement between us and those persons signing as the guarantors.

## **Development Rights Agreement**

We do not require, but we do recommend, that you personally supervise your development of Plant Stores and Drop Stores under the Development Rights Agreement. You must hire sufficient personnel to manage and supervise the development of your Plant Stores and Drop Stores. The personnel need not have an equity interest in your business nor attend our training program. If you are a business entity, your owners need not sign any personal guarantees of your obligations under the Development Rights Agreement.

We will grant Tide Cleaners franchises under the Development Rights Agreement only to you or your Controlled Affiliates that we approve. “Controlled Affiliate” means a corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least 51% of the total authorized ownership interests, but only if you or the owner(s) have the right to control the entity’s management and policies. Franchises that we grant to your Controlled Affiliates will count toward your DRA Schedule.

### **ITEM 16**

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

You must offer and sell all Proprietary Products, cleaning and washing retail products and services, and all other services that we periodically require for Tide Cleaners Outlets. You may not offer or sell any products or perform any services that we have not authorized. Our System Standards may regulate required and/or authorized Proprietary Products, Proprietary Processes, and other cleaning products and services; unauthorized and prohibited dry cleaning, laundry, and fabric care products and services; purchase, storage, preparation, handling, and packaging procedures and techniques for Proprietary Products and other products and services; and inventory requirements for Proprietary Products and other products and supplies so that your Outlet operates at full capacity. We periodically may change required and/or authorized Proprietary Products, Proprietary Processes, and other products and service offerings. We may, to the extent allowed by applicable law, regulate your minimum, maximum, or other prices for the resale of any products you offer at the Outlet. There are no limits on our right to do so.

### **ITEM 17**

#### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

#### **THE FRANCHISE RELATIONSHIP**

##### **Franchise Agreement**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	1.C 4 of Conversion Incentive Addendum	10 years from the date the Outlet opens for business under the Marks.
b. Renewal or extension of the term	13	If (i) you (and each of your owners) have substantially complied with the

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		<p>Franchise Agreement; (ii) you (and each of your owners) are in compliance with the Franchise Agreement and System Standards on the date you notify us you want a successor franchise and on the date on which the term of the successor franchise begins; (iii) you remodel the Outlet, secure a substitute premises that we approve; (iv) we are then offering new franchise opportunities for Tide Cleaners Outlets; and (v) we have determined, in our sole judgment, that a business model change has not occurred, then you may acquire one successor franchise term of 10 years.</p>
<p>c. Requirements for franchisee to renew or extend</p>	<p>13</p>	<p>“<u>Renewal</u>” means: give us timely notice; maintain possession of Outlet premises or find acceptable substitute premises; remodel Outlet according to our then current standards (regardless of cost); and sign our new then-current form of franchise agreement (which may contain materially different terms and conditions from the original contract), a form of general release (if law allows, see Exhibit I), and other documents we use to grant franchises; and pay the successor franchise fee.</p> <p>If we decline your request to acquire a successor franchise term because of a business model change, then you may exercise one of three alternatives: (1) continue operating the business at the premises as a non-franchised, independent dry cleaning business on certain conditions; (2) request that we purchase the business (which request we may reject in our sole discretion) under the terms of Section 13.D of the Franchise Agreement and other prescribed conditions; or (3) become</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		our licensee if we are then offering the opportunity to convert franchised locations to licensed locations using the Marks.
d. Termination by franchisee	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	14.A 12 of Conversion Incentive Addendum	We may terminate your franchise if you or your owners commit one of several violations.
g. "Cause" defined - curable defaults	14.A	You have 72 hours to cure health, safety, or sanitation law violations; ten days to cure monetary defaults and failure to maintain required insurance; five days to cure Plant Store closure if the Outlet is a Drop Store; and 30 days to cure operational defaults and other defaults not listed in (h) below.
h. "Cause" defined – non-curable defaults	14.A	Non-curable defaults include: misrepresentation in acquiring the franchise; failure to open Outlet within prescribed timing; failure to complete training; abandonment; unapproved transfers; termination of another agreement with us or our affiliate (other than a Development Rights Agreement); conviction of a felony; dishonest or unethical conduct or acts or omissions that adversely affect the Outlet's reputation or the goodwill associated with the Marks; unauthorized use or disclosure of the Manual or other confidential information; failure to pay taxes; understating Net Sales; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; violation of any anti-terrorism law; violation of System Standards concerning use of unauthorized equipment, services, technologies, or products or disapproved suppliers.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
i. Franchisee’s obligations on termination/nonrenewal	15	Obligations include paying outstanding amounts; complete deidentification; assigning telephone and other numbers; ceasing use of the Marks, Proprietary Products and Proprietary Processes; and returning confidential information (also see (o) and (r) below).
j. Assignment of contract by franchisor	12.A	No restriction on our right to assign; we may assign without your approval.
k. “Transfer” by franchisee defined	12.B	Includes transfer of Franchise Agreement, the Outlet (or its profits, losses or capital appreciation) sale of Outlet’s assets, and ownership change in you or your owners.
l. Franchisor approval of transfer by franchisee	12.C	No transfer without our prior written consent. We will consent to non-controlling ownership interest transfers if the proposed transferee (or its owner(s)) are of good character and meet our then applicable standards (including no involvement with a competitive business), you provide us with written notice, and the transfer does not, through one or a series of transfers, transfer or create a controlling ownership interest as a result of the transfer.
m. Conditions for franchisor approval of transfer	12.C	New franchisee qualifies; you pay us, our affiliates, and third-party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer’s proposed effective date; new franchisee (and its owners and affiliates) are not in a competitive business; training completed; lease transferred; you or transferee signs our then current franchise agreement and other documents as we require; transfer fee paid; you sign release (if applicable law allows – see

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		Exhibit I); we approve material terms; you subordinate amounts due to you; you and transferring owners agree to not identify yourselves as current or former Tide Cleaners franchisees or otherwise use the Marks; you correct existing Outlet deficiencies of which we notify you on punch list; and transferee must agree to upgrade and remodel the Outlet within specified timeframe after transfer (also see (r) below).
n. Franchisor’s right of first refusal to acquire franchisee’s business	12.H	We may match any offer for your Outlet or an ownership interest in you.
o. Franchisor’s option to purchase franchisee’s business	15.D	We may buy certain operating assets and equipment of the Outlet at the then current market value (or appraisal value as determined by arbitration) after the Franchise Agreement is terminated or expires (without renewal).
p. Death or disability of franchisee	12.F	Assignment of franchise or an ownership interest in you to approved party within nine months; we may manage Outlet if there is no qualified manager.
q. Non-competition covenants during the term of the franchise	11.C	No diverting business; no ownership interest in, or performing services for, competitive business anywhere (“ <u>competitive business</u> ” means any business that derives, or reasonably expects to derive, more than 5% of its revenue from selling dry cleaning, laundry, or related or derivative products or services (other than a Tide Cleaners business), or any business granting franchises or licenses to others to operate such a business).
r. Non-competition covenants after the franchise is terminated or expires	11.C	No direct or indirect ownership interest in, or performing services for, competing business for two years at Outlet’s premises, within 25 miles of premises or within 25 miles of any

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		other Tide Cleaners outlet that then operates or that is under construction as of when the Franchise Agreement expires or is terminated (same restrictions apply after transfer).
s. Modification of the agreement	17.I	No modifications generally, but we may change Manual and System Standards, and amend and restate Exhibit B to the Franchise Agreement to reflect the Territory (if the location of the Outlet's premises is unknown when you sign the Franchise Agreement).
t. Integration/merger clause	18	Only the terms of the Franchise Agreement (including System Standards in the Manual) are binding (subject to applicable federal and state law), except that nothing in the Franchise Agreement shall disclaim or require you to waive reliance on any representations made in this disclosure document (including its exhibits and amendments) delivered to you or your representative. Any other promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	17.E	We and you must arbitrate all disputes in Cincinnati, Ohio (subject to state law).
v. Choice of forum	17.G	Subject to arbitration requirement, litigation must be in courts in Cincinnati, Ohio (subject to state law).
w. Choice of law	17.F	Except for Federal Arbitration Act and other federal law, Ohio law governs (subject to state law).



**Development Rights Agreement**

<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT RIGHTS AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	7	Expires on date when last franchise unit under DRA Schedule opens or is scheduled to open (whichever is earlier).
b. Renewal or extension of the term	4	You have no right to renew or extend the term. At your request and in our discretion, we may extend development deadlines.
c. Requirements for franchisee to renew or extend	4	For development deadline extensions only, you must request an extension and pay extension fee at least 14 days before a prescribed deadline occurs.
d. Termination by franchisee	Not applicable	You may not terminate (except as the law allows).
e. Termination by franchisor without cause	Not applicable	We may not terminate without cause.
f. Termination by franchisor with cause	7	We may terminate if you commit one of several violations.
g. "Cause" defined – curable defaults	Not applicable	You have no right to cure defaults.
h. "Cause" defined – non-curable defaults	7	Non-curable defaults are failure to meet DRA Schedule, breach of any obligation, and termination of any franchise agreement with you or Controlled Affiliate.
i. Franchisee's obligations on termination/nonrenewal	Not applicable	Not applicable.
j. Assignment of contract by franchisor	8	No restriction on our right to assign or transfer ownership interests without your approval.
k. "Transfer" by franchisee defined	8	Not transferable.
l. Franchisor approval of transfer by franchisee	8	No transfers.
m. Conditions for franchisor approval of transfer	8	We may grant or withhold consent for any or no reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.

<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT RIGHTS AGREEMENT</b>	<b>SUMMARY</b>
p. Death or disability of franchisee	Not applicable	Not applicable.
q. Non-competition covenants during the term of the franchise	Not applicable	There is no non-competition covenant under the Development Rights Agreement, but the covenant under the Franchise Agreement applies.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	There is no non-competition covenant under the Development Rights Agreement, but the covenant under the Franchise Agreement applies.
s. Modification of the agreement	9	No modifications unless agreed to in writing.
t. Integration/merger clause	9	Only the terms of Development Rights Agreement are binding (subject to applicable federal and state law), except that nothing in the Development Rights Agreement (including its exhibits and amendments) shall disclaim or require you to waive reliance on any representations made in this disclosure document delivered to you or your representative. Any representations or promises made outside the disclosure document and Development Rights Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	9	We and you must arbitrate all disputes in Cincinnati, Ohio (subject to state law).
v. Choice of forum	9	Subject to arbitration requirement, litigation must be in courts in Cincinnati, Ohio (subject to state law).
w. Choice of law	9	Except for Federal Arbitration Act and other federal law, Ohio law governs (subject to state law).

**ITEM 18**

**PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATION

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.

#### 1. SALES AND CERTAIN EXPENSES OF FRANCHISED NON-SERVICING PLANT STORES OPEN AT LEAST ONE YEAR AND AT LEAST THREE YEARS AS OF JUNE 30, 2021

The following tables reflect the average sales, certain expenses and net controllable income for the period from July 1, 2020 through June 30, 2021 (the “Covered Period”) for (1) 16 Franchised Plant Stores that were open and operating for over one year as of June 30, 2021 that did not support one or more Drop Stores or Non-Traditional Stores (“Non-Servicing Plant Stores”), and (2) 14 Franchised Non-Servicing Plant Stores that were open and operating for over three years as of June 30, 2021. The Non-Servicing Plant Stores use the prototypical business format, facilities, and operating procedures for a Plant Store that form the basis of the Tide Cleaners franchise opportunity that we offer in this FDD. The Non-Servicing Plant Stores operate in suburban locations within greater metropolitan areas of U.S. cities. The 16 Non-Servicing Plant Stores that were open and operating more than one year had been in operation for an average of six years and one month and the 14 Non-Servicing Plant Stores that were open and operating more than three years had been in operation for an average of six years and eight months. The following tables exclude the performance of one franchised Non-Servicing Plant Store that had not operated for a full year as of June 30, 2021.

	<b>NON-SERVICING PLANT STORES OPENED OVER 1 YEAR (16 STORES)</b>	<b>NON-SERVICING PLANT STORES OPENED OVER 3 YEARS (14 STORES)</b>
<b>Gross Sales<sup>1</sup></b>	<b>\$883,456</b>	<b>\$960,854</b>
Discounts <sup>2</sup>	(\$76,011)	(\$80,683)
<b>Net Sales<sup>2</sup></b>	<b>\$807,445</b>	<b>\$880,171</b>
<b>Expenses</b>		
Cost of Sales <sup>3</sup>	7%	7%
Labor Cost and Taxes <sup>4</sup>	38%	39%
Marketing <sup>5</sup>	4%	4%
Utilities <sup>6</sup>	5%	5%
Repairs and Maintenance <sup>7</sup>	2%	2%
Miscellaneous Expenses <sup>8</sup>	10%	9%
<b>Total Controllable Expense</b>	<b>66%</b>	<b>66%</b>

	<b>NON-SERVICING PLANT STORES OPENED OVER 1 YEAR (16 STORES)</b>	<b>NON-SERVICING PLANT STORES OPENED OVER 3 YEARS (14 STORES)</b>
<b>Net Controllable Income<sup>9</sup></b>	<b>34%</b>	<b>34%</b>
Royalty <sup>10</sup>	6.5%	6.5%
<b>Net Controllable Income Less Royalty<sup>11</sup></b>	<b>27.5%</b>	<b>27.5%</b>

The following table includes some key factors for the Non-Servicing Plant Stores open at least one year and the Non-Servicing Plant Stores open at least three years during the Covered Period:

<b>KEY FACTORS</b>	<b>16 NON-SERVICING PLANT STORES OPENED OVER 1 YEAR</b>	<b>14 NON-SERVICING PLANT STORES OPENED OVER 3 YEARS</b>
Range Of Average Annual Gross Sales	\$276,073 - \$1,680,102	\$332,554 - \$1,680,102
Median Annual Gross Sales	\$884,828	\$925,998
#/% Of Outlets Exceeding Average Gross Sales	8/50%	5/36%
Range Of Average Annual Net Sales	\$212,383 - \$1,556,949	\$266,352 - \$1,556,949
Median Annual Net Sales	\$812,532	\$828,936
#/% Of Outlets Exceeding Average Annual Net Sales	9/56%	5/36%
#/% Of Outlets with Total Controllable Expenses That Were Less Than and Net Controllable Income That Exceeded the Averages for The Covered Period	8/50%	7/50%

## **2. SALES AND CERTAIN EXPENSES OF FRANCHISED DROP STORES OPEN AT LEAST ONE YEAR AND AT LEAST THREE YEARS AS OF JUNE 30, 2021**

The following tables reflect the average sales, certain expenses, and net controllable income for the Covered Period for (1) 22 franchised Drop Stores that were open and operating for over one year as of June 30, 2021 and (2) 11 franchised Drop Stores that were open and operating for over three years as of June 30, 2021. The franchised Drop Stores use the prototypical business format and operating procedures for a Drop Store that we describe in this FDD. The franchised Drop Stores operate in suburban locations within greater metropolitan areas of U.S. cities. The 22 franchised Drop Stores open for more than one year had been in operation for an average of three years and seven months and the 11 franchised Drop Stores that were open and operating for over three years had been in operation for an average of five years and five months. The following tables exclude the performance of 12 franchised Drop Stores that had not operated for a full year as of June 30, 2021; 64 franchised Drop Stores that converted to Tide Cleaners beginning in June 2018; three franchised Drop Stores that previously changed ownership and ongoing format as part of a conversion beginning in June 2018; and one franchised Drop Store that changed ownership during the Covered Period.

	<b>DROP STORES OPENED OVER 1 YEAR (22 STORES)</b>	<b>DROP STORES OPENED OVER 3 YEARS (11 STORES)</b>
<b>Gross Sales<sup>1</sup></b>	<b>\$351,486</b>	<b>\$420,963</b>
Discounts <sup>2</sup>	(\$43,140)	(\$49,952)
<b>Net Sales<sup>2</sup></b>	<b>\$308,346</b>	<b>\$371,010</b>
<b>Expenses</b>		
Labor Cost and Taxes <sup>4</sup>	31%	25%
Marketing <sup>5</sup>	4%	4%
Utilities <sup>6</sup>	4%	3%
Repairs and Maintenance <sup>7</sup>	1%	1%
Miscellaneous Expenses <sup>8</sup>	13%	11%
<b>Total Controllable Expense</b>	<b>53%</b>	<b>44%</b>
<b>Net Controllable Income<sup>9</sup></b>	<b>47%</b>	<b>56%</b>
Royalty <sup>10</sup>	6.5%	6.5%
<b>Net Controllable Income Less Royalty<sup>11</sup></b>	<b>40.5%</b>	<b>49.5%</b>

The following table includes some key factors for the franchised Drop Stores opened over one year and the Drop Stores opened over three years during the Covered Period:

<b>Key Factors</b>	<b>Drop Stores Opened Over 1 Year (22 Stores)</b>	<b>Drop Stores Opened Over 3 Years (11 Stores)</b>
Range Of Average Annual Gross Sales	\$115,174 - \$1,156,501	\$223,713 – \$1,156,501
Median Annual Gross Sales	\$315,491	\$320,022
#/% Of Covered Outlets Exceeding Average Gross Sales	8/36%	4/36%
Range Of Average Annual Net Sales	\$93,277 - \$1,062,739	\$179,150 – \$1,062,739
Median Annual Net Sales	\$250,322	\$288,828
#/% Of Covered Outlets Exceeding Average Annual Net Sales	8/36%	4/36%
#/% Of Covered Outlets with Total Controllable Expenses That Were Less Than, And Net Controllable Income That Exceeded The Averages for The Covered Period	12/55%	7/64%

### **3. SALES OF FRANCHISED CONVERSION STORES OPEN FROM JULY 1, 2020 THROUGH JUNE 30, 2021**

The following tables reflect the average sales of 41 franchised Tide Cleaners Outlets that converted to Tide Cleaners (“Conversion Stores”) that were open and operating over one year as of June 30, 2021. The 41 Conversion Stores operate in suburban locations within greater metropolitan areas of U.S. cities. The tables consist of three Plant Stores and 38 Drop Stores. The following tables exclude the performance of: (1) 34 Conversion Stores that operate and record financials on a consolidated and not on an Outlet-by-Outlet basis; (2) three Conversion Stores that had not operated for a full year as of June 30, 2021; (3) one Non-Traditional Store; and (4) one Central Plant that does not record sales and only processes clothes.

	<b>3 CONVERSION PLANT STORES</b>	<b>38 CONVERSION DROP STORES</b>
<b>Average Annual Gross Sales</b>	<b>\$766,533</b>	<b>\$291,477</b>
Discounts	(\$68,181)	(\$18,896)
<b>Average Annual Net Sales</b>	<b>\$698,352</b>	<b>\$272,581</b>
Median Annual Gross Sales	\$783,208	\$286,586
Range Of Average Annual Gross Sales	\$407,091 - \$1,109,300	\$70,452 - \$697,455
#/% Of Covered Outlets Exceeding Average Gross Sales	2/67%	16/42%
Median Annual Net Sales	\$730,058	\$269,238
Range Of Average Annual Net Sales	\$372,811-\$992,188	\$66,445 – \$668,685
#/% Of Outlets Exceeding Average Annual Net Sales	2/67%	17/45%

### **Notes to All Financial Performance Representations**

1. “Gross Sales” means all revenue from all sales made from the Outlet’s point-of-sale system and all other revenue that was derived from operating the Outlet, including all amounts that were received at or away from the premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority.

2. “Net Sales” means Gross Sales that have been reduced by the amount of any documented refunds, credits, coupons, manager-authorized and/or customer loyalty program discounts, allowances, and chargebacks the Outlet in good faith gives to customers (“Discounts”). The average monthly Discount rate reflects the average Discounts, reflected as a percentage of the average Gross Sales for the Outlets. The #/% of Outlets Exceeding Average reflect the number and percentage of Outlets whose monthly Discount rate was lower than the average listed in the table.

3. “Cost of Sales” represents the costs for detergents, hangers, bags, and other supplies used to dry clean and launder garments. The Costs of Sales vary primarily based on the mix and volume of garments that the Plant Store processes. There are no “Cost of Sales” reported for the Drop Stores because the associated Servicing Plant Store dry cleans and launders the garments that customers bring to the Drop Stores, and we are unable to separate any Cost of Sales related to these garments from the Cost of Sales associated with garments from customers at the Servicing Plant Store.

4. “Labor Cost and Taxes” represents the salary or wages, benefits (if any), and payroll and other taxes for employees at the Outlets. Salary and wage rates might vary from market to market, and you alone will determine the terms and conditions of employment for your Outlet’s employees and the Outlet’s staffing decisions. Franchisees (or their owners) might serve as the general manager and/or assistant manager for their Outlets, and while this item reflects the amounts they reported to us for their labor costs, those costs might be higher or lower than market rates because of their status as owners of the franchised Outlets. This item also does not include other employment-related expenses, such as payroll processing fees and employee uniforms, which are covered as Miscellaneous Expenses.

“Labor Cost and Taxes” for Drop Stores only include salary or wages, benefits (if any), and payroll and other taxes for customer service representatives employed on site at the Drop Stores and do not include

salary or wages, benefits (if any), and payroll and other taxes for employees that process and produce the Drop Stores' garments at the associated Servicing Plant Store.

5. "Marketing" represents the amounts that the Outlets spent on advertising, marketing and promotional activities and includes each Outlet's contributions to the Advertising and Development Fund. You may need to spend more than the amounts listed in the table on marketing, particularly if your Outlet is in an area where there are fewer Tide Cleaners Outlets operating and the brand recognition is lower.

6. "Utilities" represents the costs for electric, gas, sewer, water, telephone/DSL connectivity and other utilities associated with each Outlet. Utility costs can vary widely from market to market. "Utilities" for Drop Stores do not include any utility costs incurred in processing and producing the Drop Store's garments, which occurs off-site at the associated Servicing Plant Store.

7. "Repairs and Maintenance" represents amounts for repairs, maintenance and replacement parts on the Outlets' equipment. The amount you will spend on repairs and maintenance for your Outlet will depend primarily on the type of equipment your Outlet has, the age and condition of the equipment, and the degree to which you maintain it on a regular basis. This figure does not include any costs to obtain the equipment, such as initial or ongoing payments for any leased equipment. "Repairs and Maintenance" for Drop Stores only includes the amount of repairs, maintenance, and replacement parts for more limited Drop Equipment (e.g., conveyors and touch boards).

8. "Miscellaneous Expenses" include but are not limited to amounts for customer claims, durable goods, cleaning supplies (such as floor cleaners and bathroom supplies), waste removal, landscaping, computer and other office supplies, software license and technology fees, employee uniforms, bank charges, business licenses, workers' compensation insurance, business insurance, third party service providers, delivery operation expenses, building and facility repairs and maintenance, and cash over/short.

9. "Net Controllable Income," which we reflect as a percentage, represents 100% of Net Sales less the percentages for all the controllable expenses listed in the tables. However, the controllable expenses in the tables do not reflect all the categories of costs and expenses associated with the Outlets or that you will incur in operating your Outlet. Some of these other costs include, for example, rent, real estate taxes, common area maintenance charges and other real property-related expenses, including any utility and insurance expenses that are paid to the landlord as part of the lease; legal, accounting and other professional fees; interest and other debt service costs, taxes (other than employment-related taxes included as part of Labor Costs and Taxes), depreciation and amortization. The controllable expense also does not include any return or compensation for the franchisee owning an Outlet, unless that franchisee works as a general manager or assistant manager and reports his or her compensation to us as part of Labor Costs and Taxes.

10. "Royalty" represents the Royalty Fee, calculated as 6.5% percent of Net Sales, as described in Item 6.

11. "Net Controllable Income" for Drop Stores does not include costs and expenses related to processing and producing the garments that customers bring to the Drop Store, including labor, supplies, and utilities used in the production of the garments. In addition to the other costs and expenses described in Note 8 above as not being factored into Net Controllable Income, if you develop a Drop Store, you will need to consider these production costs when planning for your Drop Store's (and associated Plant Store's) operations.

12. As of June 30, 2021, there were 228 Tide Cleaners Outlets operating in the United States. This financial performance representation excludes the performance of: (1) 39 franchised Tide Cleaners Outlets that do not operate from a physical presence and only offer delivery services; (2) 34 Conversion Stores that

operate and record financials on a consolidated and not on an Outlet-by-Outlet basis; (3) 13 franchised new Tide Cleaners Outlets that had not operated for a full year as of June 30, 2021; (4) four franchised Tide Cleaners Outlets that previously changed ownership and ongoing format as part of a conversion; (5) two franchised Outlets that changed ownership during the Covered Period; (6) 26 franchised Outlets that operated as Plant Stores that serviced one or more Drop Stores, Non-Traditional Stores, or Locker Locations (“Servicing Plant Stores”), which incur additional costs of sales, labor and utility expenses in servicing their associated Drop Stores, Non-Traditional Stores, and Locker Locations, and these additional expenses (and the difficulty in allocating the expenses between the Servicing Plant Stores and the Drop Stores and/or Non-Traditional Stores and/or Locker Locations) alter the Servicing Plant Stores’ stand-alone results; and (7) 14 company-operated Outlets.

13. We calculated the figures in these financial performance representations using information from the financial reports of the included Outlets, which our franchisees provided. Prospective franchisees and sellers of franchises should note that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form.

14. Written substantiation for these financial performance representations will be made available to the prospective franchisee upon reasonable request.

15. The Tide Cleaners Outlets presented have operated for at least a full year. These Tide Cleaners Outlets have developed brand recognition in their local markets and certain operating efficiencies that could increase Net Sales and decrease some controllable expenses. Your results will depend on many factors, some of which include competition, overall economic conditions, and your experience, marketing abilities, and skill in managing a business.

16. The financial performance representation figures do not reflect all the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the sales, costs and expenses you are likely to experience in operating a Tide Cleaners Outlet. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

**17. Some Tide Cleaners Outlets have earned this much. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any other 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 other than as we provide above, you should report it to the franchisor’s management by contacting Keri Morlock at 2 Procter & Gamble Plaza, TE-16, Cincinnati, Ohio 45202 or 513-340-6768, the Federal Trade Commission, and the appropriate state regulatory agencies.



**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary  
Plant Stores and Drop Stores  
For Years 2019 to 2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	57	125	+68
	2020	125	158	+33
	2021	158	201	+43
Company-Owned	2019	10	10	0
	2020	10	13	+3
	2021	13	13	0
Total Outlets	2019	73	133	+60
	2020	135	171	+36
	2021	171	214	+43

**Table No. 2**

**Transfers of Plant Stores and Drop Stores from Franchisees to New Owners  
(other than the Franchisor)  
For Years 2019 to 2021**

Outlet Type	Year	Number of Transfers
Colorado	2019	1
	2020	0
	2021	0
Illinois	2019	0
	2020	0
	2021	2
Total	2019	1
	2020	0
	2021	2

**Table No. 3**

**Status of Franchised Outlets  
Plant Stores<sup>1</sup> and Drop Stores  
For Years 2019 to 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Arizona	2019	3	19 <sup>1</sup>	0	0	0	0	22
	2020	22	0	0	0	0	0	22
	2021	22	0	0	0	0	0	22 <sup>2</sup>
Arkansas	2019	22	0	0	0	0	0	22
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Colorado	2019	1	0	0	0	0	0	1
	2020	1	4 <sup>1</sup>	0	0	0	0	5
	2021	5	1	0	0	0	0	6
Florida	2019	9	3 <sup>1</sup>	0	0	0	0	12
	2020	12	3	0	0	0	0	15
	2021	15	0	0	0	0	0	15
Georgia	2019	0	3	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	2	1
Illinois	2019	6	0	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	1 <sup>1</sup>	0	0	0	0	8
Indiana	2019	0	3 <sup>1</sup>	0	0	0	0	3
	2020	3	3 <sup>1</sup>	0	0	0	0	6
	2021	6	2 <sup>1</sup>	0	0	0	0	8
Kansas	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Missouri	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Michigan	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Minnesota	2019	3	2 <sup>1</sup>	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	3	0	0	0	0	8
Nebraska	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Nevada	2019	3	2	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
New Jersey	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	2 <sup>1</sup>	0	0	0	0	4
	2021	4	1	0	0	0	0	5
Ohio	2019	3	1	0	0	0	0	4
	2020	4	12 <sup>1</sup>	0	0	0	0	16
	2021	16	1	0	0	0	0	17 <sup>2</sup>
Oklahoma	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Pennsylvania	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Texas	2019	11	33 <sup>1</sup>	0	0	0	0	44
	2020	44	3 <sup>1</sup>	0	0	0	0	47
	2021	47	33	0	0	0	0	80 <sup>2</sup>
Utah	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Total	2019	57	68	0	0	0	0	125
	2020	125	33	0	0	0	0	158
	2021	158	45	0	0	0	2	201

NOTES

1. These Outlets include 4 conversions in Colorado, 43 conversions in Texas, 19 conversions in Arizona, 1 conversion in Florida, 5 conversions in Indiana, 12 conversions in Ohio, 1 conversion in North Carolina, 2 conversions in Minnesota, and 1 conversion in Illinois.

2. These Outlets include 35 Route Only Territories in Texas, 3 Route Only Territories in Arizona, and 1 Route Only Territory in Ohio.

**Table No. 4**

**Status of Company-Owned Outlets  
Plant Stores and Drop Stores  
For Years 2019 to 2021**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Georgia	2019	3	0	0	0	3	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Illinois	2019	3	0	0	0	0	3
	2020	3	2	0	0	0	5
	2021	5	0	0	0	0	5

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Nevada	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Ohio	2019	7	0	0	0	0	7
	2020	7	1	0	0	0	8
	2021	8	0	0	0	0	8
Totals	2019	13	0	0	0	3	10
	2020	10	3	0	0	0	13
	2021	13	0	0	0	0	13

**Table No. 5**

**Projected Plant Store and Drop Store Openings as of June 30, 2021**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OUTLETS IN IN NEXT FISCAL YEAR
California	1	0	0
Colorado	0	1	0
Florida	0	4	0
Idaho	0	1	0
Minnesota	1	2	0
New Jersey	0	1	0
Ohio	1	1	0
Texas	1	2	0
Utah	1	2	0
Totals	5	14	0

The numbers appearing in Tables 6 through 10 below relate to Non-Traditional Stores.

**Table No. 6**

**Systemwide Non-Traditional Outlet Summary  
For Years 2019 to 2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	10	11	+1
	2020	11	12	+1
	2021	12	13	0
Company-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	12	13	+1
	2020	13	14	+1
	2021	14	14	0

**Table No. 7**

**Transfers of Non-Traditional Outlets  
from Franchisees to New Owners (other than the Franchisor)  
For years 2019 to 2021**

State	Year	Number of Transfers
Total	2018	0
	2019	0
	2020	0

**Table No. 8**

**Status of Franchised Non-Traditional Outlets  
For Years 2019 to 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Minnesota	2019	5	1	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Nebraska	2019	5	1	0	0	0	1	5
	2020	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2021	5	0	0	0	0	0	5
Ohio	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total	2019	11	1	0	0	0	0	12
	2020	12	1	0	0	0	0	13
	2021	13	0	0	0	0	0	13

NOTES

1. One Outlet in Ohio is a Conversion.

**Table No. 9**

**Status of Company-Owned Non-Traditional Outlets  
For Years 2019 to 2021**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

**Table No. 10**

**Projected Non-Traditional  
Openings as of June 30, 2021**

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
All States	0	0	0
Totals	0	0	0

Exhibit J contains a list of: (1) our franchisees and the addresses and telephone numbers of their Tide Cleaners Outlets (or their contact information if their Tide Cleaners Outlets are not yet open); and (2) the name, city and state, and current business telephone number (or, if unknown, the last known home telephone or other contact number) of the two franchisees whose outlets were terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement and Development Rights Agreement during our last fiscal year ended June 30, 2021, or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years, we have not entered into agreements with our franchisees that contained confidentiality restrictions that would restrict their ability to speak openly about their experience with the Tide Cleaners franchise system.

The FAC's contact information is: Tide Cleaners Franchise Advisory Council, c/o Jerry DeFeo 2 Procter & Gamble Plaza, TE-16, Cincinnati, Ohio 45202; Mr. DeFeo may also be reached at defeo.jj@pg.com or (214) 491-7730. There are no other trademark-specific franchisee organizations associated with the Tide Cleaners Outlet franchise network.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Exhibit K contains our audited financial statements for the fiscal years ended June 30, 2019, June 30, 2020, and June 30, 2021.

## **ITEM 22**

### **CONTRACTS**

The following contracts/documents are exhibits to this disclosure document:

- B Confidential Disclosure Agreement
- C Development Rights Agreement
- D Franchise Agreement
- E Conversion Incentive Addendum
- F Development Incentive Program Addenda
- G Lease Rider
- I General Release
- M State-Specific Addenda

## **ITEM 23**

### **RECEIPT**

Our and your copies of the Franchise Disclosure Document Receipt are located at the last two pages of this disclosure document.



**EXHIBIT A-1**  
**LIST OF STATE ADMINISTRATORS**

## LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500          Toll Free: (866) 275-2677</p>	<p><b>NEW YORK</b>          New York State Department of Law          Investor Protection Bureau          28 Liberty Street, 21<sup>st</sup> Floor          New York, New York 10005          (212) 416-8285</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Department          State Capitol          Department 414          600 East Boulevard Avenue, Fifth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Office of the Attorney General          Franchise Bureau          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Office of the Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          State Corporation Commission          Division of Securities and Retail Franchising          1300 East Main Street, 9th Floor          Richmond, Virginia 23219          (804) 371-9051</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 1<sup>st</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Department of Financial Institutions          Securities Division – 3<sup>rd</sup> Floor          150 Israel Road, Southwest          Tumwater, Washington 98501          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**EXHIBIT A-2**  
**AGENTS FOR SERVICE OF PROCESS**

**AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500          Toll Free: (866) 275-2677</p>	<p><b>NEW YORK</b>          New York Secretary of State          New York Department of State          One Commerce Plaza,          99 Washington Avenue, 6<sup>th</sup> Floor          Albany, New York 12231-0001          (518) 473-2492</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Commissioner          State Capitol          600 East Boulevard Avenue, Fifth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Director of Department of Business Regulation          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Director of the Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Maryland Securities Commissioner          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          Clerk of the State Corporation Commission          1300 East Main Street, 1<sup>st</sup> Floor          Richmond, Virginia 23219          (804) 371-9733</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 1<sup>st</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Director of Department of Financial Institutions          Securities Division – 3<sup>rd</sup> Floor          150 Israel Road, Southwest          Tumwater, Washington 98501          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Commissioner of Commerce          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**EXHIBIT B**

**CONFIDENTIAL DISCLOSURE AGREEMENT**



### Confidential Disclosure Agreement

This agreement (“AGREEMENT”) is between Agile Pursuits Franchising, Inc., with offices located at Two Procter & Gamble Plaza, Cincinnati, Ohio 45202 (hereinafter referred to as “APFI”) and

\_\_\_\_\_ whose address is \_\_\_\_\_  
(hereinafter referred to as “RECEIVING PARTY”), individually referred to herein as “PARTY” and collectively referred to herein as “PARTIES.” The PARTIES will engage in discussions or other activities in connection with evaluation of a potential relationship hereinafter referred to as “PURPOSE.” In order for the PARTIES to explore their mutual interests, it may be necessary for APFI to disclose to RECEIVING PARTY technical, financial and other business information, which APFI considers confidential. As used herein “INFORMATION” means any and all information disclosed by APFI in conjunction with the PURPOSE. Said INFORMATION may include, but not be limited to, detailed information about the franchise and APFI’s business plans and interests related to the PURPOSE, methods, strategies, feasibility issues and market potential information.

1. **Obligation of Confidentiality.** APFI may, at its discretion, disclose INFORMATION to the RECEIVING PARTY. Such disclosures will be made upon the following conditions:
  - 1.1. INFORMATION disclosed will be received and held in confidence by the RECEIVING PARTY.
  - 1.2. The RECEIVING PARTY will take such steps as may be reasonably necessary to prevent the disclosure of INFORMATION to others except to its employees, representatives and advisors who are required to know the INFORMATION in conjunction with the PURPOSE and who are bound to the RECEIVING PARTY by a like obligation of confidentiality. The RECEIVING PARTY will inform all such employees, representatives and advisors of the confidential nature of the INFORMATION and will not provide or disclose the INFORMATION to any of its employees, representatives or advisors unless they agree to observe and comply with this AGREEMENT. The RECEIVING PARTY will be responsible for any breach of this AGREEMENT by any employee, representative or advisor.
  - 1.3. The RECEIVING PARTY will use the same degree of care regarding APFI’s INFORMATION as it uses in protecting and preserving its own confidential information of like kind to avoid disclosure or dissemination thereof, but in no event less than a reasonable degree of care.
  - 1.4. The RECEIVING PARTY will not utilize the INFORMATION beyond the PURPOSE without first having obtained the written consent of APFI.
2. **Exceptions to Obligation of Confidentiality.** The commitments set forth in Section 1 above (entitled “Obligation of Confidentiality”) and all subsections thereof, will not extend to any portion of INFORMATION, which:

- 2.1. is already in the RECEIVING PARTY's lawful possession at the time of disclosure by APFI, as established by relevant documentary evidence; or
  - 2.2. is or later becomes, through no act on the part of the RECEIVING PARTY, generally available to the public; or
  - 2.3. corresponds in substance to that furnished to the RECEIVING PARTY by any third party having no obligation of confidentiality, direct or indirect, to APFI; or
  - 2.4. corresponds to that furnished by APFI to any third party on a non-confidential basis; or
  - 2.5. is required to be disclosed by law or government regulation, provided that the RECEIVING PARTY provides reasonable prior notice of such required disclosure to APFI.
3. **Term of AGREEMENT and Termination of Obligation of Confidentiality.** This AGREEMENT will become effective and binding upon the last date of execution of this AGREEMENT, and will terminate one (1) year from such effective date. Notwithstanding such termination, the commitments set forth in Section 1 (entitled "Obligation of Confidentiality") and all subsections thereof will survive the termination date of this AGREEMENT and any extensions hereof.
4. **No Rights or Obligations by Implication.** Acceptance of this AGREEMENT will not carry with it any express or implied license under any intellectual property rights of APFI, nor does it obligate either PARTY to negotiate a cooperative arrangement of any kind with the other PARTY. Nothing contained herein will obligate either PARTY to purchase or supply equipment, materials, or services from or to the other.
5. **Notices.** All notices, authorizations, etc., relevant to this AGREEMENT will be personally served or sent by first class mail, postage pre-paid, to the respective PARTIES at the following addresses:

APFI:

Andrew Gibson  
 Agile Pursuits Franchising, Inc.  
 General Office – TE-16  
 Two Procter & Gamble Plaza  
 Cincinnati, OH 45202

With a Copy to:

Agile Pursuits Franchising, Inc.  
 Central Contracts  
 Global Intellectual Property Division  
 299 E. Sixth St., Floor 9  
 Cincinnati, OH 45202

RECEIVING PARTY:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

6. **Governing Law.** This AGREEMENT will be governed and construed in accordance with the laws of the State of Ohio, United States of America.

7. **Headings.** The headings or titles of sections or paragraphs appearing in this AGREEMENT are provided for convenience and are not to be used in construing this AGREEMENT.

The PARTIES, by their duly authorized representatives, hereby execute this AGREEMENT in duplicate with each PARTY receiving one (1) of the executed originals hereof.

ACCEPTED:

Very truly yours,

\_\_\_\_\_

AGILE PURSUITS FRANCHISING, INC.

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

By: \_\_\_\_\_  
Andrew Gibson  
President, APFI

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

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



**EXHIBIT C**

**DEVELOPMENT RIGHTS AGREEMENT**

**AGILE PURSUITS FRANCHISING, INC.**  
**TIDE CLEANERS**  
**DEVELOPMENT RIGHTS AGREEMENT**

**THIS DEVELOPMENT RIGHTS AGREEMENT** (the “Agreement”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“you” or “your”) as of the date signed by us and set forth opposite our signature on this Agreement (the “Effective Date”).

**RECITALS**

A. We and our affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a proprietary system (“System”) for the operation of retail businesses offering premium dry cleaning, laundering, and related fabric and garment care services and products. (“Tide Cleaners Outlets”). For purposes of this Agreement, “Tide Cleaners Outlets” means only traditional, full-service Tide Cleaners Outlets and Tide Cleaners Outlets operating under the “drop store” format, and does not include any other format of Tide Cleaners Outlet that we periodically develop.

B. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of Tide Cleaners Outlets, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for Tide Cleaners Outlets, all of which we may further improve and modify (collectively, the “Marks”) along with certain patented technologies for use in connection with Tide Cleaners Outlets.

C. You have received our most recently issued franchise disclosure document at least fourteen (14) calendar days before the Effective Date or otherwise acknowledge that the transaction to which this Agreement relates meets a United States federal and, if applicable, state-based exemption from laws and regulations governing the offer and sale of franchises in your jurisdiction.

D. We and you are signing this Agreement because you would like the right to develop and operate one (1) or more Tide Cleaners Outlets within a certain geographic area over a certain period of time, and we are willing to grant you such rights if you comply with this Agreement’s terms.

E. Concurrently with signing this Agreement, we and you or your Controlled Affiliate (as defined in Section 2.A) have signed a franchise agreement dated as of \_\_\_\_\_, 20\_\_ for the operation of a Tide Cleaners Outlet (the “Current Franchise Agreement”).

**1. GRANT OF DEVELOPMENT AND TERRITORIAL RIGHTS.**

A. Grant of Development Rights. Subject to the terms of this Agreement, and provided that you are in full compliance with this Agreement, we grant you (and/or any of your Controlled Affiliates) the right to develop \_\_\_\_\_ ( ) Tide Cleaners Outlet(s) according to the mandatory development schedule identified on Exhibit A to this Agreement (the “Schedule”), within the geographic area described on Exhibit B to this Agreement (the “Area”). In this Agreement, the term “Controlled Affiliate” means any corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least fifty-one percent (51%) of the total authorized ownership interests, as long as you or

such owner(s) have the right to control the entity's management and policies, and in each case approved by us.

B. Exclusivity. Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of the Controlled Affiliates) and us (or any of our affiliates), including the Current Franchise Agreement, then, during this Agreement's term only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a Tide Cleaners Outlet the physical premises of which are located within the Area.

C. Reservation of Rights. You acknowledge and agree that we may exercise any and all of the rights that we reserve in the Current Franchise Agreement (and related documents), including in Section 1.F of the Current Franchise Agreement. After this Agreement expires or is terminated (regardless of the reason), we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

## **2. DEVELOPMENT RIGHTS FEE.**

Simultaneously with signing this Agreement, you must pay us a "Development Rights Fee" of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), which is Ten Thousand Dollars (\$10,000) multiplied by the number of Tide Cleaners Outlets that you agree to develop under the Schedule. The Development Rights Fee is fully earned by us when this Agreement is signed and is non-refundable.

## **3. DEVELOPMENT OBLIGATIONS AND REQUIREMENTS.**

A. Development Obligations. To maintain your rights under this Agreement, you (and/or your Controlled Affiliates) must sign franchise agreements for, develop, and open for business the agreed-upon number of Tide Cleaners Outlets within the Area by the dates set forth on the Schedule. You or a Controlled Affiliate will operate each Tide Cleaners Outlet under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents) that you or your Controlled Affiliate will sign for each Tide Cleaners Outlet will be our then current form of franchise agreement and related documents, including, without limitation, personal guarantees (collectively, the "Franchise Documents"), any or all of the terms of which may differ substantially from the terms contained in the Current Franchise Agreement, except that the terms and conditions of the development incentive addendum attached to the Current Franchise Agreement (the "Development Incentive Addendum") will apply to all Franchise Documents you or your Controlled Affiliates sign for the Tide Cleaners Outlets you or your Controlled Affiliates develop under this Agreement.

B. Ongoing Compliance. To retain your rights under this Agreement, you or your Controlled Affiliate must develop, open and operate each Tide Cleaners Outlet within the Area in accordance with the Schedule and pursuant to the terms of the Current Franchise Agreement and/or Franchise Documents. If you do not have a location for one (1) or more of the Tide Cleaners Outlets you or your Controlled Affiliates must develop, open and operate pursuant to this Agreement, then this Section will govern the site selection, evaluation, and approval process.

### C. Site Evaluation and Approval Process.

(1) Site Selection Methods. You agree to select a site within the Area for each Tide Cleaners Outlet to be developed under the Schedule in one of the following two (2) ways:

i. You may submit a proposed site to us without using any brokers, third-party consultants or other third-party resources; or

ii. If you need third-party assistance to find a site, then you must use the brokers, third-party consultants or other third-party resources we designate, or another third party that you propose and we pre-approve in writing (collectively, the “Site Consultant”), to assist you in identifying and selecting a suitable proposed site. You acknowledge that the Site Consultant is solely responsible for its activities, communications, and information that it shares with you, and they are not activities, communications, or information from us.

(2) Site Suitability. You acknowledge and agree that, if we recommend, evaluate or give you or your Controlled Affiliate information regarding a site, the recommendation, evaluation, or information is not a representation or warranty of any kind, express or implied, of the site’s suitability for a Tide Cleaners Outlet or any other purpose. Our recommendation indicates only that we believe that the site meets, or that we have waived, our then acceptable criteria for Tide Cleaners Outlets. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we recommend or evaluate fails to meet your expectations. You acknowledge and agree that your acceptance of any site for a Tide Cleaners Outlet is based on your own independent investigation of the site’s suitability.

(3) Site and Franchisee Approval. You agree to give us all information and materials that we request to assess (i) each proposed site and (ii) your or your Controlled Affiliate’s financial and operational ability to develop and operate each proposed Tide Cleaners Outlet. We will not unreasonably withhold approval of any site you propose that meets our then current criteria for population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, appearance, and other physical and commercial characteristics. We will not unreasonably withhold approval of you or a Controlled Affiliate as the franchisee of a Tide Cleaners Outlet if you or the Controlled Affiliate meets our then current criteria for the financial and operational qualifications of Tide Cleaners Outlet franchisees. However, we have the absolute right to refuse to accept any site or disapprove you and any Controlled Affiliate that do not meet these criteria. We will use reasonable efforts to review and approve or disapprove the sites and approve or disapprove you or the Controlled Affiliates that you propose within thirty (30) days after we receive all requested information and materials.

D. Ownership or Lease of Tide Cleaners Outlets. You or your Controlled Affiliates must provide us evidence of your or their ability to occupy any site we approve for a Tide Cleaners Outlet either by signing a purchase agreement, or a lease or sublease for the site (each, a “Lease”), no later than one hundred eighty (180) days before the opening date of the Tide Cleaners Outlet set forth on the Schedule. (You or your Controlled Affiliates also agree to begin diligently pursuing any necessary permits and licenses as soon as practicable in order to satisfy your or their development obligations and be able to reasonably meet the prescribed timeline for opening.) Neither you nor your Controlled Affiliate may sign any Lease or purchase agreement for a site without our pre-approval of your (or your Controlled Affiliate’s) financial and operational ability to develop and operate the Tide Cleaners Outlet at such site. We have the right to approve the terms of any Lease before you (or your Controlled Affiliate) sign it. At our sole option, in the case of a lease or sublease, we may require that you (or your Controlled Affiliate) and the landlord of the site sign a rider to the Lease in a form that we specify (“Lease Rider”), which Lease Rider shall be incorporated as part of the Lease upon execution. Although we will not directly negotiate any Lease, a

Lease must be in a form acceptable to us and must contain certain required terms and provisions (some or all of which may be covered by the Lease Rider if we require it), including:

(1) A provision reserving to us the right to receive an assignment of the Lease upon termination or expiration of the Current Franchise Agreement or any Franchise Documents;

(2) A provision requiring the lessor to give us all sales and other information we request relating to the Tide Cleaners Outlet's operation;

(3) A provision requiring the lessor concurrently to send us a copy of any written notice of a Lease default sent to you or your Controlled Affiliate and granting us the right (but without any obligation) to cure any Lease default within fifteen (15) business days after the expiration of the cure period if you or your Controlled Affiliate fail to do so;

(4) A provision evidencing your or your Controlled Affiliate's right to display the Marks according to the specifications that we prescribe (subject only to applicable law); and

(5) A provision that the site may be used only for the operation of a Tide Cleaners Outlet.

You acknowledge that our approval of a Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Tide Cleaners Outlet operated at a site. Our approval indicates only that we believe that the site and the Lease's terms meet our then acceptable criteria. You or your Controlled Affiliate must deliver to us a signed copy of each Lease within seven (7) days after its execution, including the signed Lease Rider if we require it.

E. Franchise Documents. Within thirty (30) days after you (or your Controlled Affiliate) sign a Lease or purchase agreement for a site at which to develop and operate a Tide Cleaners Outlet, you or your Controlled Affiliate (and your or its owners) must sign Franchise Documents for the Tide Cleaners Outlet to be developed at that site. If you or your Controlled Affiliate (and such owners) do not do so, then we may withdraw our approval for such site. After you (or your Controlled Affiliate) sign Franchise Documents for a particular Tide Cleaners Outlet, the terms and conditions of the Franchise Documents will control the further development and operation of that Tide Cleaners Outlet.

F. Extensions. During the term of this Agreement, we may, in our sole judgment, grant you extensions on any of the prescribed deadlines in this Agreement. You must request from us an extension of the applicable deadline at least fourteen (14) calendar days before the deadline date. If we grant an extension on any deadline, we will determine the amount of the extension fee and the length of the extension in our sole judgment. We may consider a variety of factors in whether we grant an extension, including the diligence you have shown in developing the Tide Cleaners Outlet(s). You must pay us our then current lump-sum extension fee (Two Thousand Five Hundred Dollars (\$2,500) per month as of the Effective Date, but may change during Term) for each extension at the time of your (or your Controlled Affiliate's) extension request to compensate us for our costs, expenses and lost opportunities related to the proposed extension. We will deem each extension request granted and the extension fee fully earned and non-refundable unless we notify you (or your Controlled Affiliate) otherwise on or before the prescribed deadline date. Extensions do not change any date(s) listed on the Schedule, other than the particular date(s) then being adjusted by the extension.

**4. NO SUBLICENSING OR OTHER RIGHTS.**

This Agreement does not grant you any right to license others to operate Tide Cleaners Outlets. Only you or your Controlled Affiliates may open and operate Tide Cleaners Outlets pursuant to this Agreement and only under Franchise Documents with us. This Agreement is not a franchise agreement and does not grant you the right to engage in the business of offering, selling or distributing goods and services under the Marks, or to use the Marks in any manner. These rights are granted only by franchise agreements signed by you or your Controlled Affiliates, and us. Subject to Section 7(b) below, any and all Franchise Documents are independent of this Agreement.

**5. TERM.**

This Agreement's term begins on the Effective Date and ends on the date when (a) the final Tide Cleaners Outlet under the Schedule opens for business, or (b) this Agreement otherwise is terminated.

**6. TERMINATION.**

We may terminate this Agreement and your right to develop additional Tide Cleaners Outlets within the Area at any time, effective upon delivery of written notice of termination, if: (a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this Agreement, which defaults you have no right to cure; or (b) the Current Franchise Agreement or any Franchise Documents between us and you (or any Controlled Affiliate) for a Tide Cleaners Outlet is terminated by us or you (or the Controlled Affiliate) for any reason.

**7. TRANSFER.**

You (and each of your owners) acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your owners') individual and collective character, skill, business acumen, financial capability and ability to operate Tide Cleaners Outlets according to our standards. These rights are personal to you and your owners. Therefore, you and your owners may not transfer (as defined in the Current Franchise Agreement) this Agreement or any of your ownership interests (whether directly or indirectly). We may transfer this Agreement or any of our ownership interests without restriction.

**8. INCORPORATION OF OTHER TERMS.**

Section 11 of the Current Franchise Agreement, entitled "Confidential Information and Covenants," and Sections 16 through 22 of the Current Franchise Agreement, entitled "Relationship of the Parties/Indemnification," "Enforcement," "Construction," "Notices and Payments," "Compliance with Anti-Terrorism Laws" and "Electronic Mail," respectively, including, without limitation, the arbitration obligations under Section 17.E of the Current Franchise Agreement, are incorporated by reference in this Agreement and will govern all aspects of this Agreement and your and our relationship as if fully restated within the text of this Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**DEVELOPER:**  
**[DEVELOPER ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Agreement)

**EXHIBIT A**

**TO THE DEVELOPMENT RIGHTS AGREEMENT**

You agree to open \_\_\_\_\_ ( ) Tide Cleaners Outlets within the Area, including the Tide Cleaners Outlet developed or to be developed under the Current Franchise Agreement, according to the following Schedule:

<b>Outlet Number</b>	<b>Outlet Opening by (Date)</b>	<b>Cumulative Number of Tide Cleaners Outlets To Be Opened and Operating No Later Than the Opening Date (in Previous Column)</b>



**EXHIBIT B**

**TO THE DEVELOPMENT RIGHTS AGREEMENT**

The Area is defined as the entire territory encompassed by \_\_\_\_\_ in the State of \_\_\_\_\_. If the Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Area is depicted on the map attached to this **Exhibit B**. However, if there is an inconsistency between the language in this **Exhibit B** and the attached map, the language in this **Exhibit B** shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

## MAP OF AREA

**EXHIBIT D**

**FRANCHISE AGREEMENT**

**AGILE PURSUITS FRANCHISING, INC.**  
**TIDE CLEANERS FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**EFFECTIVE DATE OF AGREEMENT**

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**OUTLET ADDRESS**

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**EXHIBITS**

EXHIBIT A – LISTING OF OWNERSHIP INTERESTS

EXHIBIT B – FRANCHISE INFORMATION

EXHIBIT C – FRANCHISEE CONSENT TO VENDOR INFORMATION SHARING

GUARANTY AND ASSUMPTION OF OBLIGATIONS

**AGILE PURSUITS FRANCHISING, INC.**  
**TIDE CLEANERS FRANCHISE AGREEMENT**

**THIS TIDE CLEANERS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“Franchisor,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth beneath our signature on this Agreement (the “Effective Date”).

**RECITALS**

A. We and our affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a proprietary system (“System”) for the operation of retail businesses offering premium dry cleaning, laundering, and related fabric and garment care services and products. (“Tide Cleaners Outlets”).

B. The distinguishing features of the System include our proprietary cleaning agents, detergents, solvents, formulas, equipment, devices, and related products that we, our affiliates, and/or designated third parties own, have developed, or may develop and authorize for use or sale in connection with Tide Cleaners Outlets (“Proprietary Products”), which include products marketed under trademarks that we or our affiliates own, which products currently are generally available and that you may purchase through third party wholesale or retail sources, subject to our then current System Standards (as defined below); our proprietary know-how, techniques, procedures, cleaning methods, dosing systems, technologies, and related processes that we, our affiliates and/or designated third parties own, have used, or may use to develop the products and services (including the Proprietary Products) offered by Tide Cleaners Outlets and that we or they authorize for use in connection with Tide Cleaners Outlets (“Proprietary Processes”); and our designs, signs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.

C. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of Tide Cleaners Outlets, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for Tide Cleaners Outlets, all of which we may further improve and modify (collectively, the “Marks”) along with certain patented technologies for use in connection with Tide Cleaners Outlets.

D. Tide Cleaners Outlets may be operated in several different formats including a “Plant Store”, which is a facility that is consumer-facing and that provides on-site garment treatment and handling services using Plant Store equipment on-premises; a “Central Plant Store”, which is a facility that is not consumer-facing and that provides on-site garment treatment and handling services using Plant Store equipment on-premises; a “Drop Store” is a facility that is consumer-facing that uses an associated Plant Store to provide the garment cleaning and treatment services on customer orders; and a “Neighborhood Drop Store”, which is a facility operating in a small storefront with a reduced equipment package that is consumer-facing that uses a associated Plant Store to provide the garment cleaning and treatment services on customer orders.

E. You would like to obtain the right to establish and operate a franchised Tide Cleaners Outlet in the store format identified on the attached **Exhibit B** in full compliance with our proprietary business reference manuals (collectively, the “Manual”), which contains our mandatory and suggested

specifications, standards, operating procedures, and rules (“System Standards”) that we periodically specify for the operation of a Tide Cleaners Outlet in order to maintain the high and consistent quality that is critical to attracting and keeping customers for Tide Cleaners Outlets.

NOW THEREFORE, In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

## 1. **GRANT OF FRANCHISE AND TERM.**

A. **Grant.** Subject to the terms and conditions set forth in this Agreement, we grant you the non-exclusive right (the “Franchise”) and you undertake the obligation to establish and continuously operate a franchised Tide Cleaners Outlet (the “Outlet”) in the store format and at the location identified in the attached **Exhibit B** (the “Franchised Location”) and a license to use the Marks and the System solely in connection with the Outlet. (If the exact location of the Franchised Location is unknown as of the Effective Date, the location will be determined in accordance with the Development Rights Agreement (as defined in Section 1.B).) You may use the Franchised Location only for the Outlet. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote the Outlet.

B. **Development Rights Agreement.** Before or concurrently with signing this Agreement, you or your affiliate have also signed a development rights agreement with us under which we grant you or your affiliates the right to develop the Outlet, and if applicable, additional Tide Cleaners Outlets under the System within a defined geographic area (the “Development Rights Agreement”). If you have not selected, or we have not approved, the location of the Outlet as of the Effective Date, then the Development Rights Agreement will govern the site selection, evaluation and approval process for the Outlet.

C. **Initial Term.** Unless terminated sooner as provided in this Agreement, the initial term (“Term”) of this Agreement expires on the tenth (10th) anniversary of the date the Outlet opens for business under the Marks. Your right to seek a successor franchise agreement for an additional term are set forth in Section 13.

D. **Territorial Rights.** We describe the Outlet’s territory (the “Territory”) in **Exhibit B**. The Territory is determined in our sole judgment considering a range of factors that we deem relevant, which might include geographic area, population density, character of neighborhood, location, and number of competing businesses. You agree that our determination of the Territory, as described on **Exhibit B**, is final. Provided that you are in full compliance with this Agreement, then beginning on the Effective Date and continuing throughout the Term, we and our affiliates will not operate or grant a franchise for the operation of another Tide Cleaners Outlet the physical premises of which are located within the Territory.

E. **Rights We Reserve.** Except as expressly limited by Section 1.D, we and our affiliates retain all rights with respect to Tide Cleaners Outlets, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(1) the right to provide, offer and sell, and to grant others the right to provide, offer and sell (except as specifically set forth in Section 1.D), products or services that are similar or dissimilar to and/or competitive with those provided at Tide Cleaners Outlets (such as home delivery dry cleaning businesses or other fabric or textile cleaning services), whether identified by the Marks or other trademarks or service marks, regardless of the method of distribution, inside and outside the Territory and on any terms and conditions we deem appropriate;

(2) the right to establish and operate, and to grant to others the right to establish and operate, retail businesses offering premium dry cleaning, laundry, and related fabric care services and products, or any similar or dissimilar products and services, that are not primarily identified by the Marks, both inside and outside the Territory and on any terms and conditions we deem appropriate;

(3) the right to operate, and to grant others the right to operate, Tide Cleaners Outlets the physical premises of which are located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Outlet;

(4) the right to merchandise and distribute products and services identified by the Marks at any location other than the Franchised Location through any method or channel of distribution, including through e-commerce, retail stores, grocery stores, club stores, and similar retail outlets;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Tide Cleaners Outlets, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Tide Cleaners Outlets, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses (as defined in Section 11.C.(2)) in the Territory.

F. Reasonable Business Judgment. We have the right to operate, develop and change the System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in the best interests of us or our affiliates, Tide Cleaners Outlets generally, or the System at the time our decision is made, without regard to whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our or our affiliates' financial or other individual interest. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval.

G. Forms of Agreement. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and our affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

## **2. DEVELOPMENT AND OPENING OF THE OUTLET.**

A. Ownership Or Lease Of Franchised Location; Relocation. Before signing this Agreement, and pursuant to the lease or purchase agreement conditions in the Development Rights Agreement, you signed a purchase agreement, or a lease or sublease for the Franchised Location (the "Lease"). You may not operate the Outlet at any site other than the Franchised Location and may not relocate the Outlet without our prior written consent, which may be withheld by us in our sole discretion. If we approve a relocation of the Outlet, we shall have the right to charge you for all reasonable expenses actually incurred in connection



with consideration of the relocation request and we may condition our approval upon the payment of an agreed minimum Royalty (as defined in Section 3.B) to us during the period in which the Outlet is not in operation. You must open and begin operating the Outlet at the new site we approve within one hundred eighty (180) days after you receive our approval.

B. Lease Terms. We have the right to approve the terms of any Lease before you sign it. At our sole option, in the case of a lease or sublease, we may require that you and the landlord of the site sign a rider to the Lease in a form that we specify (“Lease Rider”), which Lease Rider shall be incorporated as part of the Lease upon execution. You must deliver to us a signed copy of each Lease and any amendment or renewal thereof, within seven (7) days after its execution, including the signed Lease Rider if we require it. Although we will not directly negotiate any Lease, a Lease must be in a form acceptable to us and must contain certain required terms and provisions (some or all of which may be covered by the Lease Rider if we require it), including:

(1) A provision reserving to us the right to receive an assignment of the Lease upon termination or expiration of this Agreement;

(2) A provision requiring the lessor to give us all sales and other information we request relating to the operation of the Outlet;

(3) A provision requiring the lessor concurrently to send us a copy of any written notice of a Lease default sent to you and granting us the right (but without any obligation) to cure any Lease default within fifteen (15) business days after the expiration of the cure period if you fail to do so;

(4) A provision evidencing your right to display the Marks according to the specifications that we prescribe (subject only to applicable law); and

(5) A provision that the site may be used only for the operation of a Tide Cleaners Outlet.

C. Development of the Outlet.

(1) You are responsible for developing the Outlet in accordance with the terms and conditions contained in this Agreement. We or our designees may, at any time and from time to time (but in no way limiting or affecting your responsibility for developing the Outlet), provide certain support and assistance in the development and start-up of the Outlet.

(2) We will give you mandatory and suggested specifications and layouts for a Tide Cleaners Outlet in the store format identified on **Exhibit B**, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations for persons with disabilities. It is your responsibility, though we may assist, to prepare a site survey and all required construction plans and specifications to suit the Outlet premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

(3) While we or our designee may provide project management assistance with respect to the construction of the Outlet, you agree to send us construction plans and specifications for review before you begin constructing the Outlet and all revised or “as built” plans and specifications during

construction. You are responsible for selecting the architect and/or general contractor (collectively, the “Builder”), which Builder must be one of our pre-approved vendors or another vendor that you present and we approve in our sole judgment, to design and construct the Outlet. Because our review is limited to ensuring your compliance with our design requirements, it might not assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with these laws is your responsibility. If we approve and authorize you to use an architect that is not one of our pre-approved vendors, you must pay us a plan review fee in the amount of Four Thousand Dollars (\$4,000) (the “Plan Review Fee”) to review your construction plans and specifications. We may inspect the Franchised Location while you are developing the Outlet.

(4) You agree to take, at your own expense, all actions relating to the development of the Outlet at the Franchised Location, including the following:

- (a) securing all financing required to develop and operate the Outlet;
- (b) obtaining all required building, utility, sign, health, sanitation, business, and other permits and licenses;
- (c) constructing all required improvements to the Franchised Location and decorating the Outlet according to approved plans and specifications;
- (d) obtaining all necessary civil engineering and other services necessary in connection with the design and construction of the Outlet in accordance with this Agreement and applicable plans, specifications, permits, licenses, and regulations;
- (e) obtaining all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- (f) purchasing or leasing, and installing, all required fixtures, furniture, machines, equipment (including required or recommended Computer System (as defined in Section 2.F)), furnishings, and signs (collectively, “Operating Assets”) for the Outlet; and
- (g) purchasing an opening inventory of authorized and approved Proprietary Products, agents, detergents, materials, supplies, and other products to operate the Outlet.

D. Project Management Oversight. In connection with the foregoing, we, our affiliates or third parties we designate shall assist with, and provide oversight concerning, the development and construction of the Outlet in compliance with this Agreement and other aspects of the Outlet’s development. The assistance will include in-depth site evaluation, real estate market analysis, demographics analysis, and program management related to coordinating negotiations, vendor management, floor plan layout, equipment layout and construction management. Notwithstanding the foregoing, you (and not we) are responsible for the performance of the Builder and subcontractors you must hire to develop and maintain the Outlet, and our project management of the site does not assess the site’s compliance with federal, state, or local laws and regulations.

E. Operating Assets.

(1) You agree to use in the operation of the Outlet only those Operating Assets that we periodically approve for Tide Cleaners Outlets as meeting our specifications and standards for quality, design, appearance, function, and performance. You may not install or otherwise operate at the Franchised Location any unauthorized vending or lotto machines or other Operating Assets that we have not authorized.

You agree to place or display at the Franchised Location (interior and exterior), and on any Vehicles (as defined in Section 2.E.(2)) only the signs, emblems, lettering, logos, and display materials and products that we prescribe or otherwise approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates). If we approve and authorize you to use a sign vendor that is not one of our pre-approved vendors, you must pay us a sign layout review fee in the amount of Five Hundred Dollars (\$500) (the "Sign Layout Review Fee") to review your sign layout and artwork.

(2) In connection with your operation of the Outlet, you agree to acquire (whether by purchase or lease) possession within thirty (30) days after you sign the Lease for the Franchised Location a vehicle that we approve to be used throughout the Term for transportation of garments, products, and related items and other needs (the "Vehicle"). Notwithstanding the foregoing, if the Outlet is operating as a Plant Store, you will not be required to acquire a Vehicle until you open a Drop Store or start offering Delivery Services. The Vehicle is deemed a part of the Operating Assets for the Outlet, and you must brand the Vehicle with the Marks and acquire and maintain sufficient insurance coverage for the Vehicle, as we prescribe throughout the Term. We must approve your Vehicle as satisfying our then current System Standards or other specifications we then prescribe, including but not limited to make and model of the Vehicle, required insurance coverage, and exterior wrap design of the Vehicle acquired from an approved vendor, before we authorize you to open the Outlet under Section 2.G below.

F. Computer System.

(1) You agree to obtain and use the computer hardware, maintenance and operation systems, point of sale systems, and/or operating software we specify from time to time (the "Computer System"). You must maintain the continuous operation of the Computer System. You also agree to maintain a functioning e-mail address. We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service, maintenance and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining Term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly.

(2) You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we, our affiliates, or third parties develop or maintain, on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you upfront or ongoing fees for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during this Agreement's Term. You agree not to modify, delete, or change any software or hardware configurations that we or our designated supplier(s) (which may include our affiliates) license or otherwise provide to you, without our advanced written consent.

(3) Notwithstanding your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (a) the

acquisition, operation, maintenance, and upgrading of the Computer System; (b) the manner in which your Computer System interfaces with our and any third party's computer system; and (c) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You acknowledge that we may have unlimited, independent access to customer or financial data generated by or through the Computer System in accordance with this Agreement.

G. Outlet Opening. You agree not to open the Outlet until:

(1) we notify you in writing that the Outlet meets our then current standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Outlet complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);

(2) your Managing Owner (as defined in Section 10.B) and your designated trainee(s) satisfactorily complete our initial training program;

(3) you pay the Initial Franchise Fee (as defined in Section 3.A) and other amounts then due to us;

(4) we approve any Vehicle you acquired as satisfying our then current System Standards or other specifications; and

(5) you provide us certificates for all required insurance policies.

(6) Subject to your compliance with these conditions, you agree to open the Outlet for business no later than the opening deadline set forth in the development schedule on Exhibit A of the Development Rights Agreement. The date upon which you begin operating the Outlet pursuant to this paragraph and this Agreement shall be deemed the "Opening Date."

H. Extension Of Deadlines. We may grant you, according to our reasonable business judgment, extensions on the prescribed deadlines for site evaluation and approval, securing the Lease, and opening the Outlet as required in this Section 2. You must request from us an extension of the applicable deadline at least fourteen (14) calendar days before the occurrence of the deadline date. If we grant an extension on any deadline, we will determine the amount of the extension fee and the length of the extension at our sole option. We may consider a variety of factors in whether we grant an extension, including the diligence you have shown in developing the Outlet. You must pay us our then current lump-sum extension fee (which is Two Thousand Five Hundred Dollars (\$2,500) per month as of the Effective Date and which may change during Term) for each extension at the time of your extension request to compensate us for our costs, expenses and lost opportunities related to the proposed extension. Unless we notify you otherwise on or before the deadline date, your extension request will be deemed granted and the extension fee fully earned and non-refundable by us. Extensions do not change any date(s) included in the development schedule on Exhibit A of the Development Rights Agreement, other than the particular date(s) then being adjusted by the extension.

### 3. FEES.

A. Initial Franchise Fee. You agree to pay us a non-recurring and non-refundable lump-sum initial franchise fee in the amount set forth on Exhibit B of this Agreement ("Initial Franchise Fee"). The Initial Franchise Fee is paid for our costs of evaluating your credentials as a prospective franchisee and

otherwise assisting you in the application process to acquire your Franchise; upfront costs associated with certain support and assistance in the location and development of the Outlet, including site selection, lease negotiations, real estate committee review, site tours, design and layout, construction and project management, equipment and supplier support; and certain support and assistance in the start-up and opening of the Outlet, including training, vendor support, technology setup, and other support; and the license to use the System and the Marks during the term of this Agreement. The Initial Franchise Fee is due in full, and fully earned by us, ninety (90) days prior to opening the Outlet.

B. Continuing Service And Royalty Fee.

(1) You agree to pay us, in the manner provided below (or as the Manual otherwise prescribes), a weekly Continuing Service and Royalty Fee (the “Royalty”) equal to six and one-half percent (6.5%) of the Net Sales (as defined below) of the Outlet. On or before Thursday of each week, you agree to send us, on a form we approve (or as we otherwise direct), a signed statement of the Net Sales of the Outlet for the previous week ended. Each weekly statement of Net Sales must be accompanied by the Royalty due for that week, except where the conditions and procedures for electronic payment pursuant to Section 3.F below may apply. As used in this Agreement, a “week” means the seven (7) consecutive calendar-day period beginning on Monday and ending at the close of the Outlet’s daily operations the following Sunday. In lieu of submitting a weekly statement of Net Sales, you agree that we may elect to extract your Net Sales data from the Computer System and debit the Royalty in accordance with Section 3.F on the basis of the Net Sales reflected therein.

(2) As used in this Agreement, the term “Net Sales” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the operation of the Outlet, including all amounts that you receive at or away from the Franchised Location including through Delivery Services (as defined in Section 5.H), whether the sales method is permitted or not, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions but (a) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and (b) reduced by the amount of any documented refunds, credits, coupons, manager-authorized and/or customer loyalty program discounts, allowances, and charge-backs the Outlet in good faith gives to customers. We reserve the right to modify our policies consistent with industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Net Sales” as circumstances, business practices, and technology change.

C. Fund Contribution. You must make a non-refundable contribution to our Advertising and Development Fund in the amount that we specify from time to time (the “Fund Contribution”), which as of the Effective Date equals two percent (2%) of the Outlet’s Net Sales for the previous week, payable at the same time and in the same manner as the Royalty or in such other manner as we periodically specify. We have the right to increase the amount of the Fund Contribution.

D. Technology Support Fee. You must pay a monthly technology support fee to us in the amount specified in the Manual (the “Technology Support Fee”) that we may use to provide technical support, digital menu board support, store hardware support, reporting, website management, and general funds for technology innovations and other technological advances. We reserve the right to increase the Technology Support Fee at any time and the increase shall be effective no sooner than thirty (30) days after we notify you of the increase in writing.

E. Application Of Payments. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold

payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

F. Payment Method And Timing.

(1) Before the Outlet opens, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Fund Contributions, and other amounts due under this Agreement and for certain specified purchases you make from us and/or our affiliates (the "Account"). We will debit the Account for these amounts on or after their due dates. You agree to ensure that funds are available in the Account to cover our withdrawals. If there are insufficient funds in the Account to cover any such amount owed, we will charge you a processing fee of One Hundred Dollars (\$100) to compensate us for our additional administrative expenses we incur in connection with your failure to maintain sufficient funds in the Account .

(2) If you fail to report the Outlet's Net Sales, we may debit your Account for one hundred twenty percent (120%) of the last Royalty and Fund Contribution that we debited. If the amounts that we debit from your Account are less than the amounts you actually owe us (once we have determined the Outlet's true and correct Net Sales), we will debit your Account for the balance on the day we specify. If the amounts that we debit from your Account are greater than the amounts you actually owe us, we will credit the excess, without interest, against the amounts we otherwise would debit from your Account during the following week(s).

(3) We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever we deem appropriate, and you agree to comply with our payment instructions. We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of the Royalty, Fund Contributions and other amounts payable to us under this Agreement.

G. Late Fees And Interest. If you fail to pay (or make available for withdrawal from your Account) any amounts you owe us for any reason, those amounts will bear interest accruing as of their original due date at one and one half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your Account automatically for such interest. You acknowledge that this Section 3.G is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Outlet.

H. Other Funds Due. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4. TRAINING AND ASSISTANCE.

A. Initial Training.

(1) If the Outlet is your first Tide Cleaners Outlet, then after signing this Agreement and before the Outlet opens, your Managing Owner must attend a Owner Training Academy (the "OTA") at our designated training facility.

(2) Before the Outlet opens for business, we will train the number of trainees that are specified for the store format of your Outlet that is specified on **Exhibit B** (if this is your first Tide Cleaners Outlet, this will include your Managing Owner) and who are designated by you on the material aspects of operating a Tide Cleaners Outlet. We will provide the initial training program at a designated training

facility of our choice and/or at an operating Tide Cleaners Outlet. Our initial training program currently spans approximately five (5) weeks (excluding the OTA and the pre-opening period during which one (1) or more of our representatives may assist in the Outlet's opening, as further discussed below in Section 4.B). The initial training program consists of self-directed, computer-based training courses that your trainee(s) will complete using our web portal at their own location and/or at the training facility, classroom instruction that we conduct at our corporate offices or a designated training facility of our choice, and on-the-job training at an existing Tide Cleaners Outlet or other location we designate. Your designated trainee(s) must successfully complete the self-directed, computer-based training, including any associated knowledge checks or assessments of proficiency that we then require, in order to attend the classroom and on-the-job portions of the initial training program. We may modify any aspect of the initial training program at any time.

(3) If any trainee does not feel sufficiently trained in the operation of a Tide Cleaners Outlet, or if we, in our sole judgment, believe that your trainees are not sufficiently trained in the operation of a Tide Cleaners Outlet, then we may provide additional training at the end of the initial training program at our then-applicable charges for your trainee(s) and our training personnel (collectively, the "Additional Training Fee"). We and you will jointly determine the duration of this additional training. However, if your designated trainee(s) satisfactorily complete our initial training program (excluding the opening phase discussed below in Section 4.B) and your Managing Owner has not expressly informed us at the end of the program that your trainee(s) do not feel sufficiently trained in the operation of a Tide Cleaners Outlet, then your trainee(s) will be deemed to have been trained sufficiently to operate a Tide Cleaners Outlet.

(4) Additional people beyond your designated trainee(s) may attend initial training if you pay our then-current training charge(s) for each additional trainee. You also agree to pay for all travel and living expenses that your designated trainee(s), owners and other employees incur and for their wages and workers' compensation insurance while they attend any training program.

(5) Your Managing Owner and designated trainee(s) must complete the initial training program to our satisfaction before you open the Outlet for business. If we determine that your Managing Owner or your designated trainee(s) cannot complete initial training to our satisfaction, we may terminate this Agreement.

#### B. Opening Assistance.

(1) When the Outlet is ready to open for business, we will send the number of our representatives specified in **Exhibit B** to the Outlet for the period of time specified in **Exhibit B** to assist with its opening. The duration of the representative's assistance will depend on our opinion of your ability, experience, and needs. Your Managing Owner and your employees at the Outlet also must successfully complete this final phase of the initial training program.

(2) If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then-applicable Additional Training Fee and other charges, including our personnel's travel and living expenses.

#### C. Ongoing Training.

(1) We may require your Managing Owner and/or other previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate including our quarterly webcasts via webinar. We may charge reasonable registration or similar fees for these courses. We will not require attendance for

more than a total of ten (10) days during a calendar year. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs.

(2) Besides attending these courses, you agree to send at least two (2) representatives (which can be your Managing Owner and one of your manager-level employees) to attend annual and/or regional conventions and meetings at a location we designate. Attendance will not be required at a convention for more than three (3) days during any calendar year. We may charge reasonable registration fees for these conventions and meetings. You agree to pay all costs incurred by your representatives to attend the conventions and meetings.

(3) You agree to assist us in training other Tide Cleaners Outlet franchise owners. We will reimburse your out-of-pocket expenses for providing this assistance as we may direct.

(4) You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify at any time and from time to time.

(5) If we conduct an assessment and your Outlet does not meet our operating standards and requirements, then in addition to your agreement to remedy all of the deficiencies found, we will have the right to conduct additional assessments and to conduct additional training for you at your Outlet, and you agree to pay our then-current training fee (presently, Five Hundred Dollars (\$500) per day per trainer) for such training (plus reasonable travel expenses).

D. General Guidance.

(1) We will advise you, at any time and from time to time, regarding the Outlet's operation based on your reports or our assessments and will guide you with respect to: (a) standards, specifications, and operating procedures and methods that Tide Cleaners Outlets use; (b) purchasing required and authorized Operating Assets, Proprietary Products, and other items; (c) advertising and marketing materials and programs; (d) supervisory employee training methods and procedures (although you are solely responsible for the terms and conditions of employment of all Outlet employees); and (e) administrative, bookkeeping, accounting, and inventory control procedures.

(2) We will guide you in our Manual; in bulletins, broadcast communications or other written materials; by electronic media; by telephone consultation; and/or at our office or the Outlet. If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses.

E. The Manual.

(1) We agree to provide you with access to one (1) copy of our Manual before the starting date of the initial training program for the duration of the Term and at no additional charge to you. The Manual could include audio/video recordings, other electronic media, and/or written materials, and contains the System Standards that we periodically specify for operating a Tide Cleaners Outlet and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards.

(2) We and you agree that any materials or guidance that we provide with respect to employment-related policies or procedures, whether in the Manual or otherwise, are solely for your optional use. Any such materials or guidance do not form part of the System Standards. You will determine to what extent, if any, these materials or guidance should apply to your employees and Outlet operations. We and



you recognize that we neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Tide Cleaners Outlet employees or customers. You are solely responsible for determining the terms and conditions of employment for your employees and for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of the Outlet's labor relations and employment practices.

(3) At our option, we may post some or all of the Manual on a restricted website or intranet to which you will have access. If we do so, you agree to monitor and access the website or intranet for any updates to the Manual or System Standards. We or our designee will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted website or intranet. Any passwords or other digital identifications necessary to access the Manual on a website or intranet will be deemed to be Confidential Information (as defined in Section 11.A).

(4) You agree to keep your copy of the Manual current and communicate all updates to your employees in a timely manner. You agree to keep all parts of the Manual in a secure location and restrict access to any passwords we provide to you or you develop for accessing the Manual. If there is a dispute over its contents, our master copy of the Manual controls. You agree that the Manual's contents are confidential and that you will not disclose the Manual to any person other than Outlet employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual without our prior written consent.

F. Delegation Of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## **5. SYSTEM STANDARDS.**

A. Condition And Appearance Of The Outlet. You agree that:

(1) you will maintain the condition, environment (including temperature control vital to the Franchise System), appearance, Operating Assets and the premises of the Outlet, and the Vehicle(s) in accordance with our System Standards and consistent with the image of a Tide Cleaners Outlet as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness, sanitation, efficient, prompt, courteous service and pleasant ambiance. Accordingly, you will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Outlet at intervals we prescribe; (b) interior and exterior repair of the Outlet; and (c) repair or replacement of damaged, worn out or obsolete Operating Assets;

(2) you will place or display at the Franchised Location (interior and exterior) and on the Vehicle(s) only those signs (including neon), emblems, designs, artwork, lettering, logos, and display and advertising materials that we may at any time, and from time to time, approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Outlet or its fixtures, furnishings, equipment or signs does not meet our standards, we have the right to notify you and specify the action(s) you must take to correct the deficiency. If you do not initiate appropriate action(s) to correct such deficiencies within ten (10) days after you receive our notice, and then continue, in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we have the right, in addition to all other remedies, to enter the Outlet

and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection;

(4) on notice from us, you agree to remodel, expand, redecorate, re-equip and/or refurbish the Outlet to reflect changes in the operations of Tide Cleaners Outlets that we prescribe and require of new franchisees; and

(5) on notice from us, you agree to replace any Vehicle with a vehicle we approve.

B. Outlet Services, Products, Specifications, Standards And Procedures. You agree that: (a) you will only operate the Outlet in the store format specified on **Exhibit B**; (b) the Outlet will offer for sale all products and services that we specify from time to time and will only use Proprietary Products and Proprietary Processes and other cleaning methods or supplies that we have periodically specified or approved; (c) the Outlet will offer and sell approved products and services only in the manner we have prescribed; (d) you will not offer for sale or sell at the Outlet, the Franchised Location or any other location or through Delivery Services any products or services we have not approved; (e) all products will be offered and sold only at retail prices and from the Franchised Location, and you will not offer or sell any products at wholesale prices; (f) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole judgment) to disapprove in writing; and (g) that we have a right to receive information about the Outlet's operations directly from any designated or approved supplier with whom you contract, deal, or otherwise arrange to receive products or services related to the Outlet's operation, including but not limited to inventory and purchasing records concerning the Outlet's materials usage, and that you expressly acknowledge our right hereunder by signing the attached **Exhibit C** in conjunction with this Agreement.

C. Approved Products, Distributors And Suppliers.

(1) We have developed or may develop and periodically modify standards and specifications for types, models and brands of required Operating Assets, Proprietary Products, other products, agents, solvents, detergents, materials, signage, uniforms, and supplies. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, which might include or be limited to us or our affiliates.

(2) We may designate a single distributor or supplier (collectively "supplier") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products, services, equipment, supplies or materials. The designated supplier may be us, one of our affiliates, or a designated third party. Unless we specify otherwise, you agree to purchase from us, our affiliate, or our designated suppliers all cleaning products, agents, equipment, technologies, detergents, equipment, video recordings, electronic media, and other consumer products used at, used by, or available for sale at the Outlet if we or they manufacture, distribute, or can otherwise provide such products.

(3) We and our affiliates may receive payments from suppliers on account of such suppliers' dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We or our affiliates may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services for any other reason. Our approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including

prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time.

(4) If you would like to purchase any items we prescribe from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor. We may approve, or deny approval of, your request at our sole option, using our or our affiliate's corporate evaluation process, and will notify you of our approval or disapproval within one hundred eighty (180) days of our receipt of your written request. If you do not receive our approval within this time period, your request will be deemed to have been denied. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered, at our option, either directly to us or to any independent, certified laboratory that we designate for testing. Either you or the proposed supplier or distributor must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria. We also reserve the right to charge manufacturers or suppliers a royalty fee for the right to manufacture products for use in Tide Cleaners Outlets. If we approve any supplier or distributor you recommend from which you purchase or lease any items or other products or services, you agree that we are authorized to allow other Tide Cleaners Outlets to purchase or lease any items or other products or services from these suppliers or distributors, without limitation, and without compensation to you. Notwithstanding the foregoing, we may limit the number of approved suppliers and/or distributors with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated any exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the Tide Cleaners Outlet network.

(5) We and our affiliates have developed or acquired the right to use specially formulated and prepared Proprietary Products for use in the operation of Tide Cleaners Outlets. You must use only the Proprietary Products and we will not approve any other products as substitutes or replacements for the Proprietary Products. Currently, you must purchase certain Proprietary Products we designate from us or our affiliate or a designated third party.

D. Compliance With Laws And Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Outlet and must operate the Outlet in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to occupational hazards, health, environment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Outlet must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks, the Franchise System, and other Tide Cleaners Outlets. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Outlet and of any notice of violation of any law, ordinance, or regulation relating to the Outlet.

E. Management Of The Outlet/Conflicting Interests. Except as provided below, your Managing Owner must act as the general manager of the Outlet with responsibility for direct, on-premises supervision of the Outlet. You must keep us informed at all times of the identity of any supervisory employee(s) acting as assistant manager(s) of the Outlet. Your Managing Owner must devote full time and efforts to the management and supervision of the Outlet. However, if the Outlet is one of multiple Tide

Cleaners Outlets that you (or your affiliates) own, or if we otherwise allow (in our sole judgment) upon your written request, then you may operate the Outlet under the direct on-premises supervision of a general manager we have approved and who has completed our required initial training programs (including any replacement general manager during the Term).

F. Insurance. During the Term, you must maintain in force at your sole expense all insurance policies that we require in the Manual in connection with the Outlet's operation, which shall contain the minimum liability coverage we periodically specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Outlet on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

G. Pricing. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the products and services (subject to applicable law) offered and sold at the Outlet under this Agreement. With respect to the sale of all such products and services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such items (subject to applicable law), to promote inter-brand competition. If we impose a maximum price on a particular item, then (subject to applicable law) you may charge any price for that item, up to and including the maximum price we have set. If we impose a minimum price on a particular item, then you may charge any price for that item (subject to applicable law), down to and including the minimum price that we have set.

H. Delivery Services.

(1) If the Outlet operates under a Plant Store format, you may offer and provide remote pick-up, delivery, or similar services (collectively, "Delivery Services") in connection with the Outlet after the Outlet has been open for at least six (6) months. If the Outlet operates as a Drop Store, as long as you or your affiliates operate a Plant Store that has been open for at least six (6) months, you may offer Delivery Services in connection with the Outlet.

(2) You must: (a) comply with our System Standards and other standards that we periodically specify relating to Delivery Services; and (b) provide Delivery Services directly to end user customers only through your employees and you may not use independent contractors to provide those services. You may provide Delivery Services only within the Territory for your Outlet (unless we specify a smaller area in writing). You acknowledge and agree that we may, at any time and from time to time, and for any or no reason, change the definition of the delivery area and, in particular, reduce its size. If we ever decide to do so, you agree immediately to provide Delivery Services only within the newly-defined delivery area (if any). If you fail to do so, then in addition to our other rights and remedies, we may immediately terminate your right to provide any Delivery Services anywhere. You further acknowledge and agree that the delivery area is not exclusive and that we may engage, and/or allow other franchisees and third parties to engage, in any activities we desire within the delivery area without any restrictions whatsoever, except as expressly set forth in Section 1.D. We also have the right to review requests for delivery outside the defined delivery area and may, on a temporary basis, give our approval for those

delivery services or revoke our approval (which will be written). We will not be liable for any reduction in your sales as a result of these activities.

I. Compliance With System Standards. You acknowledge and agree that operating and maintaining the Outlet according to our System Standards are essential to preserve the goodwill of the Marks and all Tide Cleaners Outlets. Therefore, you agree at all times to operate and maintain the Outlet according to all of our System Standards, however communicated to you in writing or another tangible form (for example, as presented in the Manual or via the Franchise System intranet or website) and as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or the Outlet's best interests. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Outlet and implementing and maintaining System Standards at the Outlet. As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 5.A through 5.H above:

(1) purchase, storage, preparation, handling, and packaging procedures and techniques for Proprietary Products and other products and supplies; and inventory requirements for Proprietary Products and other products and supplies so that the Outlet may operate at full capacity;

(2) terms and conditions of the sale and delivery of, and terms and methods of payment for, Proprietary Products and other products and services that you obtain from us and affiliated and unaffiliated suppliers, including your obligation to purchase and use, to the maximum extent possible, only products marketed under trademarks that we or our affiliates own (whether or not you acquire such branded products from us, our affiliates, a designated third party supplier, or a third party supplier you choose) as we may prescribe; and our and our affiliates' right not to sell you any Proprietary Products or other products, or to provide you with services, or to do so only on a "cash-on-delivery" or other basis, if you are in default under any agreement with us;

(3) Delivery Services, including your obligation to deliver products and services to customers in your delivery area only with your own employed delivery drivers in compliance with our procedures and not through third-party delivery services or systems; driver qualifications; and your obligation to total and account for (in the manner we specify) Delivery Services charges not included in the price of the Outlet's products and services;

(4) sales, marketing, advertising, customer relations, and promotional programs, including any materials and media used in these programs;

(5) specifications of the Vehicle, including make and model of the Vehicle, required insurance coverage, and exterior wrap design of the Vehicle acquired from an approved vendor;

(6) use and display of the Marks at the Outlet and on the Vehicle, price boards, plastic garment coverings, laundry bags, labels, forms, paper and plastic products, and other supplies or services used at or by the Outlet;

(7) issuing and honoring gift certificates, gift cards, reward programs, and other payment mechanisms;

(8) manner of identifying the Outlet's personnel and employee training, dress, and appearance. However, you have sole responsibility and authority for your labor relations, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work

assigned, and working conditions. Your employees are under your day-to-day control at the Outlet. You must communicate clearly with your employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Tide Cleaners Outlets, are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. Any information we provide concerning employment-related policies and procedures, or relating to the terms and conditions of employment for Tide Cleaners Outlet employees, is for your optional use;

(9) days and hours of operation, including restrictions and policies governing operation or temporary closing of the Outlet during periods of inclement weather;

(10) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils;

(11) accepting credit and debit cards, mobile application, electronic, and other payment systems;

(12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Outlet;

(13) the provision of efficient, courteous, competent, prompt, and high-quality service to the public;

(14) customer service programs, reward programs, and customer complaints and resolution programs (including reimbursing dissatisfied customers for their reasonable costs of patronage at the Outlet and participating in other customer-satisfaction programs in the manner we periodically specify);

(15) mobile application, point of sale, and technology systems; and

(16) any other aspects of operating and maintaining the Outlet that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Tide Cleaners Outlets.

J. Modification Of System Standards. We periodically may modify the System Standards, which may accommodate regional or local variations, and these modifications may obligate you to invest additional capital in the Outlet and/or incur higher operating costs. You agree to implement any changes in the System Standards within the time period we request, whether they involve refurbishing or remodeling the Franchised Location or any other aspect of the Outlet, buying new Operating Assets, adding new products and services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

K. Our Right To Conduct An Assessment Of The Outlet. To determine whether you and the Outlet are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Outlet; (2) photograph the Outlet and observe and record the Outlet's operation for consecutive or intermittent periods we deem necessary; (3) remove samples of any products and supplies; (4) interview the Outlet's personnel and customers; (5) inspect and copy any books, records, and documents relating to the Outlet's operation; and (6) contact suppliers of products and services to the Outlet to obtain relevant information about the Outlet's

operations, inventory and materials usage. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Outlet's operation. Without limiting our other rights and remedies under this Agreement, you agree promptly to correct at your own expense all failures to comply with this Agreement (including any System Standards) that our agents or representatives note within the time period we specify following your receipt of our notice. We then may conduct one or more follow-up assessments to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an assessment fee to compensate us for our costs and expenses during any such follow-up assessment or any assessment that you request.

## **6. MARKETING.**

A. New Store Marketing. You must spend at least the minimum sum specified in in **Exhibit B** to advertise and promote the Outlet (the "New Store Marketing Expense") during a new store opening period that we designate (the "Opening Period"). The Opening Period typically covers the period from one (1) month before through three (3) months after the Opening Date (or up to about four (4) total months), subject to changes we may allow based on the particular market area or other unique circumstances of the Outlet, including our approval of an advanced written request that you may submit to us requesting such a change. At least ninety (90) days prior to the opening of the Outlet, you must submit a marketing plan ("New Store Marketing Plan") to us outlining your proposal to advertise and promote the Outlet during the Opening Period. You may not implement the New Store Marketing Plan unless and until we have consented to the New Store Marketing Plan in writing. You agree to modify the New Store Marketing Plan as requested by us and, thereafter, no substantial changes shall be made to the New Store Marketing Plan without our advance written consent. Within ten (10) days after the end of the Opening Period, you must submit proof that you spent the New Store Marketing Expense implementing the New Store Marketing Plan.

### **B. Advertising And Development Fund.**

(1) Recognizing the value of advertising and marketing to the goodwill and public image of Tide Cleaners Outlets, we have established a centralized Advertising and Development Fund (the "Fund") for the advertising, marketing, and public relations programs and materials we deem appropriate. You agree to make the Fund Contribution at the same time and in the same manner as the Royalty or in such other manner as we periodically specify. Tide Cleaners Outlets that we or our affiliates own will contribute to the Fund on the same basis as franchisees.

(2) We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Tide Cleaners Outlets and with whom we have agreed that we will so deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates therefore may use for any purposes we and they deem appropriate, as provided in Section 5.C.(3) above).

(3) We will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; taxes on Fund Contributions; administering regional, multi-regional and/or national marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(4) The Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

(5) We will account for the Fund separately from our other funds and not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Contributions.

(6) The Fund will not be our asset. Although the Fund is not a trust, we will hold all Fund Contributions for the benefit of the contributors and use Fund Contributions only for the purposes described in this Section 6.B. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund Contributions in that year paid by all Tide Cleaners Outlets, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If the Fund spends more than the total amounts available in a given year (regardless of when those amounts accrued), the Fund may repay the difference plus reasonable interest to us (or another entity that covered the deficit) using Contributions received by the Fund in the following or later year. We will use all interest earned on Contributions to pay costs before using the Fund's other assets.

(7) We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We may (but are not required to) have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate, in which case the successor entity will have all of the rights and duties specified in this Section 6.B.

(8) We intend the Fund to maximize recognition of the Marks and patronage of Tide Cleaners Outlets. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, in a manner that will benefit all Tide Cleaners Outlets, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to contributions made by Tide Cleaners Outlets operating in that geographic area, or that any individual Tide Cleaners Outlet benefits directly (or in proportion to its contribution) from the development of advertising and marketing materials and/or the placement of advertising and marketing, or that the placement of advertising and marketing benefits Tide Cleaners Outlets in a particular store format in the same manner or in equal proportion to that of Tide Cleaners Outlets operating in other store formats.

(9) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect contributions at the Fund's expense. We also may forgive, waive, settle, and compromise any claims by or against the Fund. Except as expressly provided in this Section 6.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

(10) We may at any time defer or reduce contributions of a Tide Cleaners Outlet franchise owner and, upon thirty (30) days' prior written notice to you, reduce or suspend contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their and our respective contributions during the preceding twelve (12) month period.



C. Your Local Marketing.

(1) In addition to your new store opening obligations in Section 6.A above and your Fund Contribution obligations in Section 6.B above, you agree to spend at least two percent (2%) of the Outlet's Net Sales to advertise and promote your Outlet (the "Local Advertising Expenditures"), provided that your Local Advertising Expenditures may be offset (whether partially or fully, as applicable) by the amount of the applicable Co-op Dues (as defined in Section 6.D), if any, that you must pay pursuant to Section 6.D. Within thirty (30) days after the end of each month, you agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding month. Effective on thirty (30) days' advance written notice to you, we may require you to pay all or a portion of your Local Advertising Expenditures to us and we will use these funds to advertise and promote your Outlet.

(2) Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for your Outlet must contain notices of our website's domain name in the manner we designate. You may not develop, maintain, or authorize any website that mentions or describes you or the Outlet or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

(3) If you are not using approved marketing materials from our marketing platform, then before you use them, you agree to send us or our designated agency, for our or its approval, physical samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within thirty (30) days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

D. Cooperative Advertising Programs.

(1) We may designate an Advertising Coverage Area ("ACA") — local or regional — in which Tide Cleaners Outlets are located in order to establish a cooperative advertising program ("Cooperative Program") for that ACA. An ACA is the area covered by the particular advertising medium recognized in the industry or as we may otherwise prescribe based on a Designated Marketing Area ("DMA") or other method. Franchise owners in the ACA will be required to participate in a Cooperative Program if one is established in that ACA. The members of the Cooperative Program in an ACA will be all of the Tide Cleaners Outlets located in that ACA, including those operated by us and our affiliates. Each Tide Cleaners Outlet participating in a Cooperative Program will have one (1) vote.

(2) If a Cooperative Program is established for your ACA, you will be required to contribute, on a monthly basis, at least one percent (1%) of your Outlet's Net Sales for the prior month (the "Co-op Dues") to that ACA's Cooperative Program. Your actual Co-op Dues, and any increases in the amount of the Co-op Dues or changes in the applicable rules of contribution, will be determined by a vote of sixty-seven percent (67%) or more of all Tide Cleaners Outlets participating in the ACA's Cooperative Program, including any Tide Cleaners Outlets operated by us or our affiliates, subject to our approval. Any Co-op Dues you contribute will count toward the Local Advertising Expenditures you are required to spend under Section 6.C to promote the Outlet, but in no event will your amounts contributed to a Cooperative Program affect your new store opening financial and advertising obligations required under Section 6.A or your required Contributions to the Fund.

(3) If your ACA's Cooperative Program votes to increase the Co-op Dues above two percent (2%) of your Outlet's Net Sales, and you fail or refuse to contribute the increased Co-op Dues to the ACA's Cooperative Program, the Cooperative Program may suspend your voting rights and other privileges relating to the Cooperative Program until you begin contributing the increased Co-op Dues and pay all past due Co-op Dues.

## 7. RECORDKEEPING AND REPORTS.

### A. Recordkeeping And Reports

(1) You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we specify from time to time. We may require you to use a Computer System to maintain certain sales data, Customer Data (as defined in Section 7.B), and other information and to report such information to us via a website or other means. You agree to give us in the manner and format that we prescribe from time to time:

(a) on or before Wednesday of each week, a report on the Outlet's Net Sales during the week ending on the preceding Sunday, should we so request, in lieu of extracting such data from the Computer System;

(b) within fifteen (15) days after the end of each calendar month, the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and the Outlet covering the previous calendar month and the fiscal year to date;

(c) by April 15<sup>th</sup> of each year, annual profit and loss and source and use of funds statements and a balance sheet for the Outlet as of the end of the prior calendar year;

(d) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Outlet and the Franchise.

(2) You agree to verify and sign each report and financial statement in the manner we periodically specify. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the Outlet's operation, which may include all Customer Data or financial information available on the Computer System.

(3) You agree to preserve and maintain all records in a secure location at the Outlet for at least three (3) years after the end of the fiscal year to which such records relate, or for such time as required by applicable law (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during this Agreement's Term if we reasonably deem it necessary for purposes of verifying your compliance with this Agreement.

### B. Data and Privacy.

(1) You must comply with any reasonable instructions by us regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth,

demographic or related information, and credit card information of previous, current and prospective customers of the Outlet (“Customer Data”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. You must comply with all applicable laws governing the use, protection, and disclosure of Customer Data. If there is a suspected or actual breach of security or unauthorized access involving Customer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed.

(2) Subject to any applicable state or federal laws, you acknowledge and agree that we may access at any time and from time to time all Customer Data and records for the Outlet, including dates of transactions and assortments of garments dry cleaned at the Outlet, located on the Computer System. You further acknowledge and agree that we are the sole owners of Customer Data and that you may not distribute or sell, in any form or manner, Customer Data to any third party without our prior written consent. We hereby license use of such Customer Data back to you, at no additional cost, solely for the Term and solely for your use in connection with the Outlet. We and our affiliates may use Customer Data in our and their business activities in any manner that we or they deem necessary or appropriate.

(3) In connection with any use of data in the Outlet, you agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law.

C. Our Right To Audit. To determine whether you and the Outlet are complying with this Agreement, we may at any time during your business hours, and without prior notice to you, examine your and the Outlet’s business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of the Outlet’s Net Sales, you agree to pay us, within fifteen (15) days after receiving the examination report, the Royalty and Fund Contributions due on the amount of the understatement, plus our interest in the amount of one and one-half percent (1.5%) per month (or prorated, as applicable) on the understated amounts from the date originally due until the date of payment. Furthermore, if an audit or other similar examination (collectively, for purposes of this paragraph, an “examination”) is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Royalty or Fund Contribution understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

D. Our Right To Lender Notification And Communication. You must send us current information regarding the name, address, and telephone number of any financial institution or other financier that provided or is providing the financing enabling you to purchase or operate the Outlet (each, a “Lender”), the name and telephone number of your contact at the Lender, and the updated terms of financing. You must also notify us in writing within five (5) days following (1) any change in the Lender’s information, (2) the financing terms extended to you for the Outlet, or (3) any default by you under any agreement between you and the Lender. You further agree that we have the right to communicate with your Lender regarding any changes to the financing terms of the Outlet, any default by you under an

agreement with the Lender, or any change in your financial condition, provided that we reasonably notify you of any such communications.

## **8. MARKS.**

A. Ownership And Goodwill Of The Marks. Our affiliate and/or designated third-party licensors have assigned ownership or granted licensing rights in the Marks to us to use in connection with the franchising, development, and operation of Tide Cleaners Outlets. We hereby grant you a sublicense to use the Marks in operating the Outlet in accordance with the terms and conditions of this Agreement. Your right to use the Marks is derived only from this Agreement and is limited to your operating the Outlet according to this Agreement and all System Standards we prescribe during its Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our, our affiliate's and/or licensor's rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our and their benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Outlet under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's Term contest or assist any other person in contesting the validity, or our and our affiliate's ownership, of the Marks.

### **B. Limitations On Your Use Of The Marks.**

(1) You agree to use the Marks as the Outlet's sole identification, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark in any of the following ways: (a) as part of any corporate or legal business name; (b) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (c) in selling any unauthorized services or products; (d) as part of any domain name, homepage, electronic address, or otherwise in connection with a website; or (e) in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of the Outlet or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Outlet and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Notification Of Infringements And Claims. You agree to notify us immediately in writing of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Mark. You agree not to communicate with any person other than us and our licensor, their respective attorneys, and your attorneys regarding any infringement, challenge or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our (or our licensor's) attorneys, are necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain our (and our licensor's) interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

D. Discontinuance Of Use Of The Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or

service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of changing the Outlet's signs), for any loss of revenue due to any modified or discontinued Mark, or for any of your expenses of promoting a modified or substitute trademark or service mark. Our rights in this Section 8.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. Reimbursement For Damages From Use Of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark that we or our affiliates own, and for all costs and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark that a third party owns, under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

## 9. PATENTS.

A. Ownership And License Of Patents. We, our affiliates, and/or designated third parties own, license, or sublicense patents directed to and covering aspects of the Proprietary Products and the Proprietary Processes for use in connection with the development and operation of Tide Cleaners Outlets (collectively, the "Patents"). We grant to you under the Patents a license on a non-exclusive and non-transferable basis (subject to the provisions of Section 12 below concerning transfer) to practice the Proprietary Processes and use and sell the Proprietary Products therein described and claimed within your Territory in order to permit you to operate the Outlet according to this Agreement and all System Standards. You must reimburse us or pay our designated third party suppliers directly for all applicable license fees with respect to the Patents including with respect to any trademarks associated with the Patents.

### B. Limitations On Your Use Of Patents.

(1) You have no right to further sublicense the Patents. Your license to use the Patents remains in effect only during the Term of this Agreement. However, should one (1) or more individual Patents lapse or expire, the license with respect to each individual patent that lapses or expires will terminate upon the lapse or expiration of that specific patent.

(2) You have no rights in any Patents owned by us, our affiliates, or designated third parties beyond those described in this Agreement or that we include in the Manual or other communications to you regarding the System Standards. We, our affiliates and/or designated third parties have no obligation to obtain a patent on any pending patent application that may be included in the Patents, or to maintain any Patent in force.

(3) Your unauthorized use of the Patents is a breach of this Agreement and infringes our, our affiliates' and designated third parties' rights in the Patents. All provisions of this Agreement relating to the Patents apply to any additional patents we or they may sublicense to you.

(4) You agree to comply with our instructions on marking any licensed Patents, or similar registrations, on any Proprietary Products in order to preserve all rights and remedies available to us, our affiliates, and designated third parties under law.

C. Notification Of Infringements And Claims. You agree to notify us immediately in writing of any apparent infringement of any Patent, or challenge to your use of any of the Proprietary Products or Proprietary Processes, and not to communicate with any person other than us and our affiliates and designated third parties, their respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We, or our affiliates and designated third parties, may take the actions we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Patent or the use of any of the Proprietary Products or Proprietary Processes. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys (and the attorneys of our affiliates and designated third parties), are necessary or advisable to protect and maintain our (and our affiliates' and designated third parties') interests in any litigation, U.S. Patent and Trademark Office action or other proceeding or otherwise to protect and maintain our, our affiliates' and/or designated third parties' interests in the Patents or in the Proprietary Products or Proprietary Processes. We will reimburse you for your costs of taking any action that we have asked you to take. We, or our affiliates or designated third parties, will retain all damages recovered for any infringements of the Patents.

D. Discontinuance Of Use Of Proprietary Products And Proprietary Processes. If it becomes advisable at any time for us and/or you to modify or discontinue using any of the Proprietary Products or Proprietary Processes under the Patents licensed herein, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of modifying, updating, or changing any of these items) or for any loss of revenue due to any modification or discontinuation in their use. Our rights in this Section 9.D apply to all of the Proprietary Products and Proprietary Processes that we authorize you to use under the Patents in connection with the System. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. Disclaimers On Practice Of Patents. Neither we nor our affiliates warrant the validity of any of the licensed Patents. Neither we nor they warrant (whether expressly or impliedly) that the practice of the licensed Patents is not currently limited, or will not be limited in the future, by the intellectual property rights of third parties. At our option, we may defend and control the defense of any proceeding arising from your use of any Proprietary Product or Proprietary Process under the licensed Patents, but we are not obligated to provide indemnification.

## **10. YOUR ORGANIZATION AND MANAGEMENT.**

A. Entity Documents and Ownership. If you are at any time a corporation, limited liability company, or other business legal entity (collectively, an "Entity"), you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed, validly existing and in good standing under the laws of the state of your incorporation or formation;

(2) You will provide us with a copy of your organizational documents, operating agreement, or partnership agreement, as applicable, which shall recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;

(3) Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised **Exhibit A** to reflect any permitted changes in the information that **Exhibit A** now contains; and

(5) The Outlet and other Tide Cleaners Outlets, if applicable, will be the only businesses you operate (although your owners may have other, non-Competitive Business interests).

B. **Managing Owner.** You will appoint one (1) of your owners to be your “Managing Owner” that will be responsible for overseeing and supervising the operation of the Outlet. The Managing Owner as of the Effective Date is identified in **Exhibit A**. You may not change the Managing Owner without our prior written consent. Any replacement Managing Owner must attend and successfully complete our initial training program at your sole cost and expense.

C. **Guaranty.** Each of your owners during the Term and their spouses will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the guaranty. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the guaranty. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the guaranty.)

## 11. **CONFIDENTIAL INFORMATION AND COVENANTS**

### A. **Confidential Information.**

(1) We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to developing and operating Tide Cleaners Outlets (“Confidential Information”), including:

- (a) site selection criteria;
- (b) formulas and related information regarding Proprietary Products, Proprietary Processes, Patents, and related know-how;
- (c) training and operations materials and manuals;
- (d) contracts, agreements, documents, correspondence, and other materials relating to the System or the operation of the Tide Cleaners Outlets;
- (e) methods, formats, specifications, standards, systems, procedures, products, forms, document terms, sales and marketing techniques, knowledge, and experience used in developing and operating Tide Cleaners Outlets;
- (f) marketing and advertising programs for Tide Cleaners Outlets;
- (g) knowledge of specifications for and suppliers of Operating Assets, Proprietary Products, Proprietary Processes, and other products, services, supplies and equipment;

(h) any computer software or similar technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(i) knowledge of the operating results and financial performance of Tide Cleaners Outlets other than the Outlet;

(j) graphic designs and related intellectual property; and

(k) other non-public information relating to the Tide Cleaners franchise opportunity that was disclosed to you on a confidential basis, or under a confidentiality agreement with us, our affiliates, or a designated third party, prior to the Effective Date of this Agreement.

(2) You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Outlet during the Term, and that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

(a) will not disclose or use Confidential Information in any other business or capacity;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and then thereafter for as long as the item is not generally known in the dry cleaning and laundered garment industry or consumer products industry;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure only to those personnel providing services to customers at the Outlet and otherwise administering certain operations at the Outlet (collectively, "Outlet personnel") and others having a need to know such Confidential Information and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights; and

(e) will not sell, trade or otherwise profit in any way from Confidential Information, except during the Term in accordance with this Agreement.

(3) Confidential Information does not include information, knowledge, or know-how that: (a) you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; or (b) at the time we disclosed it to you, already had lawfully become generally known in the dry cleaning and laundry industry or consumer products industry through publication or communication by others (without violating an obligation to us or our affiliates); or (c) after we disclose it to you, lawfully becomes generally known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

B. Innovations. All ideas, concepts, inventions, techniques, information, or materials relating to a Tide Cleaners Outlet ("Innovations"), whether or not protectable intellectual property and whether



created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and part of the System. These Innovations include improvements to the Proprietary Products and Proprietary Processes that you, we, or designated third parties make during the Term and any and all Customer Data. By this paragraph, you assign ownership of any Innovations, and all related rights to that Innovation, to us and agree to take whatever action (including signing assignment, foreign or domestic registrations, applications, or notifications, or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in such Innovations. You may not use any Innovation in operating the Outlet or otherwise without our prior approval.

C. Covenants.

(1) You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us with respect to the products and services that Tide Cleaners Outlets offer. You therefore agree that, during the Term and for a two (2) year period following the expiration, transfer or termination of this Agreement or the date on which all persons restricted by this Section 11.C begin to comply with this Section 11.C, whichever is later, neither you, nor any of your owners, nor any of your or your owners' spouses will:

(a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of the Outlet or any other Tide Cleaners Outlet to a Competitive Business; and/or

(d) engage in any other activity which might injure the goodwill of the Marks and System.

(2) The term “Competitive Business” means: (a) any dry cleaning facility, laundry facility, or other business that includes among its services the cleaning of clothing, wearing apparel, household items, textile or fabrics and derives, or reasonably expects to derive, more than five percent (5%) of its revenue from selling dry cleaning, laundry, or related or derivative products or services (other than a Tide Cleaners Outlet operated under a franchise agreement with us); or (b) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (a) above.

(3) During the Term of this Agreement, there is no geographical limitation on these restrictions. During the two (2) year period following the expiration, transfer or termination of this Agreement or the date on which all persons restricted by this Section 11.C begin to comply with this Section 11.C, whichever is later, this restriction shall apply to any Competitive Business located at the Franchised Location or within a twenty-five (25) mile radius of the Franchised Location and any Competitive Business located within a twenty-five (25) mile radius of any then-existing Tide Cleaners Outlet.

(4) You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers and other employees attending our training program or having access to

Confidential Information. We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

(5) If any person restricted by this Section 11.C refuses voluntarily to comply with these obligations, the two (2)-year compliance period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that any person restricted by this Section 11.C possesses skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 11.C will not deprive any person restricted by this Section 11.C of their personal goodwill or ability to earn a living.

(6) We have the right, in our sole discretion, to reduce the scope of any restriction in Section 11.C by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.A. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 11.C.

D. Our Right To Injunctive Relief. You acknowledge that your violation of the terms of this Section 11 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 11. Injunctive relief will be in addition to any other remedies we may have.

## 12. TRANSFER.

A. By Us. You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement.

### B. By You.

(1) You understand and acknowledge that the rights and duties this Agreement creates are personal to your owners and that we have granted you the Franchise in reliance upon our perceptions of your owners individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval:

- (a) this Agreement (or any interest in this Agreement);
- (b) the Outlet (or any right to receive all or a portion of the Outlet's profits or losses or capital appreciation related to the Outlet);
- (c) substantially all of the assets of the Outlet;
- (d) any ownership interest in you (regardless of its size); or
- (e) any ownership interest in any of your owners (if such owners are legal entities).

(2) A transfer of the Outlet's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. We will not unreasonably withhold, condition, or delay our approval of a proposed transfer that meets all of the requirements of Section 12 of this Agreement (including, without limitation, the conditions for our approval of transfer contained in Section 12.C below). In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, and including the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in you, this Agreement, the Outlet or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if any of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the Outlet or substantially all of its assets, or your owner(s) by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the Outlet, or your transfer, surrender, or loss of the Outlet's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the Outlet's assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the Outlet without having to obtain our prior written approval, provided that you give us ten (10) days' prior written notice.

### C. Conditions For Approval Of Transfer.

(1) If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section 12.C, which approval we will not unreasonably withhold, condition, or delay.

(2) Your owners may transfer a non-controlling ownership interest (as described in Section 18.F.(5) below) in you or your owners (determined as of the date on which the proposed transfer will occur) if: (a) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Tide Cleaners Outlet franchise owners (including no ownership interest in or performance of services for a Competitive Business); and (b) you give us prior written notice of the transfer.

(3) For any proposed transfer of this Agreement (or any interest in this Agreement), the Outlet (or any right to receive all or a portion of the Outlet's profits or losses or the capital appreciation related to the Outlet), substantially all of the assets of the Outlet, or a controlling ownership interest (as described in Section 18.F.(5) below) in you or a transfer that is one of a series of transfers (regardless of the time period over which these transfers take place), which in the aggregate transfer a controlling ownership interest in you, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude, and financial resources to operate the Outlet;

(b) you have paid all Royalties, Fund Contributions and Co-op Dues, and other amounts owed to us, our affiliates, and third party vendors; have submitted all required reports and statements; and have not violated any provision of this Agreement, the Lease, or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(c) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(d) the transferee's managing owner satisfactorily completes our initial training program;

(e) your landlord allows you to transfer the Lease or sublease the Franchised Location to the transferee;

(f) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty, Fund Contribution, Co-op Dues and Local Advertising Expenditures; provided, however, that the term of the new franchise agreement signed will equal ten (10) years as long as the transferee may maintain possession of the Franchised Location during that ten (10) year period;

(g) you or the transferee pays us a transfer fee equal to the amount we then charge for the transfer of a Tide Cleaners Outlet under our then current form of franchise agreement. The transfer fee is Seven Thousand Five Hundred Dollars (\$7,500) as of the Effective Date, which may change over the Term. (The transferee will also be obligated to pay our then current fees for the initial training program and/or additional training programs that we may require its personnel to complete, as applicable, in accordance with the preceding subparagraph (d));

(h) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, and agents;

(i) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Outlet;

(j) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Outlet are subordinate to the transferee's obligation to pay Royalties, Fund Contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;

(k) you have corrected any existing deficiencies of the Outlet of which we have notified you on a punchlist or in other communications, and/or the transferee agrees (if the transfer is of this Agreement) to upgrade, remodel, and refurbish the Outlet in accordance with our then current requirements and specifications for Tide Cleaners Outlets within the time period we specify following the

effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(l) you and your transferring owners (and your and your owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 11.C above; and

(m) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Tide Cleaners Outlets you own and operate) identify yourself or themselves or any business as a current or former Tide Cleaners Outlet or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Tide Cleaners Outlet in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

(n) We may review all information regarding the Outlet that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or that we have made regarding the Outlet.

D. Transfer To A Wholly-Owned Corporation Or Limited Liability Company. Notwithstanding Section 12.C above, if you are fully complying with this Agreement, you may transfer this Agreement to an Entity which conducts no business other than the Outlet and, if applicable, other Tide Cleaners Outlets in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Outlet's assets are owned, and the Outlet's business is conducted, only by that single Entity. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12.C. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

E. Transfer Upon Death Or Disability. Upon your Managing Owner's death or disability, your Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your Managing Owner's ownership interest in you to a third party (which may be the Managing Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer your Managing Owner's ownership interest in you within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent the Managing Owner from supervising the Outlet's management and operation.

F. Operation Upon Death or Disability.

(1) Upon your Managing Owner's death or disability, the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a manager for the Outlet whom we approve. The manager must complete a training program that we specify at your expense. A new Managing Owner acceptable to us also must be appointed for the Outlet, and that new Managing Owner must complete our then applicable initial training program (and other training we may specify) within six months (6) months after the date of death or disability.

(2) If, in our judgment, the Outlet is not being managed properly at any time after your Managing Owner's death or disability, we may, but need not, assume the Outlet's management (or appoint

a third party to assume its management). All funds from the Outlet's operation while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to the Royalty, Fund Contributions, and other amounts due under this Agreement) Five Hundred Dollars (\$500) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the Outlet's management under this Section 12.F.(2). We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Outlet incurs, or to any of your creditors for any products, other assets, or services the Outlet purchases, while we (or a third party) manage it. If we assume the Outlet's management (or appoint a third party to assume its management), we will operate the Outlet for up to ninety (90) days. We will periodically evaluate whether or not you, the Managing Owner, or an alternative approved manager is capable of resuming the Outlet's operation and will periodically discuss the Outlet's status with you or, if applicable, your heirs or personal representative.

G. Effect Of Consent To Transfer. Our consent to a transfer of this Agreement and the Outlet, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Outlet's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

H. Our Right Of First Refusal.

(1) If you (or any of your owners) at any time determine to sell or transfer for consideration a controlling interest in this Agreement and the Outlet, or a controlling ownership interest in you (except to or among your current owners, which is not subject to this Section 12.H), in a transaction that otherwise would be subject to Sections 12.B and 12.C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the Outlet. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

(2) The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.B and 12.C above and therefore may not proceed. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

(3) We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(a) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(b) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(c) we will have an additional forty-five (45) days to prepare for closing after notifying you of our election to purchase; and

(d) we must receive, and you and your owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding: (1) ownership and condition of and title to ownership interests and/or assets; (2) liens and encumbrances relating to ownership interests and/or assets; and (3) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Outlet or your business prior to the closing date.

(4) If we exercise our right of first refusal, you and your selling owner(s) agree that, for two (2) years beginning on the closing date, you and they will be bound by the non-competition covenant contained in Section 11.C. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12.H.

(5) If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12.B and 12.C above. This means that, even if we do not exercise our right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Sections 12.B and 12.C above, you (or your owners) may not move forward with the transfer at all.

(6) If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (about which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

### **13. EXPIRATION OF THIS AGREEMENT.**

A. Your Right To Acquire A Successor Franchise. If you meet certain conditions and would like to acquire a successor franchise, then you will have the option to acquire a successor franchise term of ten (10) years. The qualifications and conditions for acquiring a successor franchise term are described below.

(1) You will have the option to acquire a successor franchise term of ten (10) years commencing immediately upon the expiration of this Agreement:

(a) if you (and each of your owners) have substantially complied with this Agreement during its Term; and

(b) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 13.B) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards; and

(c) provided that, at your option: (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand the Outlet, add or replace improvements and Operating Assets, and otherwise modify the Outlet as we require to comply with System Standards then applicable for new Tide Cleaners Outlets, or (b) you secure a substitute site that we approve, and you develop the approved site according to System Standards then applicable for Tide Cleaners Outlets; and

(d) if we are then offering new franchise opportunities for Tide Cleaners Outlets; and

(e) we have determined, in our sole judgment, that a Business Model Change (as defined in Section 13.D) has not occurred,

(2) You agree to sign our then-current form of franchise agreement we use to grant franchises for Tide Cleaners Outlets, (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement.

(3) You agree to pay us a successor franchise fee for the successor franchise term equal to the amount we charge for a successor franchise under our then-current form of franchise agreement. The successor franchise fee is Seven Thousand Five Hundred Dollars (\$7,500) as of the Effective Date, which may change over the Term.

(4) If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement and all System Standards, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 14.A.

B. Grant Of A Successor Franchise.

(1) You agree to give us written notice of your election to acquire a successor franchise no more than nine (9) months and no less than six (6) months before this Agreement expires. We agree to give you written notice (“Our Notice”), not more than ninety (90) days after we receive your notice, of our decision:

(a) to grant you a successor franchise;

(b) to grant you a successor franchise on the condition that you correct existing deficiencies of the Outlet or in your operation of the Outlet;

(c) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise; or

(d) not to grant you a successor franchise, in which case, provided that the qualifications and conditions for acquiring a successor franchise term listed in paragraphs (1) through (4) of Section 13.A are satisfied, the terms of Section 13.D will apply.

(2) If applicable, Our Notice will describe the remodeling, expansion, improvements, and/or modifications required to bring the Outlet into compliance with then applicable System Standards for new Tide Cleaners Outlets and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

(3) If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor



franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

(4) If Our Notice states that you must cure certain deficiencies of the Outlet or its operation as a condition to our granting you a successor franchise, we will give you written notice of our decision not to grant a successor franchise, based upon your failure to cure those deficiencies, not less than ninety (90) days before this Agreement expires; provided, however, that we need not give you this ninety (90) days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period before it expires. If we fail to give you: (a) notice of deficiencies in the Outlet, or in your operation of the Outlet, within ninety (90) days after we receive your timely election to acquire a successor franchise (if we elect to grant you a successor franchise); or (b) notice of our decision not to grant a successor franchise at least ninety (90) days before this Agreement expires, if this notice is required, then we may extend this Agreement's Term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

C. Agreements/Releases. If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Tide Cleaners Outlets (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to acquire a successor franchise.

D. Alternatives To Your Right To A Successor Franchise. In addition to the other conditions for the grant of a successor franchise contained in Section 13.A, you will not be eligible to obtain a successor franchise if we determine, in our sole judgment, that changed business circumstances since the date of this Agreement have negatively impacted or are likely to negatively impact the performance of the Tide Cleaners Outlet franchise network (a "Business Model Change"). If you satisfy the other conditions for the grant of a successor franchise under Section 13.A and are not eligible to acquire a successor franchise solely because of a Business Model Change, then you shall have the right to exercise one of the following alternatives, as applicable:

(1) continue operating the business at the former Outlet's premises as an independent dry cleaning enterprise, subject only to the post-termination obligations contained in Sections 15.A, 15.B, and 15.C below; or

(2) request that we purchase the Outlet from you (which request we may deny in our sole discretion) under the terms and conditions of Section 15.D below, subject only to the post-termination obligations contained in Sections 15.A, 15.B, and 15.C below; or

(3) if we are then offering licenses to Tide Cleaners Outlet franchisees to convert their franchised locations into licensed locations using the Marks (or other trade names or trademarks then available to be licensed by us or our affiliates), become our (or our affiliate's) licensee by executing the form of license agreement we are then offering to former Tide Cleaners Outlet franchisees.

#### **14. TERMINATION OF AGREEMENT.**

A. By Us. We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating the Outlet;

(2) you do not open the Outlet for business either (a) by the scheduled opening date or (b) such opening deadline as may be prescribed in the Development Rights Agreement associated with this Agreement;

(3) your Managing Owner and your designated trainee(s) do not satisfactorily complete the initial training program;

(4) you abandon or fail actively to operate the Outlet for three (3) or more consecutive business days, unless you temporarily close the Outlet during periods of inclement weather that reasonably render the Outlet's operation impractical or dangerous, or you otherwise close the Outlet for a purpose we approve of or because of casualty or government order;

(5) you (or your owners) make or attempt to make any transfer in violation of Section 12;

(6) you (or any of your owners) are or have been convicted of, or plead or have pleaded either guilty or no contest to, a felony, or to another crime or lesser offense that may adversely affect your reputation, the reputation of the Outlet or the goodwill associated with the Marks;

(7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(8) you (or any of your owners) engage in any dishonest or unethical conduct or in any acts or omissions which, in our opinion, adversely affects the Outlet's reputation or the goodwill associated with the Marks;

(9) you lose the right to occupy the Franchised Location and fail (a) to begin immediately to look for a substitute site, or (b) to locate a substitute site, and to begin operating the Outlet from that substitute site, within one hundred eighty (180) days after we approve the location of the substitute site;

(10) any other franchise agreement or other agreement between us (or any of our affiliates) and you (or any of your owners or affiliates), other than a development rights agreement, is terminated before its term expires, regardless of the reason;

(11) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

(12) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Outlet in an unsafe manner, and do not begin to cure the violation immediately, and do not correct the violation within seventy-two (72) hours, after you receive notice from us or any other party;

(13) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(14) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Outlet's operation, unless you are in good faith contesting your liability for these taxes;

(15) you understate the Outlet's Net Sales three (3) times or more during this Agreement's Term or by more than five percent (5%) on any one occasion;

(16) if the Outlet operates as a Drop Store and the Plant Store that services all garments and other items from and otherwise provides sufficient operational support for the Outlet ceases operations under a franchise agreement with us or otherwise, and within five (5) days from the date of the closure of the Plant Store, you cannot locate another standard Tide Cleaners Outlet that is equipped to handle additional business volume and that has the capabilities to otherwise service the Outlet;

(17) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(18) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Outlet is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or the Outlet is not vacated within thirty (30) days following the order's entry;

(19) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(20) you, any of your owners, or any of your personnel use any equipment, services, processes or products at the Outlet other than Proprietary Products, Proprietary Processes or that otherwise violate System Standards and/or that you acquire through suppliers that we have not approved or that we have disapproved; or

(21) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you.

**B. Assumption Of Management.**

(1) We (or a third party designated by us) may assume the management of the Outlet under the following circumstances: (a) if you abandon or fail actively to operate the Outlet; (b) if you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (c) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the Outlet under Section 15.D below. If we exercise

our rights under subsections (a) or (b) above, that will not affect our right to terminate this Agreement under Section 14.A above.

(2) We have the right (but not the obligation), under the circumstances described below, to enter the Franchised Location and assume the Outlet's management (or to appoint a third party to assume its management) for an initial period of time not to exceed ninety (90) days, which ninety (90)-day period may be subsequently renewed for a total cumulative period of one (1) year following our assumption of management responsibilities if you do not sufficiently cure the default(s) in the Outlet's operation or management to our satisfaction. If we (or a third party) assume the Outlet's management under Section 14.B.(1)(a) or (b) above, you agree to pay us (in addition to the Royalty, Fund Contributions, and other amounts due under this Agreement) Five Hundred Dollars (\$500) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for up to ninety (90) days after we assume management (and during any subsequent ninety (90)-day renewal period, or portion thereof).

(3) If we (or a third party) assume the Outlet's management, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Outlet incurs, or to any of your creditors for any supplies, products, or other assets or services the Outlet purchases, while we (or the third party) manage it. If we (or a third party) assume the Outlet's management, we or they will periodically discuss the Outlet's operational status with you (or your owners, as applicable).

**15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

**A. Payment Of Amounts Owed To Us And Early Termination Damages.**

(1) You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalties, Fund Contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

(2) If you default on your obligations and we terminate this Agreement prior to the expiration of the Term, it is hereby agreed by the parties that the amount of damages which we would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, you and your guarantors shall pay to us an amount equal to: (a) the average weekly Royalty and Fund Contribution that you owed during the one (1) year period prior to termination (or, if the Outlet was open for less than one (1) year, the average weekly Royalty and Fund Contribution owed by you for the number of weeks that the Outlet was in operation); (b) multiplied by the lesser of one hundred four (104) weeks or the number of weeks (including any partial week) remaining in the term of this Agreement. These early termination damages shall constitute liquidated damages, are not to be construed as a penalty, and shall be the joint and several liability of you and your guarantors. The parties acknowledge and agree that: (1) the early termination damages are a reasonable estimation of the damages that we would incur resulting from or arising out of the premature termination of this Agreement; and (2) your payment of such early termination damages is intended to fully compensate us only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of your breach of this Agreement.

**B. Marks; Proprietary Products; Proprietary Processes.** When this Agreement expires or is terminated:

(1) you may not directly or indirectly at any time or in any manner (except with other Tide Cleaners Outlets you own and operate) identify yourself or any business as a current or former Tide Cleaners Outlet or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Tide Cleaners Outlet in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Tide Cleaners Outlet that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the premises and remove these items from the Outlet;

(4) if we do not have or do not exercise an option to purchase the Outlet under Section 15.D, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish the Outlet clearly from its former appearance and from other Tide Cleaners Outlets in order to prevent public confusion;

(5) you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; to authorize the transfer of these numbers and directory listings to us or at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events;

(6) you agree that all licenses we granted to you to use our (or our affiliates' or designated third parties') Patents shall terminate immediately, and you agree to immediately cease using the Proprietary Products and Proprietary Processes. You agree to allow us, without liability to you or third parties for trespass or any other claim, to enter the premises to verify that you have ceased use such use. Notwithstanding the foregoing, the limitation on your non-use of our Proprietary Products and Proprietary Processes with respect to a particular licensed Patent shall not extend beyond the expiration of such a Patent; and

(7) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

C. Confidential Information. You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) or Customer Data in any business or otherwise and return to us all copies of the Manual and any other confidential materials to which we have provided you access.

D. Our Right To Purchase The Outlet.

(1) Upon termination of this Agreement, or upon expiration of this Agreement without renewal, we shall have the right and option (directly or we may assign this right to a third party), but not the obligation, to purchase the Outlet, including the Franchised Location (if the Franchised Location is owned by you, then you agree to assign the Lease for the Franchised Location to us) and all Operating Assets, equipment, and any other assets then having value from, or used in the operation of, the Outlet at a

purchase price equal to its then current fair market value, which shall exclude (or otherwise be reduced by) any value attributable to goodwill in the Marks or the Tide Cleaners brand. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect the Outlet at any time during this thirty (30)-day period. If we elect to purchase the Outlet, we will be entitled to, and you must provide, all customary warranties and representations relating to any assets or other items related to the Outlet, including representations and warranties as to the maintenance, function and condition of the equipment and your good title to the equipment (including that you own the equipment free and clear of any liens and encumbrances).

(2) If you and we cannot agree on the then fair market value of the Outlet (less any goodwill in the Marks or the brand), then we and you acknowledge and agree that the purchase price of the Outlet shall be appraised and finally determined by an appraisal process conducted by one (1) independent appraiser that you and we mutually agree to and appoint within fifteen (15) days after we deliver notice of our election to exercise our purchase option. If we and you cannot agree on a mutually acceptable appraiser within fifteen (15) days after we deliver our notice, then we will provide you with a list of three (3) independent appraisers and you must select one (1) of those choices to act as the designated appraiser that will determine the purchase price. We and you will share equally the appraiser's fees and expenses. Within ten (10) days after the appraiser is selected, we and you each must submit to the appraiser our and your respective calculations of the purchase price, prepared in accordance with the terms and conditions of this Section 15.D and with such detail and supporting information as the appraiser requires. Within twenty (20) days after the deadline for submitting such purchase price calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the fair market value of the Outlet, determined in accordance with this Section 15.D. The appraiser has no authority to compromise between the two (2) proposed purchase prices, but instead is authorized to choose only one or the other. The appraiser's choice shall be the purchase price and shall be final and binding on us and you.

E. Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## **16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

### **A. Independent Contractors.**

(1) You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. We are not the employer or joint employer of the Outlet's employees. You are solely responsible for the management and operation of the Outlet and the supervision of the Outlet's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Outlet personnel, and others as the Outlet's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

(2) We will not exercise direct or indirect control over the working conditions of Outlet personnel, except to the extent that such indirect control is related to our legitimate interest in protecting the quality of our services or brand. We do not share or codetermine the terms and conditions of employment of the Outlet's employees and do not affect matters relating to the employment relationship between you and your Outlet's employees, such as employee selection, promotion, termination, hours

worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints and working conditions. To that end, you agree to notify Outlet employees that you are their employer and that we, as the franchisor of Tide Cleaners Outlets, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

(3) You acknowledge and agree that:

(a) you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

(b) we are not the employer of any of your staff, and we will not play any role in decisions regarding their engagement (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

(c) any guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the brand and the Marks;

(d) when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including but not limited to our System and the requirements under this Agreement); and

(e) you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including but not limited to adopting our standards as your standards), and hiring employees and employment matters employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and all other facets of your operation.

B. No Liability For Acts Of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Outlet's operation or the business you conduct under this Agreement.

C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Outlet, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

D. Indemnification And Defense Of Claims.

(1) You agree to indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (as defined below) directly or indirectly arising out of or relating to: (a) the Outlet's operation; (b) the business you conduct under this Agreement; (c) your breach of this Agreement; (d) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Outlet's

construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by you (or your contractors or any of your or their employees, agents or representatives), or by us or our affiliates (or our or their contractors or any of our or their employees, agents or representatives), subject to Section 16.D.(3). "Losses" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Section 16.D.(1)(a) through (e) above (collectively, "Proceedings"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 16.D (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible, subject to Section 16.D.(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 16.D. Your obligations in this Section 16.D will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(3) Despite Sections 16.D.(1) and (2), you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 16.D.(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment), joint employer liability or our failure to compel you to comply with this Agreement, which are claims for which we are entitled to indemnification under this Section 16.D. However, nothing in this Section 16.D.(3) limits your obligation to defend us and the other Indemnified Parties under Sections 16.D.(1) and (2).

## **17. ENFORCEMENT.**

### **A. Severability And Substitution Of Valid Provisions.**

(1) Except as expressly provided to the contrary in this Agreement (including in Section 17.E), each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

(2) If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be



enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

(3) If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits that is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. Waiver Of Obligations.

(1) We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days prior written notice.

(2) We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its Term expires) because of any custom or practice that varies from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Tide Cleaners Outlets; the existence of franchise agreements for other Tide Cleaners Outlets that contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to either us or you will be a waiver, compromise, settlement, or accord and satisfaction. We and you, upon receipt, are authorized to remove any legend or endorsement, which then will have no effect.

(3) Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (a) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (b) fire, flood, accident, hurricane or other calamity or act of nature; (c) strikes, embargoes, war, civil disturbance, acts of terrorism or similar events, or riot; or (d) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties, Fund Contributions, or Co-op Dues due afterward.

C. Costs And Attorneys' Fees. If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

D. Rights Of Parties Are Cumulative. Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

E. Arbitration.

(1) We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective owners, shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and yours or their respective owners, shareholders, officers, directors, agents and/or employees) arising out of or related to: (a) this Agreement or any other agreement between you and us or our affiliates; (b) our (or any of our affiliates') relationship with you; (c) the scope and validity of this Agreement or any other agreement between you and us (or any of our affiliates) or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section 17.E, which you and we acknowledge is to be determined by an arbitrator and not a court); or (d) any aspect of the System or any System Standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by a panel of three (3) arbitrators (the "Panel") and, except as this Section 17.E otherwise provides, according to the then current commercial arbitration rules of the AAA. We and you shall each appoint one (1) arbitrator to serve on the Panel. The two (2) separately appointed arbitrators shall attempt to agree upon the third arbitrator for the Panel, who will act as the Panel's chairman. If the two (2) appointed arbitrators fail to agree on the third arbitrator within thirty (30) days after the second arbitrator is appointed to the Panel, then the third arbitrator shall be appointed by the AAA, and shall serve as the Panel's chairman. All proceedings will be conducted at a suitable location chosen by the Panel in the metropolitan area in which we have our headquarters when the arbitration is commenced, which as of the Effective Date is Cincinnati, Ohio. The Panel will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

(2) The Panel has the right to award or include in its award any relief which it deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the Panel may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 17.H, award any punitive or exemplary damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 17.H, any right to or claim for any punitive or exemplary damages against the other). The award of the Panel shall be conclusive and binding upon all parties hereto and judgment upon the Panel's award may be entered in any court of competent jurisdiction.

(3) We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The Panel may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 17.C.

(4) We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our affiliates, and our and their

respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and your and their respective owners, officers, directors, agents and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 17.E or Section 17.A, if any court or arbitrator or Panel determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 17.E, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17 (excluding this Section 17.E).

(5) Despite our and your agreement to arbitrate, we and you each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Section 17.E.

(6) The provisions of this Section 17.E are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

F. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of Ohio, without regard to its conflict of laws rules, except that any Ohio law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

G. Consent To Jurisdiction. Subject to Section 17.E above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction in the district where we have our headquarters when the action is commenced, which as of the Effective Date is Cincinnati, Ohio, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Outlet is located.

#### H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

(1) **EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 16.D, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) 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 US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

(2) **SUBJECT TO OUR AND YOUR ARBITRATION OBLIGATIONS, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY**

**ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.**

I. Binding Effect. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

J. Limitations Of Claims. Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our (or any of our affiliates') relationship with you will be barred unless a legal proceeding (in the required or permitted forum) is commenced within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

**18. CONSTRUCTION.**

A. Entire Agreement. This Agreement, together with the preambles and exhibits to it, constitutes the entire agreement between us and you, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the Outlet (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Manual at any time and amend and restate **Exhibit B** to reflect the Territory pursuant to Section 1.D if the exact location of the Franchised Location is unknown as of the Effective Date. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative.

B. Policies. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

C. No Third Party Beneficiaries. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

D. Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

E. Headings. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

F. References.

(1) References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal.

(2) The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us.

(3) References to “control” mean the power to direct or cause the direction of management and policies.

(4) References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Outlet or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the Outlet and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. If two (2) or more persons are at any time the owners of the Franchise and the Outlet, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

(5) References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a controlling ownership interest is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). References to a “non-controlling ownership interest” mean an ownership interest that is not a controlling ownership interest (as evaluated both before and after any proposed transfer and as otherwise described above).

(6) References to a “person” mean any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

(7) The words “include,” “including,” and words of similar import, whenever used in this Agreement, mean “including, by way of example, but without limitation,” and the terms following such words shall not be interpreted as representing an exclusive or exhaustive list of the appropriate subject matter.

(8) Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

(9) The term “Outlet” includes all of the assets of the Tide Cleaners Outlet you operate under this Agreement, including its revenue and the Lease.

G. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Agreement.

## **19. NOTICES AND PAYMENTS.**

A. Notices. All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered: (1) at the time delivered by hand; (2) at the time delivered via computer transmission and, in the case of the Royalty, Fund Contributions, and other amounts due, at the time we actually receive payment via the Account; (3) one (1) business day after transmission by electronic transmission such as e-mail if the sender has confirmation of successful

transmission; (4) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (5) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice to us must be sent to the address specified on the first page of this Agreement, although we may change this address for notice by giving you notice of the new address. You may send notices to us by e-mail but only if you send them to us at “franchising@tidedrycleaners.com” (unless and until we specify a different address). Any notice that we send to you may be sent only to the one (1) person identified on **Exhibit A**, even if you have multiple owners, at the e-mail or postal address specified on **Exhibit A**. You may change the person and/or address for notice only by giving us thirty (30) days’ prior notice by any of the means specified in subparagraphs (1) through (5) above. Changes that we periodically make to our Manual and/or other similar operational instructions that we periodically change shall not be deemed “notices” for the purpose of this Section 19.

B. **Payments and Reports.** Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **20. COMPLIANCE WITH ANTI-TERRORISM LAWS.**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (as defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean 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 other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.A.(19) above.

## **21. ELECTRONIC MAIL.**

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates (“Official Senders”) to you during the Term of this Agreement. You further agree that: (1) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (2) you will cause your officers, directors, and employees to give their consent to Official Senders’ transmission of e-mails to them; (3) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (4) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term of this Agreement.

## **22. ACKNOWLEDGMENTS.**

A. You acknowledge:

(1) That you have independently investigated the Tide Cleaners franchise opportunity and recognize that, like any other business, the nature of the business a Tide Cleaners Outlet conducts may, and probably will, evolve and change over time;

(2) That an investment in a Tide Cleaners Outlet involves business risks that could result in the loss of a significant portion or all of your investment;

(3) That your business abilities and efforts are vital to your success;

(4) That attracting customers for your Tide Cleaners Outlet will require you to make consistent marketing and relationship building efforts in your community through various methods, which currently include media advertising, direct mail advertising, community events and display and use of in-store promotional materials;

(5) That retaining customers for your Tide Cleaners Outlet will require you to have a high level of customer service and adhere strictly to the System and our System Standards and that you are committed to maintaining System Standards;

(6) That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Tide Cleaners Outlet (other than what is included in our most recent franchise disclosure document delivered to you or your representative);

(7) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us;

(8) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

(9) That you have read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Tide Cleaners Outlet, and to protect and preserve the goodwill of the Marks;

(10) That we will restrict your sources of Proprietary Products and also have the right to restrict your sources of other goods and services;

(11) That we have not made any representation, warranty, or other claim regarding this Tide Cleaners franchise opportunity, other than those made in this Agreement and our franchise disclosure document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement;

(12) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Tide Cleaners franchise opportunity;

(13) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or waived your right to do so; and

(14) That you received our franchise disclosure document at least fourteen (14) days before the Effective Date, or the transaction to which this Agreement relates meets a United States federal

and, if applicable, state-based exemption from laws and regulations governing the offer and sale of franchises in your jurisdiction.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Agreement)



**EXHIBIT A**

**TO THE TIDE CLEANERS FRANCHISE AGREEMENT**

**OWNERS**

**Effective Date: This Exhibit A is current and complete**

as of \_\_\_\_\_, 20\_\_

**You and Your Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE)  
You were incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_.  
You have not conducted business under any name other than your corporate, limited liability company, or partnership name and \_\_\_\_\_.  
The following is a list of your directors, if applicable, and officers as of the effective date shown above:

<b><u>Name of Each Director/Officer</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Name and Address of Person to Receive Notice for Franchise Owner.**

- (a) Name: \_\_\_\_\_
- (b) Postal Address: \_\_\_\_\_
- (c) E-mail Address: \_\_\_\_\_

4. **Identification of Managing Owner.** Your Managing Owner as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Managing Owner without prior written approval.

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
 a \_\_\_\_\_

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

**EXHIBIT B**

**TO THE TIDE CLEANERS FRANCHISE AGREEMENT**

**FRANCHISE INFORMATION**

1. **Franchised Location:** \_\_\_\_\_

2. **Territory.** The **Territory** for the Outlet shall be:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(The Territory is depicted on the map attached to this **Exhibit B**. However, if there is an inconsistency between the language in this **Exhibit B** and the attached map, the language in this **Exhibit B** shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.)

***[Choose one Store Format and delete this bracket and the non-applicable Store Formats.]***

3. **Plant Store Format.** You are hereby authorized to operate the Outlet as a **Plant Store**. The Plant Store is a facility that is consumer-facing and that provides on-site garment treatment and handling services using Plant Store equipment on-premises. The following items apply to a Plant Store:

Initial Franchise Fee	\$50,000
New Store Marketing Expense	\$25,000
Number of trainees (including the Managing Owner) that must attend the initial training program	
Number of our representatives that will conduct Opening Training at your Outlet	Up to 2
Number of days of Opening Training	Approximately 10

3. **Central Plant Store Format.** You are hereby authorized to operate the Outlet as a **Central Plant Store**. The Central Plant Store is a facility that is not consumer-facing and that provides on-site garment treatment and handling services using Plant Store equipment on-premises. The following items apply to a Central Plant Store:

Initial Franchise Fee	\$65,000
New Store Marketing Expense	\$35,000
Number of trainees (including the Managing Owner) that must attend the initial training program	
Number of our representatives that will conduct Opening Training at your Outlet	Up to 2
Number of days of Opening Training	Approximately 10

3. **Drop Store Format.** You are hereby authorized to operate the Outlet as a **Drop Store**. The Drop Store is a facility that is consumer-facing that uses a associated Plant Store to provide the garment cleaning and treatment services on customer orders. You agree that: (a) the Plant Store will service all garments and other items from and otherwise provide sufficient operational support for the Outlet; (2) we have the right to approve the terms of service and other provisions of the agreement between the Outlet and the Plant Store; and (3) notwithstanding the fact that the Plant Store will service all garments from the Outlet, you are solely responsible for ensuring that all garments are cleaned in accordance with the System Standards

and that all products and services provided from the Outlet will comply with the System Standards and other provisions of this Agreement. The following items apply to a Drop Store:

Location of Plant Store that will service the Outlet	
Initial Franchise Fee	\$30,000
New Store Marketing Expense	\$20,000
Number of trainees (including the Managing Owner) that must attend the initial training program	
Number of our representatives that will conduct Opening Training at your Outlet	1
Number of days of Opening Training	Approximately 5

3. **Neighborhood Drop Store Format.** You are hereby authorized to operate the Outlet as a **Neighborhood Drop Store**. The Neighborhood Drop Store is a facility operating in a small storefront with a reduced equipment package that is consumer-facing that uses a associated Plant Store to provide the garment cleaning and treatment services on customer orders. The following items apply to a Neighborhood Drop Store:

Location of Plant Store that will service the Outlet	
Initial Franchise Fee	\$17,500
New Store Marketing Expense	\$5,000
Number of trainees (including the Managing Owner) that must attend the initial training program	
Number of our representatives that will conduct Opening Training at your Outlet	1
Number of days of Opening Training	Approximately 5

## MAP OF TERRITORY

**EXHIBIT C**

**TO THE TIDE CLEANERS FRANCHISE AGREEMENT**

**FRANCHISEE CONSENT TO VENDOR INFORMATION SHARING**

This Franchisee Consent to Vendor Information Sharing (“Consent”) is provided on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ (“Franchisee”) as the Franchisee under that certain Tide Cleaners Franchise Agreement dated \_\_\_\_\_ between Franchisee and AGILE PURSUITS FRANCHISING, INC. (“Franchisor”) for the operation of a franchised Tide Cleaners outlet located at \_\_\_\_\_ (the “Outlet”). Franchisee understands, agrees and hereby acknowledges that Franchisor has the right to receive various information, reports and records regarding Franchisee’s operation of the Outlet, including such data from suppliers to the Outlet. Accordingly, consistent with Franchisor’s rights and Franchisee’s obligations pursuant to Sections 5.B.(1)(g) and 5.K.(6) of the Tide Cleaners Franchise Agreement, Franchisor is hereby granted permission to contact any or all suppliers that provide goods or services to the Outlet concerning the Outlet’s operations. Franchisee further authorizes any supplier that Franchisor may contact in connection with this Consent to share all relevant information about the Outlet’s operations, including but not limited to purchasing records and history, product usage statistics, and all related details about Franchisee’s relationship with the supplier covering the time period during which Franchisee operated the Outlet pursuant to the Tide Cleaners Franchise Agreement. By signing below, Franchisee (1) hereby authorizes Franchisor to submit this executed Consent to any of the Outlet’s suppliers as evidence of Franchisee’s permission for the supplier to release to Franchisor information about the Outlet, (2) consents to each supplier’s full cooperation and information sharing with Franchisor upon Franchisor’s request, and (3) directs any such supplier to disclose all relevant information concerning the Outlet’s operation to the Franchisor.

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** (“Guaranty”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

By (list each guarantor):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Tide Cleaners Franchise Agreement (the “Agreement”) on this date by AGILE PURSUITS FRANCHISING, INC. (“us,” “we,” or “our”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 17, 19, and 20 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned’s execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a “creditor” of Franchisee under any applicable bankruptcy law with respect to Franchisee’s obligations to us; (ii) all rights to require us to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty, or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by us; and (iv) acceptance and

notice of acceptance by us of his, her or its undertakings under this Guaranty, all presentments, demands, and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protests, notices of dishonor, and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. We shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to us. Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement.

In addition, the undersigned each waive any defense arising by reason of any of the following: (a) any disability or any counterclaim or right of set-off or other defense of Franchisee, (b) any lack of authority of Franchisee with respect to the Agreement, (c) the cessation from any cause whatsoever of the liability of Franchisee, (d) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (e) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (f) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (g) any act or omission of Franchisee.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of general jurisdiction in the district where we have our headquarters at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. EACH OF THE UNDERSIGNED IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER OR RELATING TO THIS GUARANTY OR ITS ENFORCEMENT.



**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**Signatures Of Each Guarantor**

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**Percentage Of Ownership  
In Franchisee**

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%  
%  
%  
%  
%

**EXHIBIT E**

**CONVERSION INCENTIVE ADDENDUM**

**AGILE PURSUITS FRANCHISING, INC.**  
**TIDE CLEANERS**  
**CONVERSION INCENTIVE ADDENDUM TO FRANCHISE AGREEMENTS**

**THIS CONVERSION INCENTIVE ADDENDUM TO FRANCHISE AGREEMENTS** (this “Conversion Addendum”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation (“Franchisor,” “we,” “us,” or “our”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee,” “you,” or “your”).

**RECITALS**

Pursuant to the Tide Cleaners Franchise Agreement(s) identified on Exhibit 1 (the “Franchise Agreements”), we granted you the right to operate franchised Tide Cleaners Outlet(s) (the “Outlets”) at each of the locations identified in Exhibit 1 (the “Premises”).

You acquired dry cleaners business(es) branded as \_\_\_\_\_ at each of the Premises that you will convert to Tide Cleaners Outlets.

The parties are entering into this Conversion Addendum to modify certain terms of the Franchise Agreements to govern the conversion of the Outlets to Tide Cleaners Outlets and to reflect certain incentives we have offered you.

**NOW, THEREFORE**, in consideration of the mutual promises contained in this Conversion Addendum and the Franchise Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. RECITALS AND INCORPORATION INTO FRANCHISE AGREEMENTS.** The Recitals are incorporated into this Conversion Addendum by this reference. This Conversion Addendum shall be annexed to and form a part of each Franchise Agreement, and all capitalized terms not otherwise defined hereunder shall have the meanings set forth in each Franchise Agreement.

**2. NO APPLICABILITY TO DEVELOPMENT SCHEDULE OR DEVELOPMENT INCENTIVE PROGRAM.** The parties acknowledge and agree that the conversion of any business to a Tide Cleaners Outlet does not qualify as the development of a new Tide Cleaners Outlet under any Development Rights Agreement (“DRA”) between the parties. Notwithstanding anything to the contrary in the Franchise Agreements or any DRA, none of the Developments Rights Fees paid under any DRA shall be applied to any fees due under the Franchise Agreements.

**3. CONVERSION.**

(a) You agree to pay us a conversion assistance fee in the amount set forth on Exhibit 1 when you sign this Addendum (“Conversion Fee”). The Conversion Fee is non-refundable and fully earned by us when paid. We will work with you to identify the necessary modifications and upgrades that will be required to convert and equip each Premises as a Tide Cleaners Outlet (“Conversion Requirements”). After identifying the Conversion Requirements, we will conduct a meeting with the management team of the Outlets to introduce the Tide Cleaners System Standards. We will provide the project management assistance outlined in the Franchise Agreements to ensure that the conversion of each Premises stays on schedule.

(b) Notwithstanding anything to the contrary in the Franchise Agreements, the parties acknowledge and agree that you are converting the Premises of the Outlets to Tide Cleaners Outlets and not developing new Tide Cleaners Outlets. You shall assume all cost, liability and expense for converting and equipping each Premises as a Tide Cleaners Outlet by completing the Conversion Requirements that are identified on Exhibit 1. You must convert each Premises to a Tide Cleaners Outlet in strict compliance with our standards no later than the conversion deadline for the Outlet as identified on Exhibit 1 (“Conversion Deadline”). You must not commence operations of a Premises as a Tide Cleaners Outlet using the Marks until you have completed the Conversion Requirements and you have obtained our written approval.

(c) The parties acknowledge and agree that your operation of any Outlet as a [redacted] *[insert brand name]* business until the Conversion Deadline for that Outlet shall not violate the restrictions against competition in Section 11.C of the Franchise Agreements or any other agreement with us and/or our affiliates.

**4. TERM OF THE FRANCHISE AGREEMENT.** Section 1.C of each Franchise Agreement is deleted and replaced with the following:

Unless terminated sooner as provided in this Agreement, the initial term (“Term”) of this Agreement expires on the tenth (10th) anniversary of the date that you complete the conversion of the Outlet and open the Outlet as a Tide Cleaners Outlet at the Premises (the “Conversion Date”) (as described in the Conversion Addendum to this Agreement), unless sooner terminated as provided herein.

**5. WAIVER OF INITIAL FRANCHISE FEE.** Notwithstanding anything to the contrary contained in Sections 2 and 3 of and Exhibit B to each Franchise Agreement, the Initial Franchise Fee payable by you under each Franchise Agreement is hereby waived.

**6. MODIFICATION OF ROYALTY.** The first sentence of Section 3.B. of each Franchise Agreement is deleted and replaced with the following:

You agree to pay us, in the manner provided below (or as the Manual otherwise prescribes), a weekly Continuing Service and Royalty Fee (the “Royalty”) in the amount set forth in the table below:

<b>Year Following the Earlier of the Conversion Date or the Conversion Deadline</b>	<b>Royalty</b>
Year 1	1% of Net Sales
Year 2, Year 3 and Year 4	3% of Net Sales
Year 5 and Thereafter	6.5% of Net Sales

**7. INITIAL TRAINING.** Notwithstanding anything to the contrary in Section 4.A.(2) or Exhibit B of each Franchise Agreement, before the Conversion Date, we will train two (2) of your designated trainees on the material aspects of operating a Tide Cleaners Outlet. We include the costs of the initial training program for your two (2) designated trainees in the Conversion Fee.

**8. OPENING ASSISTANCE.** Notwithstanding anything to the contrary in Section 4.B. or Exhibit B of each Franchise Agreement, when the Conversion Date is approaching for the first business that you convert to a Tide Cleaners Outlet in a market, we will, send up to two (2) of our representatives to your market for a period of up to ten (10) calendar days to provide training and assistance. The number of

representatives we send, and the duration of their assistance, will depend on our opinion of your ability, experience, and needs.

**9. MARKET RE-LAUNCH MARKETING.** Section 6.A. of each Franchise Agreement is deleted in its entirety and replaced with the following:

Market Re-Launch Marketing. At least ninety (90) days prior to the anticipated Conversion Date, you must prepare and obtain our approval of a marketing plan (“Market Re-Launch Marketing Plan”) for the advertising and promotion of the Outlet during a conversion period that we designate. You must then spend the amount specified on Exhibit 1 of the Conversion Addendum to this Agreement (the “Market Re-Launch Marketing Expense”) to implement the Market Re-Launch Marketing Plan. The conversion period typically covers from one (1) month before through three (3) months after the Conversion Date (or up to four (4) total months), subject to changes we may allow based on the particular market area or other unique circumstances of the Outlet, including our approval of an advanced written request that you may submit to us requesting such a change. You agree to comply with our then current guidelines and payment terms in connection with your Market Re-Launch Marketing Plan.

**10. ADVERTISING AND DEVELOPMENT FUND.** The following sentence is added as a new paragraph at the end of Section 6.B. of each Franchise Agreement:

Notwithstanding anything to the contrary in this Agreement, you will not be obligated to contribute to the Fund until the earlier of the Conversion Date or the Conversion Deadline.

**11. [ONLY INCLUDE FOR EXISTING MARKETS] LOCAL ADVERTISING EXPENDITURES.** The first sentence of Section 6.C. of each Franchise Agreement is deleted and replaced with the following:

In addition to your Market Re-Launch Marketing Expense in Section 6.A and your Fund Contribution obligations in Section 6.B, you agree to spend at least the amount set forth in the table below to advertise and promote your Outlet (the “Local Advertising Expenditures”), provided that your Local Advertising Expenditures may be offset (whether partially or fully, as applicable) by the amount of the applicable Co-op Dues (as defined in Section 6.D), if any, that you must pay pursuant to Section 6.D.:

<b>Year Following the Earlier of the Conversion Date or the Conversion Deadline</b>	<b>Local Advertising Expenditure</b>
Year 1	0% of Net Sales
Year 2, Year 3 and Year 4	1% of Net Sales
Year 5 and Thereafter	2% of Net Sales

**11. [ONLY INCLUDE FOR NEW MARKETS] LOCAL ADVERTISING EXPENDITURES.** The following sentence is added as a new paragraph at the end of Section 11.C. of the Franchise Agreement:

Notwithstanding anything to the contrary in this Agreement, you will not be obligated to commence making the Local Advertising Expenditures promoting your Outlet until the earlier of the Conversion Date or the Conversion Deadline.

**12. TERMINATION OF AGREEMENT.** The following Section 14.A.(22) is added to the end of Section 14.A. of each Franchise Agreement:

(22) you fail to complete the Conversion Requirements, obtain our written approval of the conversion, and commence operating the Outlet under the Marks as a Tide Cleaners Outlet by the Conversion Deadline as set forth in Exhibit 1 to the Conversion Addendum to this Agreement.

**13. TERMINATION OF CONVERSION INCENTIVES.** We may terminate the conversion incentives set forth in Section 6 (Modification of Royalty) and Section 11 (Local Advertising Expenditures) above at any time if you or your affiliates commit a default of any Franchise Agreement, Development Rights Agreement, or other agreement with us or our affiliates relating to the conversion or operation of the Outlets or the development or operation of any other Tide Cleaners Outlets, including by failing to pay all amounts owed to us, our affiliates and third party suppliers. If we terminate these conversion incentives, you must immediately begin paying the standard Royalty and making the standard Local Advertising Expenditures as set forth in the Franchise Agreements.

**14. MISCELLANEOUS.**

**A. CONFIDENTIALITY.** Except as required by law and as required to implement the terms of this Conversion Addendum and each Franchise Agreement, you agree to keep confidential and not disclose the existence or terms of this Conversion Addendum without our prior written consent. Any failure to comply with these confidentiality obligations shall be a material breach of each Franchise Agreement.

**B. LIMITED MODIFICATION.** Except as modified by this Conversion Addendum, each Franchise Agreement remains unmodified and in full force and effect.

**C. COUNTERPARTS.** The parties may sign this Conversion Addendum in counterparts and each such counterpart may be delivered to the other parties by electronic copy (including an electronic signature platform or the transmission of a scanned PDF document), and when taken together with all other identical copies of this Conversion Addendum also signed in counterpart, shall be considered as one agreement.

**D. CAPTIONS.** The captions in this Conversion Addendum are for the sake of convenience only, and shall neither amend nor modify the terms of this Conversion Addendum.

**IN WITNESS WHEREOF,** the parties have executed this Conversion Addendum effective as of the date first set forth above.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

**EXHIBIT 1 TO CONVERSION ADDENDUM**

**1. Franchise Agreements**

<b>Outlet Number</b>	<b>Premises</b>	<b>Store Format</b>	<b>Conversion Deadline</b>

**2. Conversion Fee. \$**

[Drafting note:

\$10,000 for up to four Outlets in an Franchisee’s existing market

\$10,000 for each Outlet in a new market.]

**3. Market Re-Launch Marketing Expense: \$**

[Drafting note:

\$5,000 for up to four Outlets in Franchisee’s existing market

\$5,000 for each Outlet in a new market.]

**4. Conversion Requirements:**

**EXHIBIT F**

**DEVELOPMENT INCENTIVE PROGRAM ADDENDA**



**EXHIBIT F-1**

**DEVELOPMENT INCENTIVE PROGRAM ADDENDUM  
FOR NEIGHBORHOOD DROP STORES**

**TIDE CLEANERS  
DEVELOPMENT INCENTIVE PROGRAM  
FOR NEIGHBORHOOD DROP STORES**

**ADDENDUM TO FRANCHISE AGREEMENT**

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “Addendum”) by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation (“APFI”, “we,” “us,” or “our”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”, “you,” or “your”) is entered into and made effective as of as of the Effective Date (which is the date indicated on the signature page of this Addendum).

**RECITALS**

In order to encourage the development of franchised Tide Cleaners Outlets operating as Neighborhood Drop Stores, we have implemented a Development Incentive Program (the “Program”).

Pursuant to a Tide Cleaners Franchise Agreement dated as of \_\_\_\_\_ (the “Franchise Agreement”), we granted you the right to operate a franchised Tide Cleaners Outlet (the “Outlet”) as a Neighborhood Drop Store.

Since the development of the Outlet meets the criteria for the Program, the parties are entering into this Addendum to provide the Program benefits to you and to modify certain provisions of the Franchise Agreement.

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

- 1. Fee Deferral.** Notwithstanding anything to the contrary contained in the Franchise Agreement (including Section 3.A), if you open the Outlet prior to September 30, 2022, you may defer the payment of the Initial Franchise Fee (the “Fee Deferral”) until the expiration of the one (1) year period following the actual opening date of the Outlet (the “Deferral Period”). We will withdraw the Initial Franchise Fee from your Electronic Depository Transfer Account at the end of the Deferral Period.
- 2. Termination of Fee Deferral.** We may terminate the Fee Deferral set forth in Section 1 above at any time prior to the end of the Deferral Period if: (a) you fail to open the Outlet by September 30, 2022; or (2) you or your affiliates commit a default of the Franchise Agreement, any development rights agreement, franchise agreement or other agreement with us or our affiliates relating to the development or operation of the Outlet or any other Tide Cleaners Outlet, including by failing to pay all amounts owed to us, our affiliates and third party suppliers. If we terminate the Fee Deferral, you must immediately pay the Initial Franchise Fee to us.
- 3. Recitals and Incorporation into Franchise Agreement.** The Recitals are incorporated into this Addendum by this reference. This Addendum shall be annexed to and form a part of the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
- 4. Capitalized Terms.** Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

**5. Counterparts.** This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, which is made effective as of the Effective Date set forth below.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Addendum)

**EXHIBIT F-2**

**DEVELOPMENT INCENTIVE PROGRAM ADDENDUM  
FOR MULTI-UNIT FEE REDUCTION**

**TIDE CLEANERS  
DEVELOPMENT INCENTIVE PROGRAM  
MULTI-UNIT FEE REDUCTION**

**ADDENDUM TO FRANCHISE AGREEMENT**

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “Addendum”) by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation (“APFI”, “we,” “us,” or “our”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”, “you,” or “your”) is entered into and made effective as of as of the Effective Date (which is the date indicated on the signature page of this Addendum).

**RECITALS**

In order to encourage the development of additional franchised Tide Cleaners Outlets by developers of Tide Cleaners Outlets, we have implemented a Development Incentive Program (the “Program”) where we will reduce the Initial Franchise Fee for certain Tide Cleaners Outlets.

Pursuant to a Tide Cleaners Development Rights Agreement dated as of \_\_\_\_\_ (the “DRA”), we granted you the right to develop multiple Tide Cleaners Outlets in a defined Area. You have already developed at least two Tide Cleaners Outlets as Plant Stores or Drop Stores in the Area under your DRA in full compliance with your DRA’s Development Schedule (the “Existing Outlets”).

You are operating the Existing Outlets in full compliance with your existing Tide Cleaners Franchise Agreements.

Pursuant to a new Tide Cleaners Franchise Agreement dated as of \_\_\_\_\_ (the “Franchise Agreement”), we granted you the right to develop and operate a new franchised Tide Cleaners Outlet (the “Outlet”) as a Plant Store or Drop Store. The Outlet is being developed under the DRA.

Since the development of the Outlet meets the criteria for the Program, the parties are entering into this Addendum to provide the Program benefits to you and to modify certain provisions of the Franchise Agreement.

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

**1. Fee Reduction.** Notwithstanding anything to the contrary contained in the Franchise Agreement (including Section 3.A), if you open the Outlet prior to September 30, 2022, we will reduce your Initial Franchise Fee by **[\$10,000] [\$5,000]** as reflected in Exhibit A to the Franchise Agreement (the “Fee Reduction”).

**2. Termination of Fee Deferral.** We may terminate the Fee Reduction set forth in Section 1 above if: (a) you fail to open the Outlet by September 30, 2022; or (2) you or your affiliates commit a default of the Franchise Agreement, any development rights agreement, franchise agreement or other agreement with us or our affiliates relating to the development or operation of the Outlet or any other Tide Cleaners Outlet, including by failing to pay all amounts owed to us, our affiliates and third party suppliers. If we terminate the Fee Reduction, you must immediately pay the Fee Reduction to us.

**3. [Delete for Plant Stores:] No Opening Assistance.** Since the Outlet is a Drop Store, Section 4.B.(1) of the Franchise Agreement is deleted and we will have no obligation to provide any opening

assistance to you. However, we will send a representative to the Outlet to inspect the Outlet prior to opening.

**4. Recitals and Incorporation into Franchise Agreement.** The Recitals are incorporated into this Addendum by this reference. This Addendum shall be annexed to and form a part of the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**5. Capitalized Terms.** Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

**6. Counterparts.** This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, which is made effective as of the Effective Date set forth below.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Addendum)

**EXHIBIT G**  
**LEASE RIDER**

**AGILE PURSUITS FRANCHISING, INC.**  
**TIDE CLEANERS**  
**FRANCHISEE LEASE RIDER**

**THIS FRANCHISEE LEASE RIDER** (the “Rider”) is attached to, incorporated into, and made an integral part of the preceding \_\_\_\_\_ (the “Lease”) between \_\_\_\_\_ (“Landlord”), and \_\_\_\_\_ (“Tenant”), for the premises located at \_\_\_\_\_ (the “Premises”), with the intention that it will be effective on the date that the Lease is effective (the “Lease Date”).

1. **Preamble.** Tenant will operate a “Tide Cleaners” outlet at the Premises pursuant to that certain franchise agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), and that certain development rights agreement dated \_\_\_\_\_, 20\_\_ (the “DRA”), between Tenant and Agile Pursuits Franchising, Inc., an Ohio corporation (the “Franchisor”).

2. **Purpose and Interpretation of Rider.** This Rider is given pursuant to Section 4.D of the DRA and for the purpose of inducing the Franchisor to approve the Lease and accept the Premises as an authorized location for the operation of a “Tide Cleaners” outlet, and Landlord acknowledges and agrees that the Franchisor will rely on the provisions of the Lease and this Rider. If there is any conflict between this Rider and any provision of the Lease, the terms of this Rider will be construed to control. Nothing in this Rider will be construed to: (a) obligate Landlord to comply with the requirements of the Franchise Agreement or the DRA; or (b) obligate the Franchisor to comply with the requirements of the Lease.

3. **No Modification without Franchisor’s Approval.** No modification of the Lease will be effective unless and until Landlord has received written consent from the Franchisor, confirming that the Franchisor has reviewed and accepted the terms of the modification; but no such approval will be construed to obligate the Franchisor to assume or perform any obligation under the Lease or any such amendment.

4. **Limitation on Use of Premises.** The Premises may be used only for the operation of a “Tide Cleaners” retail business, and for no other purpose during the term of the Lease (the “Term”).

5. **Waiver of Rights to Marks and Business Assets.** So long as Tenant complies with the Franchise Agreement and the requirements of all applicable laws, at Tenant’s sole cost and expense, Tenant will have the right to display at the Premises the licensed trade names, trademarks, service marks and other commercial symbols for “Tide Cleaners” outlets, as such trade names, trademarks, marks and symbols are modified by Franchisor from time to time (collectively, the “Marks”), consistent with the requirements in the Franchise Agreement and Franchisor’s Operations Manual. Landlord waives any and all liens and other rights in or to the Marks and to the trade fixtures, equipment and other assets used in the operation of the “Tide Cleaners” business at the Premises, including, but not limited to, liens and rights which might otherwise arise by operation of applicable laws. Landlord shall provide Franchisor (or Franchisor’s designated representative or agent) full access to the Premises upon expiration, termination or transfer of either the Lease or the Franchise Agreement, for a period of at least fifteen (15) days, to de-identify, replace, refurbish, and/or remove from the Premises any property bearing the Marks, proprietary software, equipment, and any and all furniture and fixtures installed by Tenant or installed in connection with the Lease. Franchisor shall have the right, but not the obligation, to repaint any portion of the interior of the Premises.

6. **Notice to Franchisor; Opportunity to Cure.** If Landlord notifies Tenant that it has failed to perform its obligations under the Lease (a “Default”), Landlord will simultaneously deliver a copy of the notice to the Franchisor. And, if Tenant fails to cure any Default within the applicable cure period granted in the Lease, Landlord will not terminate Tenant’s rights under this Lease until Landlord has: (a) given the Franchisor notice confirming Tenant’s failure to cure the Default and a specific description of the actions



necessary to cure the Default (a “Default Notice”), and (b) allowed the Franchisor fifteen (15) days after delivery of the Default Notice to cure the Default (or in the case of a non-monetary default, to notify Landlord of its intention to cure and to initiate the actions necessary to cure the Default). Nothing in this Section will be construed to obligate the Franchisor to cure any Default, but if the Franchisor timely cures a Default (or initiates and diligently pursues the steps required to cure the Default), then Landlord will accept the cure and neither the Lease nor Tenant’s rights under the Lease will be terminated.

7. **Franchisor’s Right to Receive Certain Tenant Information.** If the Franchisor requests copies of any information Tenant has provided to Landlord in connection with the Lease (including confidential information, such as sales reports), Tenant waives any otherwise applicable restrictions on confidentiality and authorizes Landlord to comply with the request; and Landlord agrees to promptly deliver copies of any such information to the Franchisor.

8. **Special Agreements Regarding Assignment of Tenant’s Interest Under Lease.**

(a) Tenant will have the right to assign its interest under the Lease to the Franchisor (or any affiliate of the Franchisor designated by the Franchisor, including, without limitation, Agile Pursuits, Inc.) at any time during the Term, and Landlord will recognize the Franchisor (or the designated affiliate) as the Tenant under the Lease, so long as the Franchisor (or the designated affiliate) delivers a written agreement accepting the assignment and assuming the obligations of Tenant under the Lease (the “Franchisor/Affiliate Assignment”).

(b) Following the delivery of any such Franchisor/Affiliate Assignment, the Franchisor (or the designated affiliate) will have the right to assign its interest under the Lease, subject to any and all conditions and requirements for assignment which may be imposed in the Lease; except that the Franchisor (or the designated affiliate) will have the unconditional right to assign its interest under the Lease to another “Tide Cleaners” franchisee, so long as no uncured events of Default are in effect on the date of the assignment, and the new franchisee delivers a written agreement accepting the assignment and assuming the obligations of Tenant under the Lease from and after the date of the assignment (a “Franchisee Assignment”). Upon the delivery of any such Franchisee Assignment, the Franchisor (or the designated affiliate) shall be released from all obligations under the Lease.

9. **No Release.** Except as otherwise set forth in the last sentence of Section 8(b) of this Rider as it relates to the Franchisor (or the designated affiliate), nothing in this Rider, and no assignment pursuant to this Rider, will be construed to release Tenant from its obligations under the Lease.

10. **Enforcement by Franchisor.** It is expressly acknowledged and agreed that the Franchisor is a third party beneficiary of the agreements of Landlord set forth in this Rider. Tenant and/or the Franchisor shall have the right to enforce Landlord’s agreements in this Rider.

11. **Notices.** All notices given pursuant to this Rider will be given in the manner required in the Lease, except that notices to the Franchisor will be delivered to:

Agile Pursuits Franchising, Inc.  
2 Procter and Gamble Plaza, TE-16  
Cincinnati, Ohio 45202  
Attn: Tide Cleaners Real Estate  
Phone: (513) 983-2615

Franchisor shall have the right to change its address for notices given pursuant to this Rider at any time by delivering written notice of such change to Landlord in the manner required in the Lease.

The parties have signed this Rider to be effective as of the Lease Date.

LANDLORD:

TENANT:

\_\_\_\_\_

\_\_\_\_\_

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

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

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

**EXHIBIT H**

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**EXHIBIT I**  
**GENERAL RELEASE**

**AGILE PURSUITS FRANCHISING, INC.**

**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

AGILE PURSUITS FRANCHISING, INC. (“we,” “us,” “our,” or “Franchisor”) and the undersigned franchisee, \_\_\_\_\_ (“you,” “your,” or “Franchisee”), currently are parties to a certain franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”) for the operation of a Tide Cleaners Outlet at \_\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Franchisor Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now have, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties (1) arising out of or related to the Franchisor Parties’ performance of their obligations under the Franchise Agreement before the date of your signature below or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity that is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your transferring owners likewise grant to us the release and covenant not to sue provided above.

\*\*\*\*\*

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Subject to your arbitration obligation under the Franchise Agreement, you may commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

\*\*\*\*\*

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Agreement)



**EXHIBIT J**

**LIST OF FRANCHISEES AND FRANCHISEES THAT LEFT THE SYSTEM**

**LIST OF FRANCHISED OUTLETS AS OF JUNE 30, 2021**

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
MSJ7, LLC	Marc Tankel	11211 Cantrell Road	Little Rock	AR	72212	(501) 246-8643
MSJ7Kirk, LLC	Marc Tankel	16301 Chenal Parkway	Little Rock	AR	72223	(501) 225-8433
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	29455 North Cave Creek Road, Suite 144	Cave Creek	AZ	85331	(480) 419-3553
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	3125 South Alma School Road	Chandler	AZ	85248	(480) 855-9270
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	2975 East Ocotillo Road	Chandler	AZ	85249	(480) 629-4496
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	6466 South Higley Road, Suite 108	Gilbert	AZ	85298	(480) 840-3303
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	754 South Val Vista Drive, #109	Gilbert	AZ	85296	(480) 633-8554
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	835 West Warner Road, Suite 10	Gilbert	AZ	85233	(480) 926-4485
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	20229 North 67th Avenue, #C9	Glendale	AZ	85308	(623) 362-1957
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	25355 North Lake Pleasant Parkway	Peoria	AZ	85383	(623) 561-7733
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	3824 East Roeser Road	Phoenix	AZ	85040	(602) 431-8560
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	3956 E. Chandler Blvd.	Phoenix	AZ	85048	(602)325-2181
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	**111 East Dunlap Ave.	Phoenix	AZ	85020	N/A

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	18521 East Queen Creek Road	Queen Creek	AZ	85142	(480) 988-6835
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	10101 East Bell Road	Scottsdale	AZ	85260	(480) 585-5077
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	6501 East Greenway Parkway	Scottsdale	AZ	85254	(480) 998-4071
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	10190 North 90th Street, Suite 109	Scottsdale	AZ	85258	(480) 614-9768
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	14676 North Frank Lloyd Wright Boulevard, Suite 123	Scottsdale	AZ	85260	(480) 661-6141
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	20875 North Pima Road	Scottsdale	AZ	85255	(480) 419-7414
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	11445 East Via Linda	Scottsdale	AZ	85259	(480) 657-6054
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	15807 North Frank Lloyd Wright Boulevard	Scottsdale	AZ	85260	(602) 325-2722
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	**7000 East Shea Blvd.	Scottsdale	AZ	85254	N/A
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	7650 South McClintock Drive, #107	Tempe	AZ	85284	(480) 897-4240
Delia's Cleaners of Arizona, Inc.	Phil D'Elia*	**9920 South Rural Road, Suite 10	Tempe	AZ	85284	N/A
EDIT CLEAN LLC	Justin Sharbutt*	4730 Centennial Boulevard	Colorado Springs	CO	80919	(719) 278-9186

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
EDIT CLEAN LLC	Justin Sharbutt*	7585 North Academy Boulevard	Colorado Springs	CO	80920	(719) 964-5199
EDITCO LLC	Justin Sharbutt*	201 University Boulevard	Denver	CO	80206	(303) 320-0787
EDITCO LLC	Justin Sharbutt*	4500 West 38th Avenue, Suite 140	Denver	CO	80212	(303) 999-2898
EDITCO LLC	Justin Sharbutt*	1975 West 13th Avenue	Denver	CO	80204	(303) 999-2898
EDITCO LLC	Justin Sharbutt*	1750 Wewatta Street	Denver	CO	80202	(720) 531-8886
CCI - BOCA NORTH, LLC	Robert Lyons*	6950 South Military Trail	Boca Raton	FL	33487	(561) 221-0503
CCI - 27250, LLC	Robert Lyons*	27250 Bay Landing Drive	Bonita Springs	FL	34135	(239) 949-6097
CCI -- LINTON BLVD, LLC	Robert Lyons*	660 Linton Boulevard, Suite 205	Delray Beach	FL	33444	(561) 599-5699
CCI - ESTERO, LLC	Robert Lyons*	19533 Highland Oaks Drive, Suite 110	Estero	FL	33928	(239) 345-8500
CCI - DANIELS, LLC	Robert Lyons*	6901 Daniels Parkway, Suite 110	Fort Myers	FL	33966	(239) 920-2629
CCI - SOUTH FT. MYERS, LLC	Robert Lyons*	7001 Cypress Terrace	Fort Myers	FL	33907	(239) 785-3403
CCI - CENTRAL SARASOTA, LLC	Robert Lyons*	820 Old Trail Drive	Naples	FL	34103	(239) 384-6834
CCI - 8050, LLC	Robert Lyons*	8050 Tamiami Trail North	Naples	FL	34108	(239) 330-3758
CCI - CENTRAL NAPLES, LLC	Robert Lyons*	820 Old Trail Drive	Naples	FL	34103	(239) 384-6834

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
CCI - PARKLAND, LLC	Robert Lyons*	7595 North State Road 7	Parkland	FL	33073	(595) 858-5425
CCI - MAIN STREET, LLC	Robert Lyons*	1760 Main Street	Sarasota	FL	34236	(941) 366-1100
CCI - NORTH SARASOTA, LLC	Robert Lyons*	8452 Tuttle Avenue	Sarasota	FL	34243	(941) 217-2280
JBBW Enterprises, LLC	Berry Wright*	1529 South Dale Mabry Highway	Tampa	FL	33629	(813) 251-2234
JBBW Enterprises, LLC	Berry Wright*	1928 Bloomingdale Avenue	Valrico	FL	33596	(813) 662-4243
CCI - 394, LLC	Robert Lyons*	390 South State Road 7	Wellington	FL	33414	(561) 221-1469
BCK Holcomb, LLC	Curt Edwards	2900 Holcomb Bridge Road	Alpharetta	GA	30022	(770) 609-6064
ARAV Cleaners, Inc.	Navin Patel	440 West Army Trail Road	Bloomindale	IL	60108	(630) 237-4275
GLS Cleaners Two, Inc.	Elesh Patel*	310 West Half Day Road	Buffalo Grove	IL	60089	(847) 383-5519
Vequity Dry Cleaners, LLC	Bud Patel*	285 West Roosevelt Road	Glen Ellyn	IL	60137	(630) 469-4432
GLS Cleaners Two, Inc.	Elesh Patel*	1432 South Milwaukee Avenue	Libertyville	IL	60048	(847) 549-3195
GLS Cleaners, Inc.	Elesh Patel*	1101 North Elmhurst Road	Mount Prospect	IL	60056	(312) 502-8045
Vequity Dry Cleaners, LLC	Bud Patel*	2940 Showplace Drive	Naperville	IL	60564	(630) 689-1181
GLS Cleaners, Inc.	Elesh Patel*	1036 Willow Road, C	Northbrook	IL	60062	(847) 412-0002
Vequity Dry Cleaners, LLC	Bud Patel*	3360 Orchard Road	Oswego	IL	60543	(630) 554-7610

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Circle City Cleaners One, LLC	Jon Shuel*	2810 East 116th Street	Carmel	IN	46033	(317) 564-9550
Circle City Cleaners One, LLC	Jon Shuel*	365 West 116th Street	Carmel	IN	46032	(317) 660-1984
Circle City Cleaners One, LLC	Jon Shuel*	9840 East 116th Street	Fishers	IN	46037	(317) 516-6750
Circle City Cleaners One, LLC	Jon Shuel*	3838 North Illinois Street	Indianapolis	IN	46208	(317) 925-5335
Circle City Cleaners One, LLC	Jon Shuel*	4915 North Pennsylvania Street	Indianapolis	IN	46205	(317) 283-1361
Circle City Cleaners One, LLC	Jon Shuel*	602 North Capitol Avenue	Indianapolis	IN	46204	(312) 251-6740
Circle City Cleaners One, LLC	Jon Shuel*	14753 Hazel Dell Crossing, #800	Noblesville	IN	46062	(317) 873-4089
Circle City Cleaners One, LLC	Jon Shuel*	640 South Main Street	Zionsville	IN	46077	(317) 873-4089
TDC of Kansas City, LLC	Jimmy Barry*	13420 Roe Avenue	Leawood	KS	66209	(913) 905-2631
TDC of Kansas City, LLC	Jimmy Barry*	6904 West 135th Street	Overland Park	KS	66223	(913) 814-9335
TDC of Kansas City, LLC	Jimmy Barry*	7575 West 150th Street	Overland Park	KS	66223	(913) 685-1010
TDC of Kansas City, LLC	Jimmy Barry*	3975 West 83rd Street	Prairie Village	KS	66208	(913) 213-6999
Krishna Cleaners, LLC	Ankur Patel*	33367 Woodward Avenue	Birmingham	MI	48009	(248) 712-4268

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Irongate Capital, Inc.	Ali Al-Khafaji*	311 West University Drive	Rochester	MI	48307	(586) 884-8255
Irongate Capital, Inc.	Ali Al-Khafaji*	56265 Van Dyke Avenue	Shelby Charter Township	MI	48316	(586) 884-8255
Irongate Capital, Inc.	Ali Al-Khafaji*	287 East Big Beaver Road	Troy	MI	48083	(586) 884-8255
Monarch, LLC	Scott Snyder	7562 149th Street West	Apple Valley	MN	55124	(952) 432-0111
Edina Cleaners, LLC	Todd Laabs*	9409 Zane Avenue North	Brooklyn Park	MN	55443	(763) 488-4500
Chanhassen Dry Cleaners, LLC	Todd Laabs*	530 West 79th Street	Chanhassen	MN	55317	(952) 934-7999
Monarch, LLC	Scott Snyder	1500 Central Park Commons Drive	Eagan	MN	55121	(651) 405-3660
Chanhassen Dry Cleaners, LLC	Todd Laabs*	9254 Hennepin Town Road	Eden Prairie	MN	55347	(952) 681-2254
Edina Cleaners, LLC	Todd Laabs*	7131 France Avenue South	Edina	MN	55435	(952) 657-5703
Chanhassen Dry Cleaners, LLC	Todd Laabs*	426 Lake Street	Excelsior	MN	55331	(952) 474-5500
Monarch, LLC	Scott Snyder	16150 Pilot Knob Road	Lakeville	MN	55044	(952) 423-9340
Edina Cleaners, LLC	Todd Laabs*	11680 Elm Creek Boulevard North	Maple Grove	MN	55369	(763) 205-1897
Edina Cleaners, LLC	Todd Laabs*	18755 70th Way North	Maple Grove	MN	55311	(763) 494-5300
Chanhassen Dry Cleaners, LLC	Todd Laabs*	14409 Excelsior Boulevard	Minnetonka	MN	55345	(952) 666-2128
Edina Cleaners, LLC	Todd Laabs*	8200 42nd Avenue North	New Hope	MN	55428	(763) 531-7460
Edina Cleaners, LLC	Todd Laabs*	4105 Vinewood Lane North	Plymouth	MN	55442	763-710-4809

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Edina Cleaners, LLC	Todd Laabs*	3505 Bottineau Boulevard	Robbinsdale	MN	55422	(612) 287-7200
Monarch, LLC	Scott Snyder	6150 Egan Drive	Savage	MN	55378	(952) 228-2550
TDC St. Louis, LLC	Terry Pickens*	14434 Clayton Road	Ballwin	MO	63011	(636) 220-8371
Carolina Fresh, LLC	Henry Atkins	2229 West Arbors Drive	Charlotte	NC	28262	(704) 717-7464
Carolina Fresh, LLC	Henry Atkins	7132 Brice Knoll Lane, Suite B	Charlotte	NC	28269	(980) 498-2847
Toppen Enterprises, LLC	Tim Toppen*	3607 Falls River Avenue	Raleigh	NC	27614	N/A
Toppen Enterprises, LLC	Tim Toppen*	6144 Falls of Neuse Road	Raleigh	NC	27609	(919) 431-1682
Toppen Enterprises, LLC	Tim Toppen*	111 Seaboard Avenue Suite 114	Raleigh	NC	27604	(919) 8032774
Via Nova Holdings, LLC	John Plaso	3506 North 147th Street Suite 122	Omaha	NE	68116	(402) 657-0577
Via Nova Holdings, LLC	John Plaso	1223 South 180th St	Omaha	NE	68130	(531) 625-3900
Via Nova Holdings, LLC	John Plaso	17676 Welch Plaza	Omaha	NE	68135	(402) 932-1700
Via Nova Holdings, LLC	John Plaso	8404 North 30th Street	Omaha	NE	68112	(919) 431-1682
Via Nova Holdings, LLC	John Plaso	10808 Fort Street	Omaha	NE	68164	(402) 493-2089
Via Nova Holdings, LLC	John Plaso	747 North 132nd Street	Omaha	NE	68154	(402) 493-2911
Via Nova Holdings, LLC	John Plaso	5150 Center Street	Omaha	NE	68106	(402) 553-2264
Via Nova Holdings, LLC	John Plaso	8809 West Center Road	Omaha	NE	68124	(402) 384-9072



<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
MorrisTDC2, LLC	Lou Pacifico*	50 South Street	New Providence	NJ	07974	(908) 464-4520
MorrisTDC1, LLC	Lou Pacifico*	26 Morris Turnpike	Summit	NJ	07901	(888) 612-8321
LooLoo, LLC	Chris Harris*	10140 South Eastern Avenue	Henderson	NV	89052	(702) 577-0146
LooLoo, LLC	Chris Harris*	8481 Farm Road	Las Vegas	NV	89131	(702) 448-1828
LooLoo, LLC	Chris Harris*	9440 West Russell Road, Suite 101	Las Vegas	NV	89148	(702) 948-0505
LooLoo, LLC	Chris Harris*	7599 Blue Diamond Road	Las Vegas	NV	89178	(702) 935-0017
LooLoo, LLC	Chris Harris*	7385 South Rainbow Boulevard	Las Vegas	NV	89113	(702) 849-0459
LooLoo, LLC	Chris Harris*	10010 West Sahara Avenue	Las Vegas	NV	89117	(702) 228-1370
DMS Retail Enterprises, LLC	Mike Sherman	1000 Ghent Road	Akron	OH	44333	(330) 666-4737
DMS Retail Enterprises, LLC	Mike Sherman	3900 Medina Road	Akron	OH	44333	(330) 666-3088
DMS Retail Enterprises, LLC	Mike Sherman	**323 West Market Street	Akron	OH	44303	N/A
DMS Retail Enterprises, LLC	Mike Sherman	118 Barrington Town Square Drive	Aurora	OH	44202	(330) 562-3203
DMS Retail Enterprises, LLC	Mike Sherman	36000 Detroit Road	Avon	OH	44011	(440) 695-8575
DMS Retail Enterprises, LLC	Mike Sherman	600 Dover Center Road	Bay Village	OH	44140	(440) 899-9695
DMS Retail Enterprises, LLC	Mike Sherman	7034 Mill Road	Brecksville	OH	44141	(440) 838-4999

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
DMS Retail Enterprises, LLC	Mike Sherman	7138 Fulton Road Northwest	Canton	OH	44718	(330) 834-3400
DMS Retail Enterprises, LLC	Mike Sherman	16781 Chillicothe Road	Chagrin Falls	OH	44023	(440) 543-3316
DMS Retail Enterprises, LLC	Mike Sherman	23 South Franklin Street	Chagrin Falls	OH	44022	(440) 893-9255
DMS Retail Enterprises, LLC	Mike Sherman	51 South Main Street	Hudson	OH	44236	(330) 650-4644
RayDom Cleaners, LLC	Ray D'Alonzo	5283 Hildenbrand Way	Liberty Township	OH	45011	(513) 889-3927
RDR Family Ventures ZZZ, LLC	Ray D'Alonzo	6842 Liberty Plaza Drive	Liberty Township	OH	45044	(513) 779-8433
DMS Retail Enterprises, LLC	Mike Sherman	19575 Detroit Road	Rocky River	OH	44116	(440) 331-1620
DMS Retail Enterprises, LLC	Mike Sherman	20950 Center Ridge Road	Rocky River	OH	44116	(216) 954-4530
DMS Retail Enterprises, LLC	Mike Sherman	3231 Warrensville Center Road	Shaker Heights	OH	44122	(216) 491-9000
DMS Retail Enterprises, LLC	Mike Sherman	30327 Detroit Road	Westlake	OH	44145	(440) 445-1827
DMS Retail Enterprises, LLC	Mike Sherman	28700 Chagrin Boulevard	Woodmere	OH	44122	(216) 831-9378
Western Dry Cleaners, LLC	Dylan Salvo	1120 Northwest 164th Street	Edmond	OK	73013	(405) 673-4942
Western Dry Cleaners, LLC	Dylan Salvo	2950 West Britton Road Suite A	Oklahoma City	OK	73120	(405) 849-9000
Western Dry Cleaners, LLC	Dylan Salvo	2209 Southwest 104th Street Suite A	Oklahoma City	OK	73159	(405) 759-0730
RHA Clean, Inc.	Ryan Armstead*	2047 EG Drive, Suite #100	Harrisburg	PA	17110	(717) 695-0246

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Carolina Fresh, LLC	Henry Atkins	9624 Red Stone Drive	Indian Land	SC	29707	(803) 547-0145
EDIT CLEAN LLC	Justin Sharbutt*	4415 South Soncy Road	Amarillo	TX	79121	(806) 731-8615
EDIT TX, LLC	Justin Sharbutt*	8301 Springdale Road, #175	Austin	TX	78724	(812) 928-0569
EDIT TX, LLC	Justin Sharbutt*	3507 Jefferson Street	Austin	TX	78731	(512) 518-6311
EDIT TX, LLC	Justin Sharbutt*	3267 Bee Cave Road	Austin	TX	78746	(512) 592-4886
EDIT TX, LLC	Mike Nesbit*	5311 Bellaire Boulevard, Suite A	Bellaire	TX	77401	(713) 660-8023
Bravo Dal-Dry LLC	Dylan Salvo	2457 Midway Road	Carrollton	TX	75006	(214) 238-3141
Dal-Dry Express, LLC	Dylan Salvo	**2433 Lacy Lane	Carrollton	TX	75006	N/A
EDIT TX, LLC	Mike Nesbit*	9803 FM 242	Conroe	TX	77385	(936) 331-2002
EDIT TX, LLC	Mike Nesbit*	**9420 College Park Drive, #150	Conroe	TX	77384	N/A
EDIT TX, LLC	Mike Nesbit*	13130 Louetta Road	Cypress	TX	77429	(281) 379-6362
EDIT TX, LLC	Mike Nesbit*	17330 Spring Cypress Road, #190	Cypress	TX	77429	(281) 373-0726
EDIT TX, LLC	Mike Nesbit*	9814 Fry Road, #100	Cypress	TX	77433	(281) 758-1056
Dal-Dry Express, LLC	Dylan Salvo	2610 Oak Lawn Avenue	Dallas	TX	75219	(214) 219-7337
Dal-Dry LLC	Dylan Salvo	10242 Midway Road	Dallas	TX	75229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
Dal-Dry LLC	Dylan Salvo	*** 10242 Midway Road	Dallas	TX	74229	(214) 352-3789
EDIT TX, LLC	Mike Nesbit*	1531 Eldridge Parkway, #195	Houston	TX	77077	(281) 597-0871
EDIT TX, LLC	Mike Nesbit*	5240 Buffalo Speedway	Houston	TX	77005	(713) 6677474
EDIT TX, LLC	Mike Nesbit*	4675 Highway 6, Suite A	Houston	TX	77478	(281) 491-8445
EDIT TX, LLC	Mike Nesbit*	2432 West Holcombe Boulevard	Houston	TX	77030	(713) 664-0150

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
EDIT TX, LLC	Mike Nesbit*	4590 Kingwood Drive, Suite G	Houston	TX	77345	(281) 913-1949
EDIT TX, LLC	Mike Nesbit*	5710 Memorial Drive	Houston	TX	77007	(713) 862-7400
EDIT TX, LLC	Mike Nesbit*	1603 South Post Oak Lane	Houston	TX	77056	(713) 622-3740
EDIT TX, LLC	Mike Nesbit*	5507 Renwick Drive	Houston	TX	77081	(713) 218-8509
EDIT TX, LLC	Mike Nesbit*	3425 South Shepherd Drive	Houston	TX	77098	(713) 582-3016
EDIT TX, LLC	Mike Nesbit*	12661 West Lake Houston Parkway	Houston	TX	77044	(281) 459-3590
EDIT TX, LLC	Mike Nesbit*	5795 Woodway Drive	Houston	TX	77057	(713) 622-3740
EDIT TX, LLC	Mike Nesbit*	**12534 Memorial Drive	Houston	TX	77024	N/A
EDIT TX, LLC	Mike Nesbit*	**9105 West Sam Houston Parkway	Houston	TX	77064	N/A
EDIT TX, LLC	Mike Nesbit*	7203 Atascocita Road, #100	Humble	TX	77346	(281) 812-8375
EDIT TX, LLC	Mike Nesbit*	2500 Green Oak Drive	Humble	TX	77339	(281) 312-4802
Bravo Dal-Dry LLC	Dylan Salvo	2900 North MacArthur Boulevard	Irving	TX	75062	(972) 255-2382
EDIT TX, LLC	Mike Nesbit*	27110 Cinco Ranch Boulevard, #1800	Katy	TX	77494	(281) 392-7385
EDIT TX, LLC	Mike Nesbit*	2731 Farm to Market 1463, #100	Katy	TX	77494	(281) 392-0050

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
EDIT TX, LLC	Mike Nesbit*	2201 South Mason Road, #100	Katy	TX	77450	(281) 398-0127
EDIT CLEAN LLC	Justin Sharbutt*	4511 98th Street	Lubbock	TX	79424	(806) 370-6296
EDIT CLEAN LLC	Justin Sharbutt*	4404 19th Street, Suite B	Lubbock	TX	79407	(806) 686-1314
EDIT TX, LLC	Mike Nesbit*	FM 1488 Road, #305	Magnolia	TX	77354	(936) 321-9500
EDIT TX, LLC	Mike Nesbit*	9517 Broadway Street, #101	Pearland	TX	77584	(281) 485-5744
EDIT TX, LLC	Justin Sharbutt*	3200 Greenlawn Boulevard	Round Rock	TX	78664	(512) 592-4885
EDIT TX, LLC	Mike Nesbit*	5921 Farm to Market 2920, Suite A	Spring	TX	77388	(281) 355-0965
EDIT TX, LLC	Mike Nesbit*	15818 Champion Forest Drive	Spring	TX	77379	(281) 370-0822
EDIT TX, LLC	Mike Nesbit*	8854 Spring Cypress Road, Suite A	Spring	TX	77379	(832) 717-0609
EDIT TX, LLC	Mike Nesbit*	523 East Louetta Road, Suite H	Spring	TX	77373	(877) 692-5326
EDIT TX, LLC	Mike Nesbit*	415 Rayford Road, #500	Spring	TX	77386	(877) 692-5326
EDIT TX, LLC	Mike Nesbit*	**6506 US 90 Alternate	Sugar Land	TX	77498	N/A
EDIT TX, LLC	Mike Nesbit*	8000 Research Forest Drive, #135	The Woodlands	TX	77382	(281) 296-2711
EDIT TX, LLC	Mike Nesbit*	4747 Research Forest Drive, #175	The Woodlands	TX	77381	(281) 364-8425
EDIT TX, LLC	Mike Nesbit*	6777 Woodlands Parkway	The Woodlands	TX	77382	(281) 3647348

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Phone</b>
EDIT TX, LLC	Mike Nesbit*	9595 Six Pines Drive	The Woodlands	TX	77380	(281) 298-4205
EDIT TX, LLC	Mike Nesbit*	8576 Creekside Forest Drive, A100	Tomball	TX	77375	(281) 255-0356
EDIT TX, LLC	Mike Nesbit*	14020 Farm to Market 2920, Suite A	Tomball	TX	77375	(281) 255-9882
LooLoo, LLC	Chris Harris*	593 East 12300 South	Draper	UT	84020	(801) 855-6790
LooLoo, LLC	Chris Harris*	13338 S. Rosecrest Road Suite 180	Herriman	UT	84096	(801) 855-6790
LooLoo, LLC	Chris Harris*	1402 East 3500 North, Suite 103	Lehi	UT	84043	(801) 660-4500
LooLoo, LLC	Chris Harris*	11514 4000 West, #101	South Jordan	UT	84095	(801) 981-5040

\*Denotes Developers

\*\*Denotes outlet that converted from store-based operations to delivery only territory

\*\*\*Denotes delivery only territory, plant store address provided



**LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT YET OPENED THEIR OUTLET AS OF JUNE 30, 2021**

<b>Franchisee Entity</b>	<b>Contact</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>
Nash Clean LLC	Miguel Lopez	TBD	Nashville	TN	
Edit Clean, LLC	Justin Sharbutt	TBD	Amarillo	TX	79109
Brothers Partnership II, LLC	Michael Forrest	TBD	Ector County/Midland County	TX	
LooLoo, LLC	Chris Harris	801 North Redwood Road, Suite 100	Saratoga Springs	UT	84045
Meridian Enterprises LLC	Pat Augustine	TBD	Richmond	VA	

**FORMER FRANCHISEES THAT TERMINATED A FRANCHISE AGREEMENT, CLOSED AN OUTLET, TRANSFERRED AN OUTLET OR LEFT THE FRANCHISE SYSTEM DURING THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Franchisee Entity</b>	<b>Contact</b>	<b>City</b>	<b>St</b>	<b>Phone</b>
BCKE, LLC*	Curt Edwards	Alpharetta	GA	(770) 609-6064
RusStair, Inc.	Karl Russ	Libertyville	IL	(513) 885-0618

\* 2 outlets left the system prior to June 30, 2021. 1 Store Left the System as of July 2021

**EXHIBIT K**

**FINANCIAL STATEMENTS**

# **Agile Pursuits Franchising, Inc.**

**Financial Statements  
Years Ended June 30, 2021, 2020 and 2019  
With Independent Auditors' Report**

# AGILE PURSUITS FRANCHISING, INC.

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## Independent Auditors' Report

Board of Directors  
Agile Pursuits Franchising, Inc.  
Cincinnati, Ohio

We have audited the accompanying financial statements of Agile Pursuits Franchising, Inc. (an Ohio corporation), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations, equity (deficit), and cash flows for the years ended June 30, 2021, 2020 and 2019, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Agile Pursuits Franchising, Inc. as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years ended June 30, 2021, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.



November 18, 2021  
Cincinnati, Ohio

**AGILE PURSUITS FRANCHISING, INC.**

**Balance Sheets  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current:</b>		
Contract accounts receivable	\$ 327,930	\$ 380,529
Total current assets	<u>327,930</u>	<u>380,529</u>
<b>Property and equipment:</b>		
Property and equipment	-	674,925
Less: Accumulated depreciation	<u>-</u>	<u>(674,925)</u>
Net property and equipment	<u>-</u>	<u>-</u>
<b>Deferred tax asset - long-term</b>	<u>558,341</u>	<u>617,799</u>
Total assets	<u><u>\$ 886,271</u></u>	<u><u>\$ 998,328</u></u>
<b>Liabilities</b>		
<b>Current:</b>		
Accounts payable	\$ 1,540,024	\$ 517,808
Accrued payroll and benefits	264,940	457,176
Contract liability - deferred revenue	<u>143,750</u>	<u>145,750</u>
Total current liabilities	<u>1,948,714</u>	<u>1,120,734</u>
<b>Contract liability - deferred revenue - long-term</b>	<u>1,983,222</u>	<u>2,523,000</u>
Total liabilities	<u>3,931,936</u>	<u>3,643,734</u>
<b>Stockholder's Deficit</b>		
Common stock \$1 stated value per share, 1,000 shares authorized, issued and outstanding	1,000	1,000
Divisional deficit	<u>(3,046,665)</u>	<u>(2,646,406)</u>
Total stockholder's deficit	<u>(3,045,665)</u>	<u>(2,645,406)</u>
Total liabilities and stockholder's deficit	<u><u>\$ 886,271</u></u>	<u><u>\$ 998,328</u></u>

The accompanying notes are an integral part of these financial statements

## AGILE PURSUITS FRANCHISING, INC.

### Statements of Operations Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
<b>Revenue</b>			
Franchisee fees	\$ 273,546	\$ 273,041	\$ 133,125
Continuing services royalty fees	2,410,721	2,634,180	2,541,925
Other revenue	3,014,445	2,823,237	2,588,151
Total revenue	5,698,712	5,730,458	5,263,201
<b>Expenses</b>			
Salaries and benefits	2,615,385	3,477,482	4,149,704
Selling, general and other administrative expenses	2,849,496	3,897,556	3,923,125
Marketing	2,257,212	2,604,850	1,865,784
One time non-franchise support expense	2,400,000	-	-
Depreciation and amortization	-	2,531	2,531
Loss on sale of property and equipment	-	12,230	-
Total expenses	10,122,093	9,994,649	9,941,144
Loss before income tax benefit	(4,423,381)	(4,264,191)	(4,677,943)
<b>Income tax benefit</b>			
	1,171,172	1,008,918	905,167
Net loss	\$ (3,252,209)	\$ (3,255,273)	\$ (3,772,776)

The accompanying notes are an integral part of these financial statements

**AGILE PURSUITS FRANCHISING, INC.**

**Statements of Equity (Deficit)  
Years Ended June 30, 2021, 2020 and 2019**

	<u>Common Stock</u>	<u>Divisional Deficit</u>	<u>Total Deficit</u>
<b>Balance at June 30, 2018</b>	\$ 1,000	\$ (1,999,433)	\$ (1,998,433)
Adoption of ASC 606	-	(530,500)	(530,500)
Net loss	-	(3,772,776)	(3,772,776)
Contributions	-	8,016,025	8,016,025
Distributions	-	<u>(4,735,241)</u>	<u>(4,735,241)</u>
<b>Balance at June 30, 2019</b>	1,000	(3,021,925)	(3,020,925)
Net loss	-	(3,255,273)	(3,255,273)
Contributions	-	9,478,952	9,478,952
Distributions	-	<u>(5,848,160)</u>	<u>(5,848,160)</u>
<b>Balance at June 30, 2020</b>	1,000	(2,646,406)	(2,645,406)
Net loss	-	(3,252,209)	(3,252,209)
Contributions	-	8,357,511	8,357,511
Distributions	-	<u>(5,505,561)</u>	<u>(5,505,561)</u>
<b>Balance at June 30, 2021</b>	<u>\$ 1,000</u>	<u>\$ (3,046,665)</u>	<u>\$ (3,045,665)</u>

The accompanying notes are an integral part of these financial statements



## AGILE PURSUITS FRANCHISING, INC.

### Statements of Cash Flows Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
<b>Cash flows from operating activities:</b>			
Net loss	\$ (3,252,209)	\$ (3,255,273)	\$ (3,772,776)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	-	2,531	2,531
Loss on disposal of property and equipment	-	12,230	-
Deferred income tax benefit (expense)	59,458	(96,522)	18,854
Decrease (increase) in:			
Accounts receivable	52,599	(175,448)	(61,460)
Prepaid expenses	-	50,000	63,736
Increase (decrease) in:			
Accounts payable	1,022,216	(457,211)	256,226
Accrued payroll and benefits	(192,236)	(4,249)	148,105
Deferred revenue	(541,778)	293,150	64,000
	<u>(2,851,950)</u>	<u>(3,630,792)</u>	<u>(3,280,784)</u>
<b>Cash flows from financing activities:</b>			
Contributions	8,357,511	9,478,952	8,016,025
Distribution	(5,505,561)	(5,848,160)	(4,735,241)
	<u>2,851,950</u>	<u>3,630,792</u>	<u>3,280,784</u>
Net cash provided by financing activities	<u>2,851,950</u>	<u>3,630,792</u>	<u>3,280,784</u>
Net change in cash	<u>-</u>	<u>-</u>	<u>-</u>
Cash - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Supplemental disclosure of non-cash transactions:

As of July 1, 2018, the Company adopted ASC 606 resulting in an increase in deferred revenue and a decrease in retained earnings of \$530,500.

The accompanying notes are an integral part of these financial statements

# AGILE PURSUITS FRANCHISING, INC.

## Notes to Financial Statements

### NOTE 1 BUSINESS ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Business and Liquidity*

Agile Pursuits Franchising, Inc. (the "Company") is a wholly-owned subsidiary of The Procter and Gamble Company ("P&G"). The Company is financially dependent on P&G to finance its operations. The Company was formed on December 10, 2008 under the laws of the state of Ohio. The Company files Franchise Disclosure Documents ("FDD") with various states for the right to grant licenses to third-parties to operate various franchises.

In October 2009, the Company began selling franchises to operate facilities providing premium dry cleaning, laundering and related fabric and garment care services and products under the "Tide Cleaners" trade name.

The franchisees are granted the right to operate facilities using certain trade names within protected areas over defined terms. These franchise agreements also have time and performance based renewals.

The Company is continually evaluating other franchising opportunities, and assuming successful proof of concept, intends to sell franchises related to those concepts.

#### *Basis of Presentation*

The financial statements include the accounts of the Company. The Company's fiscal year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of each year. The financial statements presented within are for the years ended June 30, 2021, 2020, and 2019.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

#### *Accounts Receivable*

Accounts receivable consist primarily of amounts due from franchisees for royalties and initial fees on newly signed franchise agreements.

#### *Allowance for Doubtful Accounts*

On a continuing basis, the Company analyzes accounts receivable and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account. Accounts are reserved for on a case by case basis.

#### *Property and Equipment*

Property and equipment are recorded at cost, reduced by accumulated depreciation. Depreciation expense is recognized over the useful life of the equipment using the straight-line method. The estimated useful lives of equipment and software are 15 years and 5 years, respectively.

# AGILE PURSUITS FRANCHISING, INC.

## Notes to Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Long-Lived Assets*

The Company reviews long-lived assets for possible impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable and lives of long-lived assets may be adjusted at that time. If indications are that the carrying amount of an asset may not be recoverable, an estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition is made. Should the sum of the expected future undiscounted net cash flows be less than the carry value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which carrying value exceeds fair value (estimated discounted future cash flows or appraisal of assets) of the long-lived assets. On a continuing basis the Company did not recognize an impairment loss in the years ended June 30, 2021, 2020, and 2019.

#### *Revenue Recognition*

On July 1, 2018, the Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Company's revenues come from royalties, marketing fees, store opening fees, and other sources, including development rights fees, technology fees, Mystery Shop fees, POS fees, and Website fees which fall under the scope of ASC 606. The store opening fees (project management, start-up assistance, and new store marketing) are considered distinct, based on significant judgements, and recognized upon completion of service based on the performance obligations not being associated with underlying intellectual property. Payment terms for development rights fees are at time of signing of franchise agreement. Payment terms for store opening fees are due prior to soft opening. Payment terms for all other fees are on a weekly/monthly basis. Substantially all revenue recognized comes from contracts with franchisees. The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of June 30, 2018. Results for reporting periods beginning after June 30, 2018 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The Company recorded a net change in beginning retained earnings of a decrease of \$530,500 as well as an increase in deferred revenue as of July 1, 2018 due to the cumulative effect of adopting ASC 606. The transition adjustment includes a \$530,500 impact due to restatement of DRA fee recognition, adjusting the prior one-time recognition at opening to an allocation over the life of the original agreement (10 years). DRA fee is recognized on a straight-line basis once the store opens and every opening anniversary date subsequent to the opening. The current portion of the deferred DRA revenue is based on a judgement of when the store is going to open.

Fees that are transaction based, including royalties and marketing fees are recognized as of the Sunday of each week. Technology, POS, Mystery Shop, and Website fees are recognized monthly.

## AGILE PURSUITS FRANCHISING, INC.

### Notes to Financial Statements (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Revenue Recognition (Continued)*

The Company recognizes start-up assistance fees, project management fees, and grand opening marketing fees as income when the Company has performed all material obligations and services required which generally occurs upon the opening of a store. Until earned, these fees are accounted for as deferred revenue. On July 1, 2020, the Company adopted ASU 2021-02 Franchisors – Revenue from Contracts with Customers which allows a practical expedient for recognizing pre-opening services as a single performance obligation.

Franchisee fees and nonrefundable fees received pursuant to development agreements that grant the right to develop franchised facilities in future periods in specific geographic areas are deferred and recognized on a straight-line basis over the life of the agreement. In certain agreements, the development rights fee can be applied towards the initial franchise fee.

Royalties are accrued as earned and are calculated each period based upon franchise reported sales.

The vast majority of the revenue recognized by the Company is recognized at a point in time with amounts also recognized over time. Approximately \$5,424,700, \$5,132,500 and \$4,850,200 of the total revenue is recognized at a point in time with approximately \$274,000, \$598,000 and \$413,000 recognized over time in fiscal years 2021, 2020 and 2019, respectively. The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that the Company considers in its recognition of revenue. Following are some of the factors considered: amount of new and converted franchises, and timing of signing of franchise agreement.

##### *Advertising*

Advertising and marketing costs are expensed as incurred. Advertising and marketing costs, retainers, administrative costs, social media costs, website costs, grand opening costs, less franchisee contributions, were \$2,257,212, \$2,604,850, and \$1,820,399 for the years ended June 30, 2021, 2020, and 2019, respectively.

Under the Company's franchise agreements, the franchisees must contribute to an advertising and development fund (the "Fund"). The Fund is not an asset of the Company. The Company has a contractual obligation to hold the funds for the benefit of the franchisees and use contributions for permitted purposes.

The Fund is used for advertising, marketing and public relations to promote and support the Tide Cleaners brand. The Fund cannot be used to cover general operating expense of the Company but can be used to reimburse the Company for reasonable costs to manage and administer the Fund. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from the Company to over deficits or invest any surplus. Funds collected are recorded as a liability by the Company and the related expenses are charged against this account as incurred. The balance in this Fund was \$-0- at June 30, 2021 and 2020.

## AGILE PURSUITS FRANCHISING, INC.

### Notes to Financial Statements (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Income Taxes*

The Company is not a tax paying entity, but rather is included as a wholly-owned subsidiary in P&G's consolidated tax return. The income tax provision is calculated based on the Company's relative contributions to P&G's consolidated income tax provision. Deferred tax assets and liabilities are determined based upon differences between the financial reporting and the tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company has no uncertain tax positions.

##### *Related Party*

Company operations are managed by the employees of P&G. The Company also participates in P&G's central treasury activities. All P&G funding to the Company since inception has been accounted for as capital contributions from P&G. All amounts collected by the Company have been returned to P&G and accounted for as distributions.

##### *Recently Issued Accounting Standards*

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326)". The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2023. Management is currently assessing the impact of the new standard.

#### NOTE 2 PROPERTY AND EQUIPMENT

The following table presents property and equipment at June 30:

	2021	2020
Equipment	\$ -	\$ -
Software	-	674,925
	-	674,925
Less: Accumulated depreciation	-	(674,925)
Property and equipment, net	\$ -	\$ -

Depreciation was \$-0-, \$2,531, and \$2,531 for the years ended June 30, 2021, 2020, and 2019, respectively.

## AGILE PURSUITS FRANCHISING, INC.

### Notes to Financial Statements (Continued)

#### NOTE 3 RELATED PARTY TRANSACTIONS

The Company received \$8,357,511, \$9,478,952, and \$8,016,025 of capital contributions from P&G and distributed \$5,505,561, \$5,848,160, and \$4,735,241 to P&G during the years ended June 30, 2021, 2020, and 2019, respectively.

The Company has a service agreement with P&G to provide certain administrative support and management expertise. For the years ended June 30, 2021, 2020, and 2019, the Company recognized \$717,345, \$1,070,174, and \$1,029,763 respectively, of related salaries and benefits expense in the Company's statements of operations.

Certain Tide Cleaners locations are owned and operated by a P&G subsidiary, Agile Pursuits, Inc. The Company does not charge royalty fees to Agile Pursuits, Inc.

The Company utilizes office space at 2 Procter & Gamble Plaza for which they are not charged rent by P&G.

In the years ended June 30, 2021, 2020, and 2019, the Company began assessing marketing fees to Agile Pursuits, Inc., which offset marketing expenses incurred. For the years ended June 30, 2021, 2020, and 2019, the Company received \$63,655, \$113,009, and \$100,863, respectively, from Agile Pursuits, Inc. that are included in other revenue in the Company's statements of operations.

#### NOTE 4 COMMITMENTS AND CONTINGENCIES

##### *Legal Actions*

The Company is subject to certain legal actions arising in the ordinary course of business. No such legal proceedings are, in the opinion of management, expected to have a material adverse effect of the financial position, results of operation, or liquidity of the Company.

#### NOTE 5 INCOME TAXES

The income tax rate for the years ended June 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
U.S. Federal statutory income tax rate	21.0%	21.0%	21.0%
State income tax rate, net of Federal income tax effect	2.0%	2.1%	2.2%
	<u>23.0%</u>	<u>23.1%</u>	<u>23.2%</u>

## AGILE PURSUITS FRANCHISING, INC.

### Notes to Financial Statements (Continued)

#### NOTE 5 INCOME TAXES (CONTINUED)

The components of the provision for income taxes for the years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Current benefit	\$ (1,230,630)	\$ (912,396)	\$ (924,021)
Deferred expense (benefit)	59,458	(96,522)	18,854
	\$ (1,171,172)	\$ (1,008,918)	\$ (905,167)

As of June 30, 2021 and 2020, the Company's deferred tax assets of \$558,341 and \$617,799, respectively, are the results of temporary differences between the book and tax recognition of deferred revenue, depreciation and amortization expenses, and long term incentive compensation. These items cause the effective rate of the income tax benefit on the statements of operations to be different than the rates above.

Deferred tax assets and liabilities are considered realized by the Company in the period in which such items are utilized by P&G in its consolidated income tax return. Accordingly, no valuation allowance has been recorded as of June 30, 2021 and 2020.

#### NOTE 6 CONCENTRATIONS

While the Company provides services to numerous franchisees, certain franchisees account for a significant portion of sales and accounts receivable. Sales to individual franchisees, and arrangements, constituting 10% or more of total revenue were as follows:

For the years ended June 30,	2021		2020		2019	
Customer B	\$ 778,983	14%	\$ 1,002,572	17%	\$ 768,406	15%
Customer G	N/A		586,812	10%	548,110	10%
Customer H	781,182	14%	638,091	11%	567,505	11%

Accounts receivable from individual customers constituting 10% or more of accounts receivable were as follows:

As of June 30,	2021		2020		2019	
Customer B	\$ 93,583	29%	\$ 284,112	75%	\$ 55,581	27%
Customer C	36,468	11%	N/A		35,167	17%
Customer H	N/A		N/A		27,155	13%
Customer I	94,652	29%	N/A		N/A	
Customer J	37,944	12%	N/A		N/A	

**AGILE PURSUITS FRANCHISING, INC.**

**Notes to Financial Statements  
(Continued)**

**NOTE 7 SAVINGS PLAN**

The Company maintains a 401(k) retirement plan that covers all employees who meet certain eligibility requirements. Participants may defer a portion of their compensation subject to government limitations. The Company expensed \$83,080, \$79,078, and \$86,488 in matching contributions to this plan during the years ended June 30, 2021, 2020, and 2019, respectively.

**NOTE 8 SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through November 18, 2021, the date the financials were available to be issued.



**EXHIBIT L**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**AGILE PURSUITS FRANCHISING, INC. – TIDE CLEANERS**  
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, Agile Pursuits Franchising, Inc. (“we,” “us,” or “our”) and you are preparing to enter into a Development Rights Agreement and/or a Franchise Agreement (the “Agreement”) for the development and operation of a Tide Cleaners Outlet (the “Outlet”).

This Questionnaire’s purpose is to determine—before we and you move forward and sign a binding agreement—whether any statements or promises were made to you that we have not authorized and may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. In deciding whether to proceed with you, we are relying on the truthfulness of your answers. If any statements or promises were made to you that we have not authorized and may be untrue, inaccurate, or misleading, we would want the opportunity to correct them before you move forward with us.

1. Have you received and personally reviewed the Agreement and each rider, exhibit, and schedule attached to it? Yes \_\_\_ No \_\_\_
2. Do you understand all of the information contained in the Agreement and each rider, exhibit, and schedule attached to it? Yes \_\_\_ No \_\_\_

If no, what parts of the Agreement do you not understand? (Attach additional pages, if necessary)

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3. Have you received and personally reviewed the Franchise Disclosure Document we provided to you? Yes \_\_\_ No \_\_\_
4. Did you receive the Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates? Yes \_\_\_ No \_\_\_
5. Did you sign a Receipt, or do you have a printed copy of the e-mail confirmation from the online download center, indicating the date on which you received the Franchise Disclosure Document? Yes \_\_\_ No \_\_\_
6. Do you understand all of the information contained in the Franchise Disclosure Document? Yes \_\_\_ No \_\_\_

If no, what parts of the Franchise Disclosure Document do you not understand? (Attach additional

pages, if necessary)

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7. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of signing the Agreement and the prospect of operating a Tide Cleaners Outlet, and do you understand those risks?  
Yes \_\_\_ No \_\_\_
  8. Do you understand that the success or failure of any franchise you acquire 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 \_\_\_
  9. Has any employee or other person speaking on our behalf made any statement or promise concerning the sales, revenue, profits, or operating costs of one or more Tide Cleaners Outlets operated by us, our affiliates, or our franchisees that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_ No \_\_\_
  10. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating your Outlet that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_ No \_\_\_
  11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating your Outlet that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_ No \_\_\_
  12. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenue, profits, operating costs, or likelihood of success that you should or might expect to achieve from operating your Outlet that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes \_\_\_ No \_\_\_
  13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning advertising, marketing, training, support service, or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document or Agreement? Yes \_\_\_ No \_\_\_
  14. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning any other aspect of our franchise offering, the operation of a Tide Cleaners Outlet, or your rights under the Agreement that is contrary to, or different from, the information contained in the Franchise Disclosure Document or the Agreement? Yes \_\_\_ No \_\_\_

15. Do you understand that the approval of your site location does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Tide Cleaners Outlet at such approved site? Yes \_\_\_ No \_\_\_
16. Do you understand that in all dealings with you, the officers, directors, employees or other persons speaking on our behalf act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us? Yes \_\_\_ No \_\_\_
17. If you have answered “Yes” to any of questions nine (9) through fourteen (14), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

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*All representations requiring prospective franchisees to assent to a release, estoppel 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 or the California Franchise Investment Law.*

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You understand that your answers 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.

You acknowledge that one or more other copies of this Questionnaire have been reviewed and signed by the owners of your proposed business entity.

FRANCHISE APPLICANT

\_\_\_\_\_  
 [Insert name of Franchise Applicant]

By: \_\_\_\_\_  
 [Name of Person signing on behalf of Franchise Applicant]

Its: \_\_\_\_\_  
 [Title of Person signing on behalf of Franchise Applicant]

OWNER(S) OF FRANCHISE APPLICANT

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[Insert name of Owner]

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[Signature of Owner]

**EXHIBIT M**

**STATE-SPECIFIC ADDENDA**

**EXHIBIT M-1**

**STATE SPECIFIC ADDITIONAL FDD DISCLOSURES**

**AGILE PURSUITS FRANCHISING, INC. – TIDE CLEANERS  
ADDITIONAL FDD DISCLOSURES**

The following are additional disclosures for the Tide Cleaners Franchise Disclosure Document required by various state franchise laws. A particular state's disclosures only apply if you are covered by that state's franchise law.

**CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. The following is added at the end of Item 5 of the Disclosure Document:

Payment of all initial fees (including the Initial Franchise Fee, Plan Review Fee, Sign Layout Fee, Additional Training Fee, GrE License Fee and Extension Fee) are postponed until after all of our initial obligations are complete and you open the Outlet for business. If you sign a Development Rights Agreement, payment of all initial fees (including the Development Rights Fee and Extension Fee) are postponed until after all of our initial obligations are complete and your first Tide Cleaners Outlet is open for business.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Covenant not to Compete. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.



Applicable Law. The Franchise Agreement requires application of the laws of the State of Ohio. These provisions might not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable site that the panel of three (3) arbitrators chooses within the Cincinnati, Ohio metropolitan area with the costs being borne as the arbitrator determines. 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 provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Liquidated Damages. The Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

## **ILLINOIS**

1. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the Illinois Attorney General's Office, we have posted a surety bond in the amount of \$500,000. The Illinois Attorney General's Office imposed this bond requirement due to our financial condition.

2. Attached below is a copy of the surety bond we posted in response to an order by the Illinois Attorney General's Office.

**SURETY BOND**  
**Appendix E**

We, Agile Pursuits Franchising, Inc. (name of franchisor), a corporation with principal offices at 2 P&G Plaza, TE-16, Cincinnati, OH 45202 (address of franchisor), as principal, and Fidelity And Deposit Company of Maryland ( name of surety company), a surety company with principal offices located at 600 Red Brook Boulevard, Owings Mills, MD 21117 (address of Surety) incorporated under the laws of the State of Maryland and authorized to conduct business in the State of Illinois, as Surety, are indebted to the Administrator, Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706, Obligee in the sum of \$500,000.00 to be paid to the Obligee or its legal representatives, successors, or assigns, for which payment we bind ourselves and our legal representatives and successors, jointly and severally.

WHEREAS, the above-named principal has made application to the Administrator for registration of the offer of its franchises under the Illinois Franchise Disclosure Act and is required pursuant to said law to provide the Administrator with a Surety Bond.

WHEREAS, the Principal proposes to offer in Illinois four (4) franchise(s) within one year from the effective date of the proposed registration under the Illinois Franchise Disclosure Act; and

WHEREAS, the Obligee intends to assign this bond to the respective purchaser(s) of the aforementioned franchise(s) upon sale of the aforementioned franchise(s) to said purchaser(s).


The conditions of this bond are that if the Principal, its agent or employees shall:

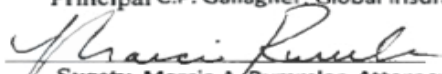
1. Comply with the Illinois Franchise Disclosure Act and all rules and orders promulgated thereunder; and
2. Pay all damages suffered by any person by reason of the violation of the Illinois Franchise Disclosure Act or any rules or orders promulgated thereunder or any acts, rules or orders amendatory thereof and/or supplementary thereto, or hereafter enacted, or by reason of any misrepresentation, deceit, fraud or omission to state a material fact necessary in order to make any statement made in the light of the circumstances under which such statement was made, not misleading, including, but not limited to, the failure to disclose, as required by Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the true financial condition of franchisor; and
3. Fully completes its obligations under the Franchise Agreement and all related Agreements to provide real estate, improvements, equipment, inventory, training and other items included in the franchise offering, then this obligation shall be void; otherwise this obligation will remain in full force and effect.

This bond and obligation hereunder shall be deemed to run continuously and shall remain in full force and effect for four full year after the date of execution of this document.

In the event that any action or proceeding is initiated with respect to this bond, the parties agree that the venue thereof shall be the state or province in which the offer or sale of the franchise occurred.

IN WITNESS WHEREOF, Principal and Surety have executed this instrument at Cincinnati, Ohio this 21st day of November, 2015.

  
Principal C.P. Gallagher, Global Insurance Manager

  
Surety Marcie A. Rummler, Attorney-in-Fact

3. The “Summary” section of Item 17(v) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Subject to arbitration requirements, litigation must be in Illinois.

4. The “Summary” section of Item 17(w) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, Illinois law governs.

## **MARYLAND**

1. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the Maryland Securities Commissioner, we have posted a surety bond in the amount of \$170,000.

2. The “Summary” sections of Items 17(c) and 17(m) of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The “Summary” section of Item 17(h) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

4. The “Summary” section of Item 17(v) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Subject to arbitration requirements, litigation must be in courts in Cincinnati, Ohio, although you may, subject to your arbitration obligation, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The “Summary” section of Item 17(w) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, and as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, Ohio law governs.

6. The following language is added at the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

## MICHIGAN

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.

- (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 the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to 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.
- (d) 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 five 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 six months advance notice of franchisor's intent not to renew the franchise.
- (e) 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.
- (f) 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.\*
- (g) 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:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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\* Note: Despite paragraph (f) above, we intend to enforce fully any arbitration provisions contained in our Franchise Agreement and Development Rights Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude either party from enforcing an agreement to arbitrate.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) 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.
- (h) 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).
- (i) 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, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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 ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office  
Corporate Oversight Division, Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
(517) 335-7567

## **MINNESOTA**

1. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the Minnesota Department of Commerce, we have posted a surety bond in the amount of \$50,000.

2. The following language is added at the end of Item 13 of the Disclosure Document:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

For franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us in certain cases from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable, and subject to your arbitration obligations) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law for claims arising under Minn. Rule 2860.4400D.

Minnesota Rule Part 2860.4400J prohibits a franchisee in certain cases from waiving rights to a jury trial; waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in the agreements to the extent the law allows.

## **NEW YORK**

1. The following information is added to the State Cover Page of the 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

2. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

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..

4. The following paragraph is added at the beginning of Item 4 of the Disclosure Document:

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 one year after that officer or general partner of the franchisor held this position in the company or partnership.

5. The following language is added to the end of the second paragraph in Item 5 of the Disclosure Document:

We use the Initial Franchise Fee to partially defray our costs in assisting you during your opening of the Outlet, such as for our training expenses.

6. The "Summary" sections of Items 17(c) and 17(m) of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 GBL Sections 687.4 and 687.5 be satisfied.

7. The “Summary” section of Item 17(d) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

You also may terminate the Franchise Agreement on any grounds available by law.

8. The “Summary” section of Item 17(j) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

However, to the extent required by applicable law, we will not make an assignment except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

9. The “Summary” sections of Items 17(v) and 17(w) of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

This choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

10. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the franchise will be operated in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

## **NORTH DAKOTA**

1. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the North Dakota Securities Department, we have posted a surety bond in the amount of \$375,000.

2. The “Early Termination Damages” section of Item 6 of the Disclosure Document is amended by adding the following:

Requiring North Dakota franchisees to consent to liquidated damages or termination penalties has been held to be unfair, unjust, or inequitable by the North Dakota Securities Department.

3. The “Summary” sections of Items 17(c) and 17(m) of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

Any release executed will not apply, to the extent prohibited by applicable law, with respect to claims arising under the North Dakota Franchise Investment Law.



4. The “Summary” section of Item 17(r) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. The “Summary” section of Item 17(v) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The “Summary” section of Item 17(w) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, North Dakota law governs.

### **RHODE ISLAND**

1. The “Summary” section of Item 17(v) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Subject to arbitration requirements, litigation must be in courts in Cincinnati, Ohio, except that, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of Item 17(w) of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, Ohio law governs.

### **SOUTH DAKOTA**

1. The following is added at the end of Item 5 of the Disclosure Document:

Payment of all initial fees (including the Initial Franchise Fee, Plan Review Fee, Sign Layout Fee, Additional Training Fee, GrE License Fee and Extension Fee) are postponed until after all of our initial obligations are complete and you open the Outlet for business. If you sign a Development Rights Agreement, payment of all initial fees (including the Development Rights Fee and Extension Fee) are postponed until after all of our initial obligations are complete and your first Tide Cleaners Outlet is open for business.

### **VIRGINIA**

1. The following is added at the end of Item 5 of the Disclosure Document:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Disclosure Document for use in the Commonwealth of Virginia is amended by adding the following statements to Item 17(h) of the Disclosure Document:

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 enforceable.

## WASHINGTON

1. The following is added at the end of Item 5:

Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of the State of Washington.

2. The following is added at the end of Items 5 and 7 of the Disclosure Document:

Pursuant to an order by the Washington Department of Financial Institutions, Securities Division, we have posted a surety bond in the amount of \$100,000.

3. The following paragraphs are added to the end of Item 17 of the Disclosure Document:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the “Act”) will prevail.

You have the right to terminate the Franchise Agreement and Development Rights Agreement upon any grounds permitted by law.

Section 19.100.180 RCW may supersede the Franchise Agreements and the Development Rights 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 Agreements and the Development Rights Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreements or the Development Rights 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 Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the 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 Section 49.62.020 RCW, 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 Section 49.62.030 RCW 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 Agreements, the Development Rights Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

Section 49.62.060 RCW 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 Agreements, the Development Rights Agreement or elsewhere are void and unenforceable in Washington.

**EXHIBIT M-2**

**STATE-SPECIFIC AGREEMENT ADDENDA**

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms a part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of California, and/or (b) the Outlet will be located in California and you are a resident of California.

2. Initial Fees. The following language is added to the end of Section 3.A of the Franchise Agreement:

Payment of all initial fees (including the Initial Franchise Fee, Plan Review Fee, Sign Layout Fee, Additional Training Fee, GrE License Fee and Extension Fee) are postponed until after all of our initial obligations are complete and the Outlet is open for business.

3. Governing Law. The following language is added to the end of Section 17.F of the Franchise Agreement:

The Franchise Agreement requires application of the laws of the State of Ohio. These provisions might not be enforceable under California law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.**,  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY]**,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\***: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED**: \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Developer,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. **Background.** We and you are parties to that certain Tide Cleaners Development Rights Agreement that has been signed at the same time as the signing of this Rider (the “Development Rights Agreement”). This Rider is part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sale of the franchise relating to the Development Rights Agreement was made in the State of California, and/or (b) the Tide Cleaners Outlet(s) to be developed under the Development Rights Agreement will be located in California and you are a resident of California.

2. **Initial Fees.** The following language is added to the end of Section 3 of the Development Rights Agreement:

Payment of all initial fees (including the Development Rights Fee and Extension Fee) are postponed until after all of our initial obligations are complete and your first Tide Cleaners Outlet is open for business.

3. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement, which is incorporated through reference in Section 9 of the Development Rights Agreement:

The Franchise Agreement requires application of the laws of the State of Ohio. These provisions might not be enforceable under California law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.**,  
an Ohio corporation

**DEVELOPER:**  
**[DEVELOPER ENTITY]**,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to a forms a part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of Illinois and the Outlet will be located in Illinois, and/or (b) you are a resident of Illinois.

2. Initial Franchise Fee. The following language is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order by the Illinois Attorney General’s Office, we have posted a surety bond in the amount of \$500,000.

3. Governing Law. The following language is added to the end of Section 17.F of the Franchise Agreement:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of Illinois, without regard to its conflict of laws rules, except that any Illinois law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee only applies if the statute covers your situation by its terms without reference to this Section.

4. Consent to Jurisdiction. Section 17.G of the Standard Franchise Agreement is deleted in their entirety and replaced with the following:

Subject to the arbitration provisions above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction in Illinois, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or the outlet is located.

5. Limitation of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement:

However, nothing in this Section shall shorten any period within which you may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

6. Waivers Void. The following language is added as a new Section 17.L of the Franchise Agreement:

However, nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)



**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Developer,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Development Rights Agreement that has been signed at the same time as the signing of this Rider (the “Development Rights Agreement”). This Rider is part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sales activity relating to the Development Rights Agreement occurred in the State of Illinois and the Tide Cleaners Outlet(s) that you will develop under the Development Rights Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. Development Rights Fee. The following language is added to the end of Section 3 of the Development Rights Agreement:

Pursuant to an order by the Illinois Attorney General’s Office, we have posted a surety bond in the amount of \$500,000.

3. Governing Law. Section 17.F of the Franchise Agreement, incorporated by reference under Section 9 of the Development Rights Agreement, is deleted in its entirety and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of Illinois, without regard to its conflict of laws rules, except that any Illinois law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee only applies if the statute covers your situation by its terms without reference to this Section.

4. Consent to Jurisdiction. Section 17.G of the Franchise Agreement, incorporated by reference under Section 9 of the Development Rights Agreement, is deleted in its entirety and replaced with the following:

Subject to the arbitration provisions above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction in Illinois, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or the outlet is located.

5. Limitations of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement, incorporated by reference under Section 9 of the Development Rights Agreement:

However, nothing in this Section shall shorten any period within which you may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

6. Waivers Void. The following language is added as a new Section 17.L of the Franchise Agreement, incorporated by reference under Section 9 of the Development Rights Agreement:

However, nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**DEVELOPER:**  
**[DEVELOPER ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) your Outlet will be located or operated in Maryland.

2. Initial Franchise Fee. The following language is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order by the Maryland Securities Commissioner, we have posted a surety bond in the amount of \$170,000.

3. Releases. The following language is added to the end of Sections 12.C.(3)(h) and 13.C of the Franchise Agreement:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Insolvency. The following language is added to the end of Section 14.A.(18) of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.

5. Governing Law. The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Consent to Jurisdiction. The following language is added to the end of Section 17.G of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. Limitation of Claims. The following language is added to the end of Section 17.J of the

Franchise Agreement:

However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

18. Acknowledgements. The following language is added to the end of Section 22.A of the Franchise Agreement:

All representations requiring you to assent to a release, estoppel 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.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Outlet that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity with respect to the Franchise Agreement occurred in Minnesota.

2. Initial Franchise Fee. The following language is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order by the Minnesota Department of Commerce, we have posted a surety bond in the amount of \$50,000.

3. Marks. The following language is added to the end of Section 8 of the Franchise Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Releases. The following language is added to the end of Sections 12.C.(3)(h) and 13.C of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. Termination by Us. The following language is added to the end of Section 14.A of the Franchise Agreement:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and one hundred eighty (180) days’ notice of non-renewal of the Agreement.

6. Governing Law/Consent to Jurisdiction. The following language is added to the end of Sections 17.F and 17.G of the Franchise Agreement:

Pursuant to Minn. Stat. Section 80C.21 and Minn. Rule Part 2860.4400J, this Section shall not in any way abrogate or reduce your rights as provided in Minnesota Statutes 1984, Chapter 80C, including (if applicable, and subject to the parties’ arbitration obligations) the right to submit matters to the jurisdiction of the courts of Minnesota.

7. Waiver of Punitive Damages. The following language is added to the beginning of the first paragraph of Section 17.H of the Franchise Agreement:

EXCEPT AS OTHERWISE REQUIRED BY THE MINNESOTA FRANCHISES LAW,  
AND

8. Waiver of Jury Trial. The following language is added to the beginning of the second paragraph of Section 17.H of the Franchise Agreement:

EXCEPT AS OTHERWISE REQUIRED BY THE MINNESOTA FRANCHISES LAW,

9. Limitation of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Outlet in New York.

2. Transfer by Us. The following language is added to the end of Section 12.A of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. Releases. The following language is added to the end of Sections 12.C.(3)(h) and 13.C of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

4. Termination by You. The following language is added to the end of Section 14 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law/Consent to Jurisdiction. The following language is added to the end of Sections 17.F and 17.G of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. Limitation of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied

7. Application of Rider. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)



**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and will operate the Outlet in North Dakota.

2. Initial Franchise Fee. The following language is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order by the North Dakota Securities Department, we have posted a surety bond in the amount of \$375,000.

3. Releases. The following language is added to the end of Sections 12.C.(3)(h) and 13.C of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. Liquidated Damages. The following language is added to the end of Section 15.A.(2) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. Non-Competition. The following language is added to the end of Section 11.C of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.

6. Arbitration. The first paragraph of Section 17.E of the Franchise Agreement is deleted and replaced with the following:

We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective owners, shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and yours or their respective owners, shareholders, officers, directors, agents and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between you and us or our affiliates;
- (2) our (or any of our affiliates') relationship with you;
- (3) the scope and validity of this Agreement or any other agreement between you and us (or any of our affiliates) or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section 19.E, which you and we acknowledge is to be determined by an arbitrator and not a court); or
- (4) any aspect of the Franchise System or any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by a panel of three (3) arbitrators (the "Panel") and, except as this Section 19.E otherwise provides, according to the then current commercial arbitration rules of the AAA. We and you shall each appoint one (1) arbitrator to serve on the Panel. The two (2) separately appointed arbitrators shall attempt to agree upon the third arbitrator for the Panel, who will act as the Panel's chairman. If the two (2) appointed arbitrators fail to agree on the third arbitrator within thirty (30) days after the second arbitrator is appointed to the Panel, then the third arbitrator shall be appointed by the AAA, and shall serve as the Panel's chairman. All proceedings will be conducted at a suitable location chosen by the Panel in the Cincinnati, Ohio metropolitan area, provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. The Panel will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

7. Governing Law. The following language is added to the end of Section 17.F of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, North Dakota law applies.

8. Consent to Jurisdiction. The following language is added to the end of Section 17.G of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. Waiver of Punitive Damages and Jury Trial. To the extent required by the North Dakota Franchise Investment Law, Section 17.H of the Franchise Agreement is deleted.

10. Limitation of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under North Dakota Law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) you are a resident of Rhode Island and the Outlet will be located in Rhode Island.

2. Governing Law. Section 17.F of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of Ohio, without regard to its conflict of laws rules, except that any Ohio law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

3. Consent to Jurisdiction. Section 17.G of the Franchise Agreement is deleted and replaced with the following:

Subject to Section 17.E above and the provisions below, and except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction in the district where we have our headquarters when the action is commenced, which as of the Effective Date is Cincinnati, Ohio, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Outlet is located.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement (that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of South Dakota, and/or (b) you are a resident of South Dakota and the Outlet will be operated in South Dakota.

2. Initial Fees. The following language is added to the end of Section 3.A of the Franchise Agreement:

Payment of all initial fees (including the Initial Franchise Fee, Plan Review Fee, Sign Layout Fee, Additional Training Fee, GrE License Fee and Extension Fee) are postponed until after all of our initial obligations are complete and the Outlet is open for business.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Developer,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Development Rights Agreement that has been signed at the same time as the signing of this Rider (the “Development Rights Agreement”). This Rider is part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Tide Cleaners Outlet(s) that you will develop under the Development Rights Agreement was made in the State of South Dakota, and/or (b) you are a resident of South Dakota and all or part of the Area is located in South Dakota.

2. Initial Fees. The following language is added to the end of Section 3 of the Development Rights Agreement:

Payment of all initial fees (including the Development Rights Fee and Extension Fee) are postponed until after all of our initial obligations are complete and your first Tide Cleaners Outlet is open for business.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.**,  
an Ohio corporation

**DEVELOPER:**  
**[DEVELOPER ENTITY]**,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Outlet will be located in Virginia.

2. Initial Fees. The following language is added to the end of Section 3.A of the Standard Franchise Agreement and Non-Traditional Store Franchise Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.**,  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY]**,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)



**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Developer,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. **Background.** We and you are parties to that certain Tide Cleaners Development Rights Agreement that has been signed at the same time as the signing of this Rider (the “Development Rights Agreement”). This Rider is part of the Development Rights Agreement. This Rider is being signed because the Area will be located in Virginia.

2. **Initial Fees.** The following language is added to the end of Section 3 of the Development Rights Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Development Rights Fee and other initial payments owed by franchisees to us until we have completed our pre-opening obligations. Payment of the Development Rights Fee will be due to us, on a pro-rata basis, upon our completion of our pre-opening obligations for each Tide Cleaners Outlet opened under the Development Rights Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.**,  
an Ohio corporation

**DEVELOPER:**  
**[DEVELOPER ENTITY]**,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Tide Cleaners Franchise Agreement that has been signed at the same time as the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Outlet that you will operate under the Franchise Agreement was made in the State of Washington, (b) you are a resident of Washington, and/or (c) the Outlet will be located or operated in the State of Washington.

2. Initial Franchise Fee. The following language is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order by the Washington Department of Financial Institutions, Securities Division, we have posted a surety bond in the amount of \$100,000.

3. Addition of Paragraphs. The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Act (the “Act”), Chapter 19.100 RCW will prevail.

You have the right to terminate this Agreement upon any grounds permitted by law.

RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There also may also be court decisions which may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by this Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after this 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 our 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 this 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 this Agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**RIDER TO THE AGILE PURSUITS FRANCHISING, INC.  
TIDE CLEANERS DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN WASHINGTON**

**THIS RIDER** (the “Rider”) is made and entered into by and between **AGILE PURSUITS FRANCHISING, INC.**, an Ohio corporation located at 2 Procter & Gamble Plaza, Cincinnati, Ohio 45202 (“APFI,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Developer,” “you,” or “your”) as of the date signed by us and set forth opposite our signature on this Rider (the “Effective Date”).

1. Background. We and you are parties to that certain Development Rights Agreement that has been signed at the same time as the signing of this Rider (the “Development Rights Agreement”). This Rider is part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Tide Cleaners Outlet(s) that you will develop under the Development Rights Agreement was made in the State of Washington, and/or (b) you are a resident of Washington and all or part of the Area is located in Washington.

2. Initial Fees. The following language is added to the end of Section 3 of the Development Rights Agreement:

Pursuant to an order by the Washington Department of Financial Institutions, Securities Division, we have posted a surety bond in the amount of \$100,000.

3. Addition of Paragraphs. The following paragraphs are added to the end of the Development Rights Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “Act”), Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There also may also be court decisions which may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by this Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after this 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 our 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 this 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 this Agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**FRANCHISOR:**  
**AGILE PURSUITS FRANCHISING, INC.,**  
an Ohio corporation

**FRANCHISEE:**  
**[FRANCHISEE ENTITY],**  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED\*:** \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

(\*Effective Date of this Rider)

**EXHIBIT N**

**STATE EFFECTIVE DATES**

### State Effective Dates

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

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

<b>STATES</b>	<b>EFFECTIVE DATE</b>
California	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

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

**EXHIBIT O**  
**RECEIPTS**



## 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 Agile Pursuits Franchising, Inc. offers you a franchise for a Tide Cleaners Outlet, 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 Agile Pursuits Franchising, Inc. give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Agile Pursuits Franchising, Inc. give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Agile Pursuits Franchising, Inc. give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Agile Pursuits Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise are as follows: Andy Gibson, President, Clare Moore, Director of Franchising, Leslie Jacobs, Franchise Sales Lead, Jerry DeFeo, Vice President of Operations, Erica Jones, Director of Field Marketing, Linda Cartwright, Franchise Business Director, and Shannon Folk, Franchise Business Associate Director, Agile Pursuits Franchising, Inc., 513.309.5033, 2 Procter & Gamble Plaza, TE-16, Cincinnati, Ohio 45202; and \_\_\_\_\_.

The issuance date of this Franchise Disclosure Document is November 18, 2021. Agile Pursuits Franchising, Inc. authorizes the respective state agents identified on Exhibit A to receive service of process on its behalf in the particular states. I received a disclosure document for a Tide Cleaners franchise from Agile Pursuits Franchising, Inc. dated November 18, 2021 that included the following Exhibits:

- |   |  |
|---|--|
| A. List of State Agencies/Agents for Service of Process | I. General Release   |
| B. Confidential Disclosure Agreement                    | J. List of Franchisees and List of Franchisees Who Left the System |
| C. Development Rights Agreement                         | K. Financial Statements  |
| D. Franchise Agreement                                  | L. Franchisee Disclosure Questionnaire                             |
| E. Conversion Incentive Addendum                        | M. State-Specific Addenda  |
| F. Development Incentive Program Addenda                | N. State Effective Dates   |
| G. Lease Rider  | O. Receipts  |
| H. Manual Table of Contents                             |  |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchise Owner [Print Name]

\_\_\_\_\_  
Prospective Franchise Owner [Signature]

## 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 Agile Pursuits Franchising, Inc. offers you a franchise for a Tide Cleaners Outlet, 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 Agile Pursuits Franchising, Inc. give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Agile Pursuits Franchising, Inc. give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Agile Pursuits Franchising, Inc. give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Agile Pursuits Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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The issuance date of this Franchise Disclosure Document is November 18, 2021. Agile Pursuits Franchising, Inc. authorizes the respective state agents identified on Exhibit A to receive service of process on its behalf in the particular states. I received a disclosure document for a Tide Cleaners franchise from Agile Pursuits Franchising, Inc. dated November 18, 2021 that included the following Exhibits:

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| F. Development Incentive Program Addenda                | N. State Effective Dates   |
| G. Lease Rider  | O. Receipts  |
| H. Manual Table of Contents                             |  |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchise Owner [Print Name]

\_\_\_\_\_  
Prospective Franchise Owner [Signature]