



FRANCHISE DISCLOSURE DOCUMENT

Royal Franchising, Inc.
d/b/a JANI-KING OF MILWAUKEE
A Wisconsin Corporation
200 North Patrick Boulevard, Suite 900
Brookfield, Wisconsin 53045
(262) 780-0300
mil@janiking.net
website: www.janiking.com

The franchise is for a business that will provide comprehensive, commercial cleaning and maintenance services.

The total investment necessary to begin operation of a Jani-King franchise ranges from \$18,680 to \$39,098. This includes the following amounts that must be paid to us or our affiliate: (a) the initial franchise fee, which ranges from \$16,750 to \$33,000, and (b) the estimated purchase price, ranging from \$2,200 to \$5,600, for certain supplies and equipment you must obtain prior to opening your Jani-King franchise.

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

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

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

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

Issuance date of this Franchise Disclosure Document: September 5, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Item 1 for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN WISCONSIN. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT DISPUTES.
2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: September 5, 2024

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

The Franchisor, its Parents and Predecessors.

Royal Franchising, Inc. d/b/a JANI-KING of Milwaukee is the franchisor. To simplify matters the franchisor will be referred to in this disclosure document as “we”, “us” or “our.” “You” means a person who buys a franchise from us and includes the corporation or limited liability company through which the franchise will be owned. Our Franchise Agreement also will apply to your owners, officers, managers, and directors of the corporation or limited liability company. If you are married and your spouse is not a partner in or owner of the franchise business, certain provisions of our Franchise Agreement will also apply to your spouse.

We are a Wisconsin corporation incorporated in Illinois on April 2003. While we reincorporated under Wisconsin law in April 2008, we are substantively the same entity we were before. Our principal business address is 200 North Patrick Boulevard, Suite 900, Brookfield, Wisconsin 53045. Our local regional office address is 200 North Patrick Boulevard, Suite 900, Brookfield, Wisconsin 53045. We conduct business under our corporate name and under the trade and service mark “JANI-KING” and associated logos and designs (collectively called “Marks”). Our agents for service of process in this state is the Commissioner of Securities, located at 345 West Washington, 4th Floor, Madison, Wisconsin 53703 and CT Corporation, located at 44 East Mifflin Street, Madison, Wisconsin 53703. We do not have any parent companies. Except for Jani-King of Milwaukee, Inc. described below, we have no predecessors.

We have been offering franchises of the type described in this disclosure document since June 1, 2003. We offer these franchises only in the Milwaukee Metropolitan area (which includes the counties of Dodge, Fond Du Lac, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, and Waukesha) under a regional franchise agreement that we have entered into with JANI-KING FRANCHISING INC. (“JKF”). We have never offered franchises in any other line of business and do not have other business activities.

We do not have any predecessors required to be disclosed in this Item 1.

Our Affiliates.

Royal Leasing, Inc. which will be referred to as “LEASING”, is a Wisconsin corporation and is under common control with us. LEASING leases commercial cleaning equipment to franchisees operating JANI-KING Franchises. (See Item 10). It does not perform other business activities, has never offered franchises in any line of business, and has never operated a JANI-KING business.

JKF and its Affiliates.

Our franchisor, JKF, develops territories under a Regional Franchise program called “Regional Franchises”. Also, JKF directly offers franchises similar to our franchise program, under the “Associate Franchise” program in territories where no regional support office has been established. An Associate Franchise will not be offered in the portions of Wisconsin where we offer our franchise program. JKF

offers Regional Franchisees the right to conduct business for the same type you will operate and to offer franchises in the Milwaukee area from May 1, 1993 to May 31, 2003 and assigned those franchise agreements to us. It therefore is considered to be our predecessor. It did not grant franchises in any other business.

JKF is a wholly owned subsidiary of JANI-KING INTERNATIONAL, INC. (“JK INT’L”) incorporated in October 1985. JK INT’L is a Texas corporation, also incorporated in October 1985. JANI-KING, INC. (“JKI”), a wholly owned subsidiary of JK INT’L and considered to be the predecessor of JKF, incorporated in Texas in March 1983.

JK INT’L does not engage directly in the business providing commercial cleaning services and does not offer any franchises substantially similar to our business. It does provide significant support and management services to the various operating affiliates who do offer individual unit franchises. JK INT’L has not offered franchises in other lines of business.

JKI also does not directly offer any franchise or engage directly in the business of providing commercial cleaning services similar to our business. It does provide administrative and management services to each of its operating affiliates. JKI has not offered franchises in other lines of business.

JK INT’L and JKI each have their principal address at 16885 Dallas Parkway, Addison, Texas 75001.

Our Franchise Program.

We grant franchises for the performance of complete cleaning and/or maintenance related services, including commercial, industrial, and institutional cleaning and/or maintenance services and the distribution of related supplies and equipment under the name JANI-KING.

You will use the methods, procedures and products developed under the JANI-KING marks, and we will provide support services to you. We grant franchises for the performance of complete cleaning and/or maintenance related services, including commercial, industrial, and institutional cleaning and/or maintenance services and the distribution of related supplies and equipment under the name JANI-KING. The type of services you will be providing under your franchise include carpet cleaning, hard floor care, trash disposal, window washing, wall cleaning, and other specialty cleaning services in various industries on a daily, weekly, or monthly schedule. The territory granted to you by us under the franchise agreement is not exclusive to you, and we have the right to grant other franchises in your territory. The non-exclusive territory granted to you under the franchise agreement will consist of the territory described commonly as the Milwaukee Standard Metropolitan Statistical Area. In the event you already own one of our franchises and you purchase additional franchises, you will be required to sign the then current franchise agreement and the conditions existing at the time of the purchase will control the franchise relationship.

You will have the right to purchase a Plan of your choosing. The Plan you choose will determine what Initial Franchise Fee you must pay and what amount of Initial Business we must offer you by the time your Initial Offering Period ends. “Initial Business” means the cumulative gross monthly billings we are required to offer you under your Plan from all accounts. “Initial Offering Period” is the period

beginning after you have (a) obtained all required equipment and supplies, (b) successfully completed the initial training program to our satisfaction, (c) provided proof of required insurance, (d) provided proof that your business entity is in existence and in good standing, (e) delivered IRS Form W-9, (f) provided proof of registration with all applicable taxing authorities (including federal, state and local taxing authorities) and (g) delivered proof of a valid and active business checking account and ending the number of days thereafter that your Plan designates.

Although we are required by the end of the Initial Offering Period to have offered you the right to provide service to accounts that will yield the Initial Business, we do not guaranty that your cumulative gross monthly billings will ever reach or remain at the Initial Business. That is because: (1) the Initial Business may be offered to you in stages during the Initial Offering Period; (2) you may not accept all the accounts offered; (3) accounts may cancel the contract or request a change of franchisees due to your poor performance; or (4) the account may move or go out of business before the end of the contract period. To effectively provide service to these accounts, you must adhere to the quality standards associated with the JANI-KING marks, maintain good customer relations, and maintain industry standard commercial cleaning production rates.

We will provide a limited guarantee on each account we have offered you as part of the Initial Business that you agree to service. Under the limited guarantee, if the particular account is lost for any reason during the 12-month period after you accepted it and the loss is not attributable to your act or omission, we will replace that account for no additional charge for a time equal to 12 months less the amount of time you provided service to the lost account.

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

The Market and Competition.

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

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

Regulations.

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

Your products and services will be offered to the general public for commercial properties. You will be competing with national and local businesses offering janitorial and maintenance services. The market for commercial cleaning services is developed in some areas and developing in others, depending on the existing businesses and economic conditions in the particular area.

COVID-19 has disrupted and continues to significantly disrupt local, regional and global economies and businesses. The situation regarding COVID-19 is changing rapidly and subject to change. You must, at all times, comply with all applicable laws, rules and orders of any government authority concerning the outbreak and your response. Disruptions to normal economic activity in the coming weeks and months cannot be predicted. Federal, state and local laws have required certain businesses to remain open, while other businesses, such as bars, nightclubs, theaters, gyms and convention centers have been closed. Janitorial businesses like Jani-King franchises have been generally permitted to continue operations as essential businesses during the coronavirus outbreak. However, even though your franchise can operate under the restrictions, one or more of your customers may have to suspend services during the ongoing coronavirus outbreak and resulting shutdowns. We reserve the right to make any adjustments to our services as we may determine necessary, in our sole judgement, from time to time in order to protect health and safety. These adjustments may include, by way of example but without limitation, suspending in-person gatherings such as training, meetings and conferences; instead, such events may be conducted virtually.

ITEM 2 BUSINESS EXPERIENCE

President – Jon McAlpine

Mr. McAlpine joined JANI-KING as an Operations Manager for Jani-King of Illinois, Inc. in May 1992. In May 1997, he was promoted to Corporate Operations Director of JKI. Mr. McAlpine resigned from JKI in January 2004 to focus on Jani-King of Milwaukee on a full-time basis, as the President and Director.

Vice President – Kellie Foltz

Mrs. Foltz joined Jani-King of Milwaukee full-time in 2017 as the Director of Social Media and Advertising. In 2018, she accepted additional responsibilities of Office Manager and LEASING Manager. In 2020, she was promoted to Vice President, to manage day to day operations of the company.

Vice President of Operations – John Camberlen

Mr. Camberlen joined Jani-King of Michigan in 1999 as Director of Operations. He then accepted a similar position as Director of Operations at Jani-King of San Francisco/Oakland in 2006. From June 2008 until January 2009, Mr. Camberlen served as the Regional Director for Jani-King of Memphis. In January 2009, he accepted his current position with Jani-King of Milwaukee as Vice President of Operations.

Corporate Controller- Jill McAlpine

Ms. McAlpine spent several years as an Administrative Assistant and Recruiting Specialist before she joined Jani-King of Milwaukee in June 2003 as the Vice President of Finances & Human Resources. In January 2013, she took on the additional responsibility to serve as Franchise Accounting. As of January 2023, she was promoted to Corporate Controller.

ITEM 3 LITIGATION

Pending Litigation.

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

United States Department of Labor vs. Jani-King of Oklahoma, Inc. (Civil Action No. CIV-16-1133-W, United States District Court, District of Western Oklahoma). On September 29, 2016, the U.S. Department of Labor filed a Complaint alleging that Defendant has mischaracterized its franchisees as

independent contractors and thus, violated the record keeping requirements of the Fair Labor Standards Act. The Department of Labor is seeking a permanent injunction relating to such allegations and a monetary award for the Department's costs relating to the action. On March 20, 2017, the Court granted Defendant's motion to dismiss the claims without prejudice and granted the Department of Labor 21 days' leave to amend its complaint. The Department of Labor filed an Amended Complaint on April 20, 2017. On June 9, 2017, the Court granted Defendant's motion to dismiss the Amended Complaint with prejudice. The Department of Labor appealed the ruling to the 10th Circuit Federal Court of Appeals and oral arguments were held in May 2018. On October 3, 2018, the 10th Circuit reversed the ruling and remanded the case back to the District Court. After discovery was conducted, each party filed a Motion for Summary Judgment. On November 25, 2020, the Court granted Defendant's motion to stay the case after a proposed new rule was issued by the U.S. Department of Labor regarding independent contractor status. Although a final rule was published in January 2021 and was scheduled to take effect in March 2021, the rule was later postponed and ultimately withdrawn on May 6, 2021, without taking effect. On June 23, 2021, the Court vacated the stay and indicated the Court would take up the pending motions for summary judgment in due course. Defendant denies all allegations and continues to defend itself against the claim.

Past Litigation.

Pedro R. Ramos v. Jani-King of Hartford, Inc. (MCAD No. 12SEM03028, The Commonwealth of Massachusetts Commission Against Discrimination). On November 15, 2012, Plaintiff, a Jani-King franchisee, filed this complaint of discrimination against Jani-King of Hartford, Inc., alleging that an account was transferred from Plaintiff's franchise as a result of discrimination. Defendant did not receive notice of the complaint until May 28, 2013. Defendant strongly denied all allegations. On June 27, 2013, without admitting any wrongdoing or liability, the parties reached a settlement whereby Plaintiff dismissed all claims against Defendant in exchange for payment in the amount of \$6,500.

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

Vincent DeGiovanni, and all others similarly situated v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of Boston, Inc. (Case Number 07 CA 10066 RCL, United States District Court, District of Massachusetts). On January 12, 2007, Plaintiffs filed a class action against JK INT'L and Jani-King of Boston, Inc. alleging unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV), quantum meruit (Count V), and unjust enrichment (Count VI). On April 16, 2007, Plaintiffs filed an Amended Complaint, which added Jani-King, Inc. as a defendant, and added claims for violation of the Massachusetts Independent Contractor Laws (Count VII) and wage law violations (Count VIII). Plaintiff sought class certification, unspecified damages, statutory trebling of damages, and other

unspecified damages. On September 21, 2009, the court granted Plaintiffs' motion to certify employment classification claims. On October 28, 2009, Plaintiffs filed a Second Amended Complaint, which dropped the breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV) quantum meruit (Count V) and unjust enrichment (Count VI) claims, and reasserted the unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), violation of the Massachusetts Independent Contractor Laws (previously Count VII, new Count II) and wage law violations (previously Count VIII, new Count III). On April 13, 2010, the parties filed a Joint Stipulation to Dismiss the Chapter 93A Claims Without Prejudice, which dismissed the unfair and deceptive business practices claims filed under Chapter 93A of the Massachusetts General Laws (Count I). The Notice of Class Action Lawsuit was sent on September 8, 2010. On July 15, 2011, Plaintiffs moved for Summary Judgment on their claim that Defendants had violated the Massachusetts Independent Contractor Laws. Plaintiffs argued that they were entitled to Summary Judgment on violation of the Massachusetts Independent Contractor Laws because there was no question of material fact that Defendants failed to satisfy Prong B of the so called "ABC Test," which is the test the Commonwealth of Massachusetts uses to determine whether a worker is appropriately characterized as an independent contractor. Prong B requires that a purported employer prove that a worker provided service which is outside the usual course of the business of the employer of the employment classification claims. On August 12, 2011, Defendants filed motions to decertify the class and for Summary Judgment on violation of the Massachusetts Independent Contractor Laws. On June 8, 2012, the Court allowed Plaintiffs' Summary Judgment on the Prong B of the violation of the Massachusetts Independent Contractor Laws, denied Defendants' Summary Judgment on the Prong B of the employment classification claims, and denied Defendants' motion to decertify the class, in effect ruling that the Defendants had mischaracterized the class member Plaintiffs in this case as independent contractors. On August 1, 2012, the case was ordered administratively closed for mediation. On March 14, 2014, the parties filed a Settlement Agreement with the Court, pursuant to which, and without admitting liability, the Defendants agreed to pay a class settlement totaling \$7,500,000 payable over a four-year period. The Court granted final approval of the Settlement Agreement on August 8, 2014.

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

Tervon, LLC, Sunyata K. Little and Eleanor E. Little, and Mario Gutierrez v. Jani-King of California, Inc. and Jani-King International, Inc. (Case No. 3:14-CV-00367-BEN-JMA, United States District Court for the Southern District of California). Plaintiffs, former franchisees of Jani-King of California, Inc., originally filed this case in the Superior Court of San Diego County, California on January 15, 2014; however, on February 13, 2014, Defendants removed the case to the United States District Court

for the Southern District of California. Plaintiffs filed an amended complaint on March 18, 2014, alleging fraud/deceit by intentional misrepresentation, violations of California Civil Code §§ 1709 and 1710, fraud/deceit by concealment, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, violations of California Business Code § 17200 et seq., and intentional infliction of emotional distress, and seeking Declaratory Relief. On or about January 7, 2016, the parties reached a settlement as to all claims whereby Jani-King of California, Inc., without admitting any liability, agreed to repurchase the franchises owned by Plaintiffs, pay \$30,000 to Mario Gutierrez, \$61,000 to Sunyata K. Little and Eleanor E. Little, and \$85,000 to Tervon, LLC, and Plaintiffs agreed to dismiss all claims against Defendants, with prejudice, and the parties executed mutual releases.

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

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



Meseret Ayele d/b/a MAE Solutions, LLC v. Jani-King of Houston, Inc. (Cause No. 2015-17798, 55th District Court, Harris County, Texas). Plaintiff is a franchisee of Jani-King of Houston, Inc. and filed this case on March 26, 2015, alleging breach of contract, violation of the Texas Deceptive Trade Practices

Act, fraud, fraudulent inducement, and negligent misrepresentation. Plaintiff was seeking \$487,000 in damages. On October 13, 2015, the Court granted Defendant's Motion for Summary Judgment, dismissing all of Plaintiff's claims. In December 2015, Plaintiff filed a Motion to Vacate the Court's ruling and for a new trial, which the Court denied. On December 24, 2015, Plaintiff moved for the Court to reconsider its decision to deny the Motion to Vacate and for a new trial, which the Court denied. Plaintiff appealed the Court's ruling to the First Court of Appeals. On February 28, 2017, the First Court of Appeals reversed and remanded the case. On January 20, 2018, the parties agreed to settle all of the claims in exchange for a payment of \$34,250 by the Defendant. However, the Plaintiff refused to dismiss its claims as agreed and accept the settlement payment and breached the settlement agreement. In its Second Amended Counterclaim, filed April 19, 2018, the Defendant added a new party to the lawsuit and alleged claims against the Plaintiff and Cross-Defendant for breach of contract. Plaintiff filed Plaintiff's Third Amended Original Petition on October 4, 2018, adding claims for promissory estoppel, and intentional infliction of emotional distress. On February 7, 2019, the Court granted Defendant's Motion to Bifurcate the trial of the parties' claims. A trial took place on the breach of the settlement agreement by Plaintiff on August 20, 2019 and the jury rendered a verdict finding in favor of Jani-King of Houston and ordering the court clerk to tender the \$34,250 deposited by Jani-King to Plaintiff in accordance with the settlement agreement.

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

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

affirmed the District Court's dismissal of Plaintiffs' claims and denied Plaintiffs' Motion to Certify. On September 24, 2021, Plaintiffs moved for rehearing En Banc, which the Second Circuit denied on October 14, 2021.

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

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

Portillo's claim for breach of contract, and Defendants' counterclaims against Juarez. On February 16, 2012, the Court granted Plaintiffs' motion for certification of its appeal from the decision on Summary Judgment to the Ninth Circuit Court of Appeals and stayed the case pending resolution of the interlocutory appeal before the Ninth Circuit. On May 10, 2012, the Ninth Circuit denied Plaintiffs permission for interlocutory appeal. On October 31, 2012, without admitting any wrongdoing or liability, Defendants and Maria Escobar (formerly Portillo) entered into a settlement whereby Escobar's franchise agreement with Jani-King of California, Inc. was terminated and Escobar dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for payment in the amount of \$50,000. On October 31, 2012, without admitting any wrongdoing or liability, Defendants, and Alejandro and Maria Juarez entered into a settlement whereby the Juarezes' franchise agreements with Jani-King of California, Inc. were terminated and the Juarezes dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for a release of Defendants counterclaims and a payment in the amount of \$15,000. On December 14, 2012, Escobar and the Juarezes filed a Notice of Appeal of the Court's Summary Judgment Order with the Ninth Circuit Court of Appeals. In June 2018, the case was remanded back to the United States District Court for the Northern District of California in light of the California Supreme Court's decision in *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal. 5th 903 (2018). On November 21, 2019, the Court stayed this case pending a decision from the California Supreme Court on the certified question of whether *Dynamex Operations West, Inc. v. Superior Court*, 416 P.3d 1 (Cal. 2018) applies retroactively. On January 14, 2021, the California Supreme Court ruled in *Vasquez v. Jan-Pro Franchising International, Inc.*, 478 P.3d 1207 (Cal. 2021) that its decision in *Dynamex* applies retroactively and the Court lifted its stay of this case the following day. In September 2021, Defendants agreed to pay \$150,000 to settle the Juarezes' individual claims. The parties also agreed to a Class Action Settlement Agreement encompassing both this lawsuit and *Jose Chavez and Emilio Montero v. Jani-King of California, Inc., Jani-King, Inc., Jani-King International, Inc.*, with the agreement that the Class Action Settlement Agreement would be filed in the *Chavez* case. The Class Action Settlement Agreement is described below in the summary of the *Chavez* case and received final approval by the *Chavez* court on July 7, 2022. The parties filed a Stipulation of Dismissal on September 21, 2021.

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

Brian J. Schneider v. Jani-King of Buffalo, Inc. (Case No. SC15074, Town of Amherst Court). Plaintiff is the managing member of Abatis, LLC, a former franchisee of Jani-King of Buffalo, Inc. that was terminated for failure to pay minimum royalties and for abandonment. On May 19, 2022, Plaintiff filed suit against Jani-King of Buffalo, Inc. seeking to recover the initial franchise fee. The parties agreed to a settlement in June 2022. Without admitting any liability, Jani-King of Buffalo, Inc. agreed to pay Plaintiff \$4,000 in exchange for a release of all claims by Plaintiff and Abatis, LLC.

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

Administrative Orders and Decrees.

Commonwealth of Virginia, ex rel. State Corporation Commission v. Jani-King of Washington, D.C., Inc., (Case No. SEC-2012-00015, Commonwealth of Virginia, State Corporation Commission at Richmond) (September 12, 2013). The Commonwealth of Virginia, *ex rel.* State Corporation Commission (the “State”) alleged that Jani-King violated §13.1-563(2) of the Virginia Retail Franchising Act (the “Act”) by selling franchises to be operated in Virginia while omitting certain disclosures concerning its corporate ownership and prior litigation settlements. Jani-King did not admit nor deny the State’s allegations but, on September 12, 2013, entered into a Settlement Order with the State whereby Jani-King: (i) paid to the treasurer of the State \$62,000 in penalties; (ii) paid to the treasurer of the State \$23,000 to defray the State’s costs of investigation; (iii) provided a copy of the Settlement Order to all then-current Virginia franchisees; and, (iv) agreed to not violate the Act in the future.

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

true or that it violated the California Franchise Investment Law. A permanent injunction was entered by the court on July 19, 1988.

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

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

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

None.

Other than these actions, no litigation 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

Initial Franchise Fee.

The Initial Franchise Fee varies depending on the Plan you decide to purchase and is determined by the amount of Initial Business that comes with each Plan. If you pay the Initial Franchise Fee in full at the time you purchase your franchise, you will receive a 5% discount on the Initial Franchise Fee. We also offer an additional 10% discount to qualified United States military veterans, which is described in more detail below. Unless you elect to pay a portion of the Initial Franchise Fee over time in accordance with the paragraph below, the entire Initial Franchise Fee is due when you sign the Franchise Agreement. If you decide to pay a portion of the Initial Franchise Fee over time, you will pay the portion of the Initial Franchise Fee set forth in the chart below as a down payment (the “Initial Franchise Fee Down Payment”) upon signing the Franchise Agreement. The remainder of the Initial Franchise Fee (i.e., the Initial Franchise Fee minus the Initial Franchise Fee Down Payment) will be paid in monthly installments (the “Initial Franchise Fee Monthly Payments”) over time. While you will have to make the number of Initial Franchise Fee Monthly Payments set forth in the chart below, the actual number of months over which the Initial Franchise Fee Monthly Payments will be made may vary because you will not be required to make an Initial Franchise Fee Monthly Payment in a month when your Gross Revenue is less than \$1,500 or it has been three (3) months. The Initial Franchise Fee Monthly Payments will be deducted, along with all other applicable fees and expenses, from your franchise’s revenue we disburse to you. The Initial Franchise Fee Monthly Payments do not accrue, do not include any interest.

The Initial Franchise Fee Down Payment due for each Plan, except for any applicable sales tax, is the minimum total amount you must pay to us when you purchase your franchise. Sales tax is computed in accordance with state and local laws.

The amounts of (i) the Initial Business, (ii) the Initial Offering Period, (iii) the Initial Franchise Fee, (iv) the Initial Franchise Fee Down Payment, (v) the total amount of the Initial Franchise Fee Monthly Payments, and (vi) each Initial Franchise Fee Monthly Payment are outlined in the following schedule for the Plan D through the Plan E-10 (other plans with more Initial Business may be available):

PLAN	TOTAL INITIAL BUSINESS WE ARE OBLIGATED TO OFFER YOU (\$)	DAYS WITHIN WHICH WE MUST OFFER YOU THE INITIAL BUSINESS	INITIAL FRANCHISE FEE (\$)	INITIAL FRANCHISE FEE DOWN PAYMENT (\$) (MONTHLY PAYMENT OPTION)	TOTAL OF INITIAL FRANCHISE FEE MONTHLY PAYMENTS (\$)	NUMBER OF INITIAL FRANCHISE FEE MONTHLY PAYMENTS	AMOUNT OF INITIAL FRANCHISE FEE MONTHLY PAYMENT (\$)
E-10*	10,000*	330	35,750**	25,750	10,000	24	416.67
E-9	9,000	300	33,000	23,000	10,000	24	416.67
E-8	8,000	270	30,250	20,250	10,000	24	416.67
E-7	7,000	240	27,500	17,500	10,000	24	416.67
E-6	6,000	210	24,750	14,750	10,000	24	416.67
E-5	5,000	180	22,000	12,000	10,000	24	416.67
E-4	4,000	150	19,250	9,250	10,000	24	416.67
D	3,000	120	16,500	6,500	10,000	24	416.67

*An additional \$1,000 of Initial Business will be offered for each higher level of the “E” Plan.

**An additional 30 days will be added to the Initial Offering Period for each higher level of the “E” Plan.

***The Initial Franchise Fee is increased by an additional \$2,750 for each higher level of the “E” Plan and is due upon signing the Franchise Agreement.

****For Plan D and above, we will include a chemical start up package at no cost to you.

*****For Plans E-6 and above, if you pay in full for your franchise, we will include an electrical equipment package and the chemical/supply start up kit at no cost to you.

JANI-KING VET-FRAN PROGRAM:

In order to provide additional support to the veterans of the United States military, Jani-King offers a 10% discount off the Initial Franchise Fee to qualifying veterans. The program is available for those veterans who have received a discharge (other than dishonorable) as well as any active-duty personnel. The franchise must be operated under a corporation or limited liability company, and the veteran participant must maintain at least a 51% ownership interest in such entity. A copy of the form DD-214, evidencing the status of a participating veteran, must be submitted with the franchise agreement. The amounts of (i) the Initial Business, (ii) the Initial Offering Period, (iii) the Initial Franchise Fee, (iv) the Initial Franchise Fee Down Payment, (v) the amount of the Initial Franchise Fee Monthly Payments, and (vi) the amount of each Initial Franchise Fee Monthly Payment is outlined in the following schedule for the Plan D through the Plan E-10, but larger plans may be available.

SCHEDULE OF TERMS
JANI-KING VET-FRAN PROGRAM

PLAN	TOTAL INITIAL BUSINESS WE ARE OBLIGATED TO OFFER YOU (\$)	DAYS WITHIN WHICH WE MUST OFFER YOU THE INITIAL BUSINESS	INITIAL FRANCHISE FEE (\$)	INITIAL FRANCHISE FEE DOWN PAYMENT (\$) (MONTHLY PAYMENT OPTION)	TOTAL OF INITIAL FRANCHISE FEE MONTHLY PAYMENTS (\$)	NUMBER OF INITIAL FRANCHISE FEE MONTHLY PAYMENTS	AMOUNT OF INITIAL FRANCHISE FEE MONTHLY PAYMENT (\$)
E-10*	10,000	330	29,925	11,745	10,530	24	438.75
E-9	9,000	300	27,450	10,800	10,530	24	438.75
E-8	8,000	270	24,975	9,855	10,530	24	438.75
E-7	7,000	240	22,500	8,910	10,530	24	438.75
E-6	6,000	210	20,025	7,695	10,530	24	438.75
E-5	5,000	180	17,550	7,020	10,530	24	438.75
E-4	4,000	150	15,075	6,030	9,045	24	376.88
D	3,000	120	12,600	5,040	7,560	24	315.00

*An additional \$1,000 of Initial Business will be offered for each higher level of the “D” Plan.

**An additional 30 days will be added to the Initial Offering Period for each higher level of the “D” Plan.

***The Initial Franchise Fee is increased by an additional \$2,475 for each higher level of the Vet Fran Program “D” Plan and is due upon signing the Franchise Agreement.

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

EXAMPLE:

Plan E-4 purchased; instead of providing service under contracts with cumulative total initial gross monthly billings equal to \$4,000 (the Initial Business for a E-4 Plan), \$2,500 of initial gross monthly billings is actually offered.

Refund: \$4,000 Amount of Initial Business to be offered by Us for You to service
-2,500 Amount of Initial Business actually offered
 \$1,500 Amount of Initial Business not offered
X 2.75 =

\$4,125 Total Credit (this credit may be applied to money you owe to us or if no money is owed to us, it may be refunded to you)

Equipment and Supplies.

You must acquire all the required commercial cleaning equipment and supplies before you will be authorized to service any accounts as a JANI-KING franchisee. The Supply and Equipment Package will be supplied to you through us at no cost, subject to shipping restrictions, from a source of our choosing, that sells commercial grade cleaning products. For plans E-6 and above, if you pay in full for your franchise, the electrical equipment and the supply and equipment package will be provided at no cost to you.

The Additional Electric Equipment required may also be purchased or leased from LEASING. If the Additional Electric Equipment is purchased or leased from LEASING the total approximate cost, depending on the franchise plan that you purchase, ranges from approximately \$2,846 to \$8,862 based on the rates in use as of April 1, 2024. If you choose to lease the equipment, total lease payments include a down payment with an approximate range from approximately \$356 to \$1,108 and 12 monthly payments with an approximate range from approximately \$178 to \$554, depending on which franchise plan you purchase. At the end of the lease period, you may purchase the equipment for a final purchase payment ranging from \$356 to \$1,108. Longer lease terms may be available for certain equipment.

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

**ITEM 6
OTHER FEES**

<i>Type of Fee</i>	<i>Amount</i>	<i>Due Date</i>	<i>Remarks</i>
Royalty Fee (1)	11% of monthly Gross Revenue	Deducted on tenth day of each month for the prior month	Subject to \$100 minimum for first 12 months, and then \$250 minimum, adjusted for increases in the Consumer Price Index (1)
Accounting Fee (2)	3.0% of monthly Gross Revenue	Deducted on tenth day of each month for the prior month	We will account for all revenue and expense transactions on a monthly basis. We disburse revenues to you for previous month's service less applicable deductions. (3)
Advertising Fee (3)	1.5% of monthly Gross Revenues	Deducted on tenth day of each month for the prior month	See the detailed notes below. (4)

<i>Type of Fee</i>	<i>Amount</i>	<i>Due Date</i>	<i>Remarks</i>
Technology Licensing Fee (4)	2.5% of monthly Gross Revenues	Deducted on tenth day of each month for the prior month	See the detailed notes below. (5)
Business Protection Plan & Jani-King Worker's Compensation Insurance Broker Program (5) (Optional)	5-8% of monthly Gross Revenue plus cost of Administration Fee of \$10/month or \$20/month	Deducted on tenth day of each month for the prior months service	This is an optional plan which we may allow you to participate in. This plan provides the minimum insurance requirements including the Worker's Compensation insurance. See the detailed notes below. (6)
Business Protection (6)	Administrative Fee of \$7/month or \$14/month depending on Gross Revenue billed each month	Deducted on tenth day of each month	N/A. (6)
Initial Franchise Fee Monthly Payment (7)	Varies, depending on the revenue of franchise	Deducted on tenth day of each month that franchise produces sufficient revenue.	See detailed notes below. (7)
Customer Complaint and Service Fee (8)	\$50 plus currently \$50 per labor hour plus expenses; may increase with prior notice to you	Payable in the month the fees are incurred	Applies only if we respond to a customer complaint. In addition to the Complaint Fee, we charge for Operations Department time spent rectifying any deficient performance and satisfying the unhappy customer. (8)
Finder's Fee (9) (Optional)	% based formula for each category of account type listed below in Note (9), calculated on the amount of additional business we offer you at your request (9)	As scheduled after you accept the right to service new or additional business	See the detailed notes below. (9)

<i>Type of Fee</i>	<i>Amount</i>	<i>Due Date</i>	<i>Remarks</i>
Lease Payments to LEASING (10) (Optional)	Varies, depends on equipment leased, if any	Deducted on tenth day of each month	LEASING determines all terms and conditions for any equipment leased. (10)
Charge Back (11)	Varies, depends on outstanding receivables (3)	Deducted on tenth day of each month	Receivables more than 60 days past date of original invoice are debited against your current revenue account. (11)
Additional Training Fee (12)	\$50/hour plus expenses.	Payable in the month the fees are incurred	The initial training is provided for in the Initial Franchise Fee. Additional training is provided if you request it or if required by us due to performance problems by you. You are responsible for your travel and lodging costs. (11)
Transfer of Franchise Fee (13)	The lesser of \$4,000 or 10% of the sales price or exchanged value; if no transfer fee is charged with an ownership change, then \$500 administrative fee for preparation of documents	At time of transfer	Not charged for transfer among current owners, to controlled corporation, limited liability company, or immediate family. (12)
Administrative Fee (14)	\$500	Payable as incurred.	For preparation of documents to change owners when no transfer fee is charged or to provide copies of documents previously provided to you. A training class fee of \$350 is also required for a transfer. (12)
Training Class Fee (15)	\$780	At time of transfer, as incurred.	Required when a transfer is initiated whether the transfer fee was charged or the administrative fee. This covers the cost for the new franchisee to attend training classes and replacement

<i>Type of Fee</i>	<i>Amount</i>	<i>Due Date</i>	<i>Remarks</i>
			manuals & USB Thumb Drive. (13)
Liquidated Damages	\$500/day	As incurred	Payable if you terminate or do not renew the Franchise Agreement and you do not surrender to us all property belonging to us, including the keys and contracts
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable if you fail to comply with the Franchise Agreement and we have to enforce it
Non-Reported Business Fee	\$25 per day	Immediately, when incurred.	Payable when you have failed to report all Gross Revenue derived from your franchise.
Indemnification	Will vary under circumstances	As incurred	You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising from your Jani-King franchise
Audit	All costs and expenses, i.e., reasonable accounting and attorney fees	Immediately, when incurred	Payable only if audit shows an understatement of at least 5% of Gross Revenue for any month
Replacement of Manual(s)	\$50 per copy per manual.	As incurred.	Cost of replacement copy.
Missed Clean/No Show	\$100 per occurrence; in addition to a \$50 Complaint Fee	Payable in the month the fees are incurred.	Failure to service.
Non-Compliance with Uniform Policy	\$50 for each incident per employee	Payable in the month the fees are incurred.	Payable for failure to comply with the uniform policy.
Non-Compliance with Name Tag Policy	\$50 for each incident per employee	Payable in the month the fees are incurred.	Payable for failure to comply with the name tag policy.
Non-Compliance with Monthly Inspection Report Policy	\$250 per account where inspection was not performed for the month	Payable in the month the fees are incurred.	Payable for failure to comply with the Monthly Inspection Report policy on accounts billing \$1,500 or above. (14)

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

(1) Royalty Fee:

You must pay us a non-refundable monthly royalty fee equal to 11% of your Gross Revenues monthly. This royalty will be paid by the tenth day of each month for the prior month's Gross Revenue and is subject to a minimum royalty payment of \$100 per month for the first 12 months of operation (as measured from the month we satisfy your Initial Business Obligation) and \$250 per month after the first year. The Royalty Fee is going to increase starting in the second year and each subsequent year by a quarter of a percent until the Royalty Fee reaches a maximum of 11%.

(2) Gross Revenue:

Gross Revenue is defined as all revenue invoiced by anyone for any contract services, one-time cleans, extra work, sales of supplies, equipment or goods, and any other revenue related to or derived from the provision of any cleaning and maintenance services, including commercial, industrial, and institutional, as well as the sale, leasing, or distribution of related supplies and equipment in connection with the conduct and operation of your business or otherwise directly or indirectly, in whole or in part, performed or sold by, or for the benefit of, you, your principals, guarantors, spouse(s), officers, directors, shareholders, managers, members, agents, or employees, regardless of the entity or business name used.

(3) Accounting Fee:

You will pay us 3.0% of your Gross Revenue monthly as an Accounting Fee. We have the exclusive right to perform all billing and accounting functions for the services provided by your franchise. We will invoice each month all the customers you service for the cost of the services you render or supplies you provide. We will receive the monies charged on those customer invoices and pay them to you on a monthly basis, after we deduct all the appropriate fees and charges due to us, our affiliates, and to third parties with special credit arrangements for your benefit.

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

(4) Advertising Fees:

You will pay to us an advertising fee of 1.5% of your monthly Gross Revenues. This advertising fee will be in addition to any monthly royalty fee charged. We have the right to allocate parts of the Fee

for certain of our administrative expenses for marketing activities. (See Item 11). We also reserve the right to increase the advertising fee up to a maximum of 2% of your monthly Gross Revenues.

(5) Technology Licensing Fee:

You will pay to us a technology licensing fee of 1.5%-2.5% of your monthly Gross Revenues as consideration for hardware, proprietary or third-party software, and other equipment utilized in the Jani-King system. This technology licensing fee will be in addition to any monthly royalty fee charged. We also reserve the right to increase the technology licensing fee up to a maximum of 5% of your monthly Gross Revenues.

(6) Insurance Requirements:

Before you will be authorized to begin operating your franchise, you must either purchase insurance with the policy limits described below or join the Business Protection Plan (“BPP,” as further described below). The cost of this insurance will vary, depending on factors that include the charges established by the insurer, terms of payment, prior loss history and the geographic location of the franchise operations. Insurance coverage provided through participation in the BPP does include coverage for Worker’s Compensation Insurance.

You have the option to decide if you join the BPP and purchase the required worker’s compensation coverage from the JANI-KING Worker’s Compensation Insurance Broker Program (“JKWCIBP”, as further described below) or choose another source. If you choose to purchase the insurance from another source, you must name us (Royal Franchising, Inc.), Royal Leasing, Inc., JK INT’L, Jani-King Franchising, Inc., and their officers and directors as Additional Insureds in the following minimum amounts:

<i>TYPE</i>	<i>LIMITS</i>
Comprehensive General Liability	\$1,000,000 (per occurrence) \$2,000,000 (Aggregate)
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)
Excess or Umbrella Insurance (Single Policy) (Not Combined)	\$20,000,000 (Aggregate)
Workers’ Compensation	\$1,000,000

We may increase these limits or require new types of coverage added, as circumstances dictate, from time to time.

As an alternative to the requirement of purchasing the above insurance from other sources, we currently offer you the opportunity to participate in the BPP. Participation in the BPP is voluntary, and you are not obligated or required to participate. If you decide to go through our insurance carrier, you will

need to fill out an application and submit it for approval to our Insurance Broker and if you are approved, a policy will be issued to you in your business name and the cost of the coverage can be deducted from your monthly Franchise Report. The cost of this insurance is 7% of gross revenue. The BPP is a plan through which the required insurance, for your franchise can be obtained, with a separate workers' compensation policy secured through either the JK WCIBP or another approved source. The BPP is administered by JK INSURANCE and is a plan through which the required insurance, including workers' compensation, for your franchise can be obtained.

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

Insurance provided through participation in the BPP does not include coverage of your personal or business use automobile(s) or your equipment, supplies, or buildings, if your building is different than ours.

You must be engaged in the janitorial industry in order to be a member of the BPP and JK WCIBP. Your membership in the BPP and JK WCIBP can be terminated if you: (1) fail to pay any amount owed for your participation in the BPP and JK WCIBP, (2) if you fail to report all revenue generated by your participation in the janitorial industry, (3) if you file a fraudulent insurance claim under any of the insurance coverage you obtain from JANI-KING, (4) if you do not participate in the janitorial industry for a full calendar year (i.e. January 1st through December 31st), or (5) if, in the sole discretion of JANI-KING, you have an excessive claims history.

The BPP and JK WCIBP also includes 1) assistance with risk assessment, 2) management of overall claims handling processes, 3) assistance with compliance of workers' compensation laws, 4) assistance with risk control, 5) assistance with Certificates of Insurance, 6) insurance coverage analysis, 7) assistance with premium audits, 8) general risk management services, 9) periodic safety training, and 10) other regulatory compliance assistance. For these services, you will be required to pay an administration fee which may include a profit to us. We will be solely responsible for administering the BPP and JK WCIBP.

The cost of the BPP and JK WCIBP varies, depending upon the cost of insurance purchased by JANI-KING, the amount of insurance deductible you pay for insurance claims, if any, and depending upon your monthly Gross Revenue, the total volume of contract business, and your estimated annual gross payroll amount. The current BPP fee for this region is 7% of your franchise's monthly Gross Revenue per month and the cost of the JK WCIBP varies. In addition, you will be responsible for payment of the administration fee which is \$7 a month if your monthly Gross Revenue is less than or equal to \$5,000 and \$14 a month if your monthly Gross Revenue is greater than \$5,000. If you choose to participate in the BPP and JK WCIBP, we will deduct the BPP fee, JK WCIBP fee and the applicable administrative fee each month from your franchise's Gross Revenue, and we will remit such amounts directly to JANI-

KING. The BPP and JK WCIBP fee and the administration fee may include a profit. The cost of the BPP and JK WCIBP may change occasionally. We reserve the right to discontinue offering the BPP and JK WCIBP to you upon reasonable notice. You may accept or reject participation in the BPP and JK WCIBP with the BPP Election Form in the form set forth in Exhibit X. The higher monthly billing in monthly contract revenue, the lower the BPP AND JK WCIBP fee is. The range is from 7% down to 4%.

(7) Initial Franchise Fee Monthly Payment:

If you did not pay the entire Initial Franchise Fee at the time you purchased your franchise, you are required to pay us Initial Franchise Fee Monthly Payments. The payment of these fees is for the remainder of the Initial Franchise Fee charged by us in connection with your purchase of the franchise. The Initial Franchise Fee Monthly Payments are contingent upon revenue being generated by your franchise and will be deducted each month from the revenue produced from the operation of the franchise. The payment of the Initial Franchise Fee Monthly Payments will only be deducted in months your franchise produces revenues in an amount at least equal to the amount of the monthly Initial Franchise Fee Monthly Payments.

(8) Customer Complaint Fee and Service Fee for Operations Assistance:

In order to promote full compliance with all Jani-King performance standards and policies, we will charge you a \$50 Complaint Fee if you do not comply with the time frames allotted for initial response or corrective action to a customer complaint or other performance deficiency, and our staff must respond to the customer. “Serviced” or “respond to” the complaint in this case means communicating with the customer to determine the nature of the complaint and what needs to be done to resolve the situation, and to provide the customer relations necessary to try to protect the account from cancellation. It does not mean providing commercial cleaning services to the customer to solve the problem. An additional “Service Fee” will be assessed, plus expenses (i.e., labor, materials, supplies, equipment, etc.), for our personnel’s time spent on cleaning or maintenance services required to rectify the complaint or satisfy the unhappy customer.

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

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

The Complaint Fee and the Service Fee, plus expenses, may be charged under either of the following conditions:

- (a) We cannot locate you during the four-hour contact period and our Operations Department must respond to the complaint; or
- (b) We notify you of the complaint, and two hours after the opening of the customer’s business the next morning, you have not corrected the deficiency in performance to the satisfaction of the customer and us, requiring our Operations Department to respond to the complaint.

Although you will be responsible for inspecting your accounts, on a monthly basis one of our representatives may also inspect your accounts occasionally in order to insure that the service of all accounts is being performed according to the Cleaning Schedule and to the Jani-King performance standards. If we discover a deficiency in performance, whether through complaint or inspection, we may send our own staff to the account and correct all deficiencies in performance. We have sole discretion to determine the urgency and the time frame of when to send our staff to an account.

You must cooperate fully with our staff, and pay a reasonable, hourly rate (“Service Fee”), plus expenses and travel time on each occasion we dispatch our staff to an account in order to correct a deficiency in performance. The current rate for the Service Fee is \$50 per labor hour, but we reserve the right to increase or decrease this rate upon prior notice to you.

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

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

(9) Finder’s Fee:

In addition to the Initial Franchise Fee, royalty fees, and other payments set out in the franchise agreement, you must pay us a Finder’s Fee on any additional business or contracts above the Initial Business that you choose to accept as an authorized franchisee to service the business. You are not required to accept any additional business. We are not obligated to offer you the right to provide service to additional business or contracts beyond the Initial Business determined by the plan purchased. It is your option whether you want to service additional business above the Initial Business. If you do not accept the designation as an authorized franchisee to service business above the Initial Business, then you will not pay Finder’s Fees.

A Finder’s Fee is charged whether that additional business or contract resulted from an increase in the contract price for existing business, an expansion of service for existing business at the same or other locations, or completely new business. If you are involved in a significant role in obtaining a contract for cleaning due to your previous association with the customer, you may be eligible for a reduction of Finder’s Fees of 50% or more.

We will assist you in the development of your own marketing and sales efforts. Preparation of proposals (bids) or assistance in determining price and development of cleaning schedules, as long as such services are performed without traveling, are not considered part of the negotiations, so no Finder’s Fees are charged for that assistance. If you are involved in a significant role in obtaining a contract for cleaning, but we are required to meet with a prospective customer or visit the customer’s location, Finder’s Fees charged to you may be reduced by 50%.

Upon acceptance of and designation to service any additional business or contract, you will pay us an amount as a Finder's Fee according to the guidelines we establish. We will establish these guidelines, policies and procedures, as necessary, to calculate the applicable Finder's Fee, taking into consideration industry standards and increases in costs and expenses of soliciting new accounts. Finder's Fees are calculated on the gross monthly billing for an account according to the formulas listed below. We reserve the right to increase or decrease the Finder's Fee in all categories. Currently, the following guidelines apply, but we may change any guideline or policy about the calculation or payment of a Finder's Fee for any type of account before an account is offered to you.

Upon acceptance of any additional business, you will sign an Account Acceptance/Finder's Fee Agreement that will include the Finder's Fee calculations, and the terms for the unpaid portion of any Finder's Fee, if any, according to the provisions set out in the Finder's Fee Schedules below. Regardless of the payment arrangements, if the total Finder's Fee is \$150 or less, then you must pay that amount in full upon acceptance of the additional business.

For each of the Finder's Fee Schedules set out below, the following terms apply to calculate the Finder's Fee for the additional business:

“OVER” / “UP TO”: The proper formula for a Finder's Fee payment structure is selected from the Monthly Billing categories listed by ranges, where the monthly billing for the cleaning contract will exceed the amount listed as “OVER,” but less than the amount listed as “UP TO”. If the monthly billing may fluctuate, the proper range of Monthly Billing will be determined by the maximum gross monthly billing allowed by the contract.

“DOWN PAYMENT””: The initial payment due as established under these guidelines is calculated by multiplying the percentage stated in the appropriate category and range of Monthly Billing under Down Payment, times the appropriate gross monthly billing. All Down Payments will be calculated using the gross billing for the First Full Month of Service. “First Full Month of Service,” for purposes of calculating the Down Payment, is defined as the first month in which the service is performed on or before the 15th day of the month. If the “First Full Month of Service” is a partial month, the gross monthly billing, for purposes of calculating the Down Payment, is determined as though the account had been serviced for the entire month. If the account begins service after the 15th, the following month will be used for purposes of computing the Down Payment, and no payment is due for the initial period. The Down Payment described above is due and is payable as a deduction from the monthly Franchisee Report.

“MONTHLY PAYMENT””: The payment made each month for the designated number of months, calculated by multiplying the percentage stated in the appropriate schedule under Monthly Payment, times the gross monthly billing for the current accounting month. However, the total of the amounts paid as Monthly Payments (exclusive of the Down Payment) shall not exceed a sum greater than 300% of: (a) for Variable Rate Accounts, the maximum gross monthly billing that would be generated in a month in which the building was at a 100% occupancy factor, exclusive of any down payment; or (b) for Public Event or Seasonal Accounts, the average gross monthly billing for the first 12 months service is performed under the account contract, exclusive of any down payment. Monthly Payments will begin the month following any scheduled Down Payment.

“MONTHS”: The number of months a Monthly Payment must be made under the terms of the Account Acceptance/Finder’s Fee Agreement, subject to the maximum sum described in the definition of Monthly Payment.

Accounts will be categorized according to the following definitions and the Finder’s Fee will be calculated using the formula set out in the appropriate Finder’s Fee Schedule for the type of account:

- 1) **FIXED RATE ACCOUNT:** An account that has a constant monthly billing established in full at the time you accept the account, in which event, the fee will be structured as scheduled in the table below.

FINDER’S FEE SCHEDULE FOR FIXED RATE ACCOUNT:

<i>MONTHLY BILLING</i>		<i>DOWN</i>	<i>MONTHLY</i>	
<i>OVER</i>	<i>UP TO</i>	<i>PAYMENT</i>	<i>PAYMENT</i>	<i>MONTHS</i>
0	50	\$150 (max)	N/A	N/A
51	1,500	50%	10%	25
1,501	3,000	30%	10%	27
3,001	6,000	25%	5%	55
6,001	10,000	10%	5%	58
10,001	unlimited	5%	5%	Until Paid 3X in Full

- 2) **OTHER NON-STANDARD ACCOUNTS:** We will establish the Finder’s Fee on any other account that does not fall within one of the other categories, before the account is offered to you for designation of service. The Finder’s Fee on nonrecurring contracts, initial cleaning, or one-time cleaning contracts will vary, but do not currently exceed 25% of the total invoiced amount.

We will establish policies and procedures that regulate the calculation and amount, terms of payment, credits on termination or transfers of accounts, and other issues concerning Finder’s Fees. The following is a summary of some of the policies and procedures currently in effect:

- We will deduct all payments of Finder’s Fees, whether Down Payment, Monthly Payment, or a one-time fee on non-recurring contracts, on the monthly Franchisee Report that includes the billing for which the Finder’s Fee is based. Finder’s Fees paid are not refundable, although certain credits are available under the policies and procedures.
- Additional or different locations of an account and increases in the monthly billing rate of current accounts, which we secure are considered additional business and Finder’s Fees will be assessed. If you are substantially involved in the marketing efforts to secure the additional location or increase, the Finder’s Fee will be reduced by an amount up to 50% or more of the full Finder’s Fee.

- We will attempt to contract with new business for a minimum of one year, and you will be notified at the time an account is offered if the term is less than one year. Increases from existing customers will, in most cases, continue for the balance of the term in the existing customer contract.

- If a customer contract is terminated for improper performance or improper conduct by you or anyone acting under your supervision or control (“non-performance”), all outstanding Finder’s Fees for that contract will be paid by you as scheduled, or will become due and payable immediately at our option with no type of credit available due to you. For accounts that have a Finder’s Fee with fluctuating monthly payments that cannot otherwise be determined precisely at the time of termination, the outstanding balance of the Finder’s Fee will be the average of all monthly Finder’s Fees paid to date, excluding down payments, multiplied by the number of months remaining to be paid.

- If we can successfully transfer, to another franchisee, an account which is canceling due to your non-performance, and that customer account does not cancel within 60 days after the transfer, then you will not be liable for any Finder’s Fee still owing. If the transfer is successful, you will not be entitled to any credits or rebates of Finder’s Fees, royalties or other fees paid, but any remaining balance due on the Finder’s Fee you owe will be canceled.

- Finder’s Fee payments may be discontinued if the account cancels the service contract for reasons to which you did not contribute. Finder’s Fee payments will continue if the account canceled due to your contributing factor. It is your responsibility to prove that your actions were not a contributing factor to the cancellation of the account. If a Finder’s Fee credit is due to you, we will apply the proper amount of credit to Finder’s Fees on new business, but no cash refunds will be issued to you. No credit on Finder’s Fees will be issued on any account if you have serviced the contract longer than 180 days or any credit for Finder’s Fees was not requested in writing within 30 days of the contract cancellation.

- If cancellation occurs within the first six months of service for an account where a credit on Finder’s Fees is applicable, the previous Finder’s Fees paid will be applied to any future account accepted by you based on the following schedule, counted from the date that service began:

<i>1 – 30 days:</i>	<i>100% credit</i>
31 – 120 days:	50% credit
121 – 180 days:	30% credit

- Except where authorized in the Policies and Procedures Manual, no credit on Finder’s Fees will be issued for any account you return to us, unless the account is being returned in exchange for one or more larger accounts.

(10) Equipment Lease through Affiliate:

You may purchase or lease the required Additional Electric Equipment from any approved source. Our affiliate, LEASING, is one of the approved sources. You may purchase or lease the Additional Electric Equipment from LEASING for a total approximate cost, depending on the franchise plan that you

purchase, ranging from approximately \$2,846 to \$8,862 based on the rates in use as of April 1, 2024. If you choose to lease the equipment, total lease payments include a down payment with an approximate range from approximately \$356 to \$1,108 and 12 monthly payments with an approximate range from \$178 to \$554, depending on which franchise plan you purchase. At the end of the lease period, you may purchase the equipment for a final purchase payment ranging from \$356 to \$1,108. The terms and conditions of a purchase or lease of any electrical equipment offered by LEASING are determined solely by LEASING, and they may be modified or changed without our consent. Longer lease terms may be available.

(11) Additional Training Fee:

We will provide a mandatory initial training program for no additional fee for the Principals only, which includes classroom instruction and hands-on demonstration of cleaning methods, the Jani-King operating systems and programs using established procedures and forms. We will also offer additional training classes and assistance to you by our staff and other industry experts. In most cases, the additional training is not mandatory; however, you must participate in additional training if you fail to maintain Jani-King performance standards and we notify you of the required training. At the present time, we do not charge for any additional training, nor have we done so in the past. However, the rate currently established by Jani-King policies and procedures for additional training or other assistance is \$100 per hour, plus expenses. We reserve the right to charge this fee and to adjust the rates in the future.

You will be required to attend any Pandemic Training Classes/Seminars as scheduled to learn how to protect the customers from any pandemic such as COVID-19. You may be required to purchase certain chemicals and equipment to properly treat a customer's location in case of a valid infection. You will not be charged to attend the Pandemic Training but are required to follow the processes, rules, procedures, as it relates to preventing the contamination of a customer's facility. Failure to attend any required Pandemic training will result in the immediate suspension of your Franchise as the Required Training on Pandemic is for Public Health and Safety.

(12) Transfer Fee:

You may be required to pay a transfer fee in the amount of \$4,000 or 10% of the sales price or exchanged value, whichever is greater, if you sell or transfer your franchise. The addition of any party to the franchise and/or the deletion of an original party to the franchise will be treated as a constructive transfer, and the transfer fee will apply. The transfer fee is non-refundable and must be paid on the date of transfer. If you do not receive any monetary compensation or other exchange of value, no transfer fee will be charged for a transfer to: (1) any party currently holding an interest in the franchise at the time of the transfer, subject to the above restrictions; (2) a corporation or limited liability company in which the current owners of the franchise retain 90% or greater of the outstanding shares of stock or membership interests; or (3) if the transfer is to one of the immediate members of your family (for the purposes of this section, family members include Franchisee's spouse, mother, father, brother, sister, and children only), whether it is a transfer during your lifetime or upon your death. An administrative fee will be charged to cover necessary and reasonable costs and preparation of the documents associated with the transfer if no transfer fee is assessed. The current administrative fee is \$500, but we may increase this fee in the future.

(13) Training Classes:

In addition to the transfer fee or administrative fee to transfer the franchise, you will be required to pay the training class fee in the amount of \$800. The training class fee covers the cost of training classes for the new franchisee, replacement manuals and removable computer thumb drive – memory stick. This training class fee is due upon the execution of the transfer, prior to attending the training classes. We reserve the right to adjust this fee in the future.

(14) Account Inspection Fee:

On accounts that have a monthly contract billing of \$1,500.00 or greater, Franchisee must submit an electronic account inspection using the Franchisee Portal system each month. The electronic inspection report must be signed by the customer contact and the inspection report uploaded to the Jani-King regional office through the Franchisee Portal upon completion. Failure to submit the monthly inspection will result in a non-compliant fee of \$250.00 per account not inspected. Franchisee will not score a 100% on inspection and if this occurs, the regional Operations Department will be dispatched to verify and or confirm that the score is correct. If the score is not correct, the Franchisee will be charged \$50.00 per hour for the time necessary to re-inspect the customer’s facility.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When due	(5) To whom payment is to be made
Initial Franchise Fee (Note 1)	\$16,250 to \$35,750.00	Lump Sum / Lump Sum with Installments (Note 1)	On Signing Franchise Agreement / When Franchise Produces Sufficient Revenue* (Note 1)	Us
Real Estate (Note 2)	\$ 0- to \$5,000	(Note 2)	(Note 2)	(Note 2)
Supplies and Equipment (Note 3)	No Cost	N/A	Will Receive Before Opening	N/A
Equipment (Note 4)	\$3,846 to \$11,062	Lump Sum/ Installment	Before Opening	Vendors, LEASING

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When due	(5) To whom payment is to be made
				and/or Us
Business licenses, tax registrations, and permits (Note 5)	\$250 to \$1,500	Lump Sum	Before Opening	Vendors, Suppliers, Utilities
Business Entity Establishment Fees (Note 6)	\$100 to \$1,000	Lump Sum	Before Opening	State and Local Municipalities and filing agents
Additional Funds (For initial 120 day period) (Note 7)	\$2,000 to \$25,000	As Incurred	As Incurred	Us, Vendors, Employees
Travel and living expenses while training (Note 7)	\$0 to \$2,000	As Incurred	As Incurred	Airlines, Hotels and Restaurants
TOTAL	\$22,446 to \$81,312 (Notes 8, 9, 10)			

*Only Initial Franchise Fee Monthly Payments can be made by deduction from franchise revenue. The Initial Franchise Fee Down Payment is due at the time of purchase.

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

NOTES:

- (1) The Initial Franchise Fee you must pay will vary depending on the Plan you choose. The low end of the range in the table is the Initial Franchise Fee for the D Plan and the high end of the range in the table is the Initial Franchise Fee for the E-10 Plan. The Initial Franchise Fee under each of the Plans includes the cost of an Office Supply and Advertising Package. Unless you elect to pay a portion of the Initial Franchise Fee over time, the entire Initial Franchise Fee is due when you sign the Franchise Agreement. If you decide to pay a portion of the Initial Franchise Fee over time, you will pay a portion of the Initial Franchise Fee as a down payment (the “Initial Franchise Fee Down Payment”) upon signing the Franchise Agreement. The remainder of the Initial Franchise Fee (i.e., the Initial Franchise Fee minus the Initial Franchise Fee Down Payment) will be paid in monthly installments (the “Initial Franchise Fee Monthly Payments”) over time. The Initial Franchise Fee Monthly Payments will be deducted, along with all applicable fees and expenses when you are billing \$2,000.00 and will continue until paid in full, from your franchise’s revenue we disburse to you. The Initial Franchise Fee Monthly Payments do not accrue, do not include any interest.

- (2) There is no requirement that you purchase or lease any real estate. Some JANI-KING franchisees have offices in their homes and conduct business from there. If you open an office, you must maintain it and all fixtures, furnishings, signs, and equipment in good order and condition, and in conformity with the JANI-KING system image as we may establish. The size of the office space obtained would be solely dependent on the size of your business operation. The total cost for deposits, build-out, and monthly rent will depend on factors such as the size, condition, and location of the leased premises.
- (3) You must purchase certain required commercial cleaning equipment and supplies before you are authorized to service any accounts as a JANI-KING franchisee. You will receive the required equipment and supplies from or through us or one of our affiliates, subject to shipping restrictions, or from any other source that sells commercial grade cleaning products and equipment. We offer the Supply and Equipment Package at no cost to you with the purchase of a Jani-King Franchise.

For franchise plans D and higher, you must purchase, lease, or provide proof of ownership of a commercial upright vacuum cleaner, a commercial floor polisher, a commercial wet/dry vacuum. For franchise plans E-5 and higher, you must also purchase, lease, or provide proof of ownership of a high speed burnisher and a self-contained walk-behind carpet extractor with built-in spotting tool. We estimate the cost of this equipment to range from approximately \$2,846 to \$8,862, depending on the franchise plan that you purchase, based on the rates in use as of April 1, 2024. If you choose to lease the equipment, total lease payments include a down payment with an approximate range from \$356 to \$1,108 monthly payments with an approximate range from \$178 to \$554, depending on the franchise plan you purchase. At the end of the lease period, you may purchase the equipment for a final purchase payment ranging from approximately \$356 to \$1,108. The terms and conditions of a purchase or lease of any electrical equipment offered by LEASING are determined solely by LEASING, and they may be modified or changed without our consent. Longer lease terms may be available. All of the Additional Electric Equipment may be leased or purchased from LEASING.

We do not require you to purchase or lease any special vehicle for transportation of the equipment to the job site. If you currently own or lease an automobile, that vehicle may be appropriate for the transportation involved in serving your accounts. In many cases, the equipment is left at the job site and no special transportation is required. However, the Business Protection Plan provided by us does not provide coverage to your personal automobile, or to your equipment or supplies. If a vehicle is needed, the cost for a lease or purchase will depend upon the type of vehicle acquired, the financing or lease arrangements available, whether the vehicle is new or used, etc. The monthly cost of leasing or financing a vehicle could range from \$200 and up.

You must have a tablet and a separate cellular telephone for business use, such as an i-Pad and iPhone, capable of sending and receiving emails. Any brand of smart phone or tablet is acceptable. The cost of a smart phone and tablet varies widely but is generally between \$100 and \$600. You must record a professional voicemail greeting on your business cell phone and it must be able to send and receive emails and calls 24 hours per day, seven days per week.

- (4) You must obtain all proper business licenses, tax registrations, and permits from various state and local agencies before engaging in business. These filing and application fees may range up to \$500 or more each. If you operate out of your home or lease any office space, costs for a business telephone and office equipment could range from \$100 to \$1,000. If you have your own business telephone, you must also arrange for a security deposit in the event you are not able to pay for the continuation of telephone service through the remainder of the telephone directory publication period. A security deposit may also be required by your landlord for the lease of real property. Also, utility companies may require deposits. Security deposits and utility deposits are normally refundable. You must also maintain a business checking account. Your bank may require a minimum deposit and a minimum monthly balance in your account.
- (5) You must purchase and operate your franchise through a business entity that must be registered with the state in which you operate. Your franchise may be purchased through an existing corporation or limited liability company, or you can form a new entity for that purpose. Filing fees and other costs vary greatly based on the type of business entity formed and the jurisdiction in which it is formed. You must also provide us with proof of these registrations before we will be obligated to offer you the right to provide business to accounts.
- (6) This item covers your other initial start-up expenses, including payroll, insurance premiums, and miscellaneous costs and expenses, such as legal and accounting expenses, for the initial phase of the business. The cost of adequate insurance coverage may vary between \$600 and \$6,000 during the initial phase. The initial phase is considered to be 120 days from when the Initial Offering Period begins.
- (7) We do not charge any fees for your initial training, but you are responsible for any travel and living expenses which you and your principles incur in connection with the training. However, normally, no travel or living expenses will be necessary as training will be conducted at our regional office or on the premises of businesses that are being serviced by another franchisee, all within commuting distance of your residence, so the estimated initial investment does not include any costs related to initial training.
- (8) These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.
- (9) We relied on our experience with the commercial cleaning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
- (10) Unless otherwise indicated, the amounts disclosed in Item 7 are non-refundable.
- (11) Once you hire employee(s), you must use a payroll service and have complete employee files that include all hiring documents, proof of criminal background screening, and recorded hours worked, company rules acknowledgment sign off.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase certain professional products and equipment listed on Exhibit V as the “ADDITIONAL ELECTRIC EQUIPMENT,” under specifications in the Franchise Agreement and operating manuals. These specifications are established to provide standards for performance, durability, design and appearance. We will notify you of the establishment or revision of standards, specifications, or the designation of approved suppliers through the Operations Manual, Policies and Procedures Manual, and policy memorandums. We and certain of our affiliates are approved suppliers of the required products and equipment but we are not the only approved suppliers. We reserve the right, upon thirty days’ notice to you, to require you to purchase all cleaning equipment and supplies for the operation of your franchise from one of our affiliates or from an approved vendor. In order to obtain approval for a different supplier, you must request approval from the Regional Director or Operations Manager and provide any information about the proposed supplier that the Regional Director or Operations Manager, as applicable, needs in order to make a decision on the qualification of the supplier. Only suppliers of commercial grade cleaning supplies and equipment will be approved. Our criteria for supplier approval are based on quality controls, the capacity to supply your needs promptly, reliability, price management, and product knowledge and support. Notice of approval or rejection of a proposed supplier will generally be given within 15 days of receiving all information requested in order to make a decision on the qualification of the supplier. If a supplier fails to maintain the criteria required for designated status, we will notify you prior to the reporting period in which the designation will be revoked. Suppliers must be preapproved by the Regional Director or Operations Manager prior to utilizing supplies or equipment purchased from suppliers. However, we reserve the right, upon thirty days’ notice to you, to require you to purchase all cleaning equipment and supplies for the operation of your franchise from one of our affiliates or from an approved vendor.

You may purchase supplies and equipment from any supplier if the supplies and equipment are commercial grade and in good working condition. Thus, there is no specific procedure or time requirement relating to our approval of an alternate product or supplier. We do not charge a fee for evaluating alternate products or suppliers that you may propose. However, we reserve the right to revoke our approval of any suppliers. If we revoke our approval of a supplier, we will do so in writing, setting forth our reasons for revoking approval. Our criteria for approving or revoking approval of alternative products and suppliers will be made available to you on request.

We negotiate purchase arrangements, including price terms and a limited, guaranteed credit line, with designated and approved suppliers on behalf of the franchisees in our region. We also provide an automated payment service for your supply and equipment purchases from these designated suppliers.

We receive rebates ranging from 5% to 10% of the amount of purchases of equipment and supplies sold to our franchisees by unaffiliated approved suppliers. We also receive discounts ranging from 5% to 10% on purchases from these suppliers which may not be available to you.

Our affiliate, LEASING, is an approved supplier of the Additional Electrical Equipment for franchisees. In the year ending December 31, 2022, LEASING’s revenues from the sale or lease of

equipment to franchisees was \$96,435.60 which is 100% of its revenues. This financial information is taken from the books and records of LEASING.

None of our officers own an interest in any privately held suppliers or any material interest in any publicly held suppliers of our franchise system; however, from time to time, our officers may own non-material interests in publicly held companies that may be suppliers to our franchise system.

Before you will be authorized to begin operating your franchise, you must either purchase the insurance with the policy limits described below or join the Business Protection Plan and JK WCIBP. If you choose to purchase the insurance, you must name us, Royal Leasing Inc., JK INT'L, and each of our respective officers and directors as Additional Insureds in the designated minimum amounts. We may increase these limits or have new types of coverage added. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from an insurer carrying an A.M. Best's rating of "A" or better. (see Note (5), Item 6).

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

If you choose to operate from a separate business office, we have the right of prior approval of office location, layout, and decor. You must maintain your office and all fixtures, furnishings, signs, and equipment in good order and condition, and in conformity with the JANI- KING system image, as we may establish.

During our last fiscal year ending December 31, 2023, we had revenues of \$13,570,801.00. Approximately 7% (\$949,956.07) of this amount consisted of revenues from the sale or lease of equipment and supplies, receipts from the Business Protection Plan, rebates from designated suppliers, and the sale of promotional and advertising materials. Also, we have the exclusive right to perform all billing and accounting functions for the services provided and sales of products by your franchise. This service is fully described in Item 6. We charge you a total of 3.0% of your Gross Revenue as an Accounting Fee and Technology Fee for these services. Approximately 3.0% (\$407,124.03) of our consolidated revenue described above consisted of revenues from these services.

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

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 4.12.1	Items 7 and 8
(b) Pre-opening purchase/leases	Section 4.4	Items 5, 6, 7, 8, 10, 11 and 16
(c) Site development and other pre-opening requirements	Not Applicable	Items 5, 6, 7, 11
(d) Initial and ongoing training	Sections 6.1.1, 6.3, 6.4, 6.6	Item 11
(e) Opening	Section 6.1.1	Item 11
(f) Fees	Sections 4.3, 4.3.2, 4.3.3, 4.5.1, 4.5.2, 4.6, 4.7, 4.8, 4.8.1, 4.13.5, 4.13.6, 4.14, 4.19.3, 4.19.4, 4.19.5, 4.19.6, 4.19.9, 4.28, 6.6, 10.2	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	Sections 4.1, 4.2.2, 4.6, 4.11, 4.12, 4.12.1, 4.13.4, 4.19.2 through 4.19.9, 4.21.2, 4.22, 4.23, 4.27, 6.6, 8.1(b), 8.1(f)(g)(ii)	Item 11
(h) Trademarks and proprietary information	Sections 4.1 through 4.1.6, 4.12.1, 4.22, 4.23, 4.24, 4.27, 5.1, 5.2.1, 5.2.3(b), 5.5, 5.7, 5.8, 6.7, 8.1(b), 8.3(e)	Items 13 and 14
(i) Restrictions on products/services offered	Sections 4.21.1, 4.22, 4.23	Items 8, 12 and 16
(j) Warranty and customer service requirements	Sections 4.18 through 4.19.9, 4.21.1	Item 11

Obligation	Section in Agreement	Disclosure Document Item
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) On-going product/service purchases	Not Applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 4.12.1	Items 11 and 17
(n) Insurance	Section 4.13.1, 4.13.2, 4.13.3, 4.13.4, 4.13.5, 4.13.6	Items 6, 7 and 8
(o) Advertising	Sections 4.1.1, 4.1.5, 4.1.6, 4.5.2, 6.2	Items 6, 7 and 11
(p) Indemnification	Sections 4.11, 4.13.1, 4.13.3, 4.14	Item 6
(q) Owner's participation/management/staffing	Section 4.2.1, 4.2.3, 4.26	Items 11 and 15
(r) Records and reports	Sections 4.8.1, 4.10.1, 4.10.2, 4.10.3, 4.20	Item 11
(s) Inspections and audits	Sections 4.10.1, 4.10.2, 4.10.3, 4.19.2, 4.20	Items 6 and 11
(t) Transfer	Section 10	Items 6 and 17
(u) Renewal	Section 9	Items 6 and 17
(v) Post-termination obligations	Sections 4.27, 4.29, 5	Item 6 and Item 17
(w) Non-competition covenants	Section 5	Item 17
(x) Dispute resolution	Section 12.9	Item 17
(y) Other (Personal Guaranty)	Section 12.14	Item 15

Obligation	Section in Agreement	Disclosure Document Item
(z) Other (Liquidated Damages)	Section 4.28	Items 6 and 17

**ITEM 10
FINANCING**

Initial Franchise Fee

We do not offer any traditional financing for the Initial Franchise Fee. However, instead of paying the entire Initial Franchise Fee when you sign the Franchise Agreement, we will allow you to elect to pay a portion of the Initial Franchise Fee over time. If you so elect you will pay the portion of the Initial Franchise Fee identified in Item 5 as a down payment (the “Initial Franchise Fee Down Payment”) upon signing the Franchise Agreement. The remainder of the Initial Franchise Fee (i.e., the Initial Franchise Fee minus the Initial Franchise Fee Down Payment) will be paid in monthly installments (the “Initial Franchise Fee Monthly Payments”) over time. Your requirement to make Initial Franchise Fee Monthly Payments will continue until you have made all scheduled Initial Franchise Fee Monthly Payments. The Initial Franchise Fee Monthly Payments will be deducted, along with all other applicable fees and expenses, when you are billing \$2,000.00 and will continue until paid in full, from your franchise’s revenue we disburse to you. The Initial Franchise Fee Monthly Payments do not accrue, do not include any interest, and will not be collected until your Gross Revenue is \$2,000.00.

You need not, in order to elect to pay a portion of the Initial Franchise Fee over time, provide us with any additional security interest or personal guarantee for the amount of the Initial Franchise Fee that will be paid over time in addition to the guaranty agreement required to be signed by all franchisees as described below in Item 15. You may, without penalty, prepay the remaining amount of the Initial Franchise Fee instead of waiting to pay all remaining monthly installment payments. Because the Initial Franchise Fee Monthly Payments are deducted from your franchise’s revenue we disburse to you, it would not be possible for you to default on your payments unless your franchise never earns enough revenue to pay all of the scheduled Initial Franchise Fee Monthly Payments. In that situation, there are no applicable penalties for your failure to pay all of the Initial Franchise Fee Monthly Payments.

Equipment Lease through Affiliate.

Our affiliate, LEASING, provides lease arrangements for most of the equipment you will use in your franchise. LEASING determines all the terms and conditions of the leases offered by them, and they may be modified or changed without our consent. The lease arrangements vary depending on the particular piece of equipment. A description of the types of equipment along with the Sales Price, Initial Payment, Monthly Payment, and Number of Monthly Payments for each piece of equipment available through LEASING is listed in Exhibit IV.

We guarantee your payment of the lease to LEASING, and LEASING pays us 2% of all lease payments. The lease must be guaranteed individually by all shareholders, members, officers, directors and managers of your corporation or limited liability company. If you are married and your spouse is not a partner in the franchise business, your spouse must personally guarantee the lease.

There are no prepayment penalties under the lease arrangements. If you default under a lease arrangement, or terminate a lease arrangement prematurely, you may be liable for (i) the difference between the appraised value of the leased equipment and the value actually obtained by LEASING in the sale of the lease equipment, and (ii) any and all collection and legal costs resulting from a default of the lease arrangement, including reasonable attorneys' fees and court costs. A separate insurance policy is required on the value of any equipment leases to cover stolen equipment, naming Royal Leasing Inc. as additionally insured.

Our Guarantee of Your Supply and Equipment Purchases.

We negotiate purchase arrangements with designated and approved suppliers on behalf of the franchisees in our region. For these designated suppliers, we guarantee on your behalf up to \$300 on account for ongoing supply purchases. We also provide an automated payment service for your supply and equipment purchases from these designated suppliers. There is no charge to you for this guarantee, but we receive a rebate from the designated suppliers that ranges from 5% to 10% of the amounts you purchase.

Automatic Credit Line

We will invoice all of our customers, which are serviced by you, for the services rendered and supplies sold. On the tenth (10th) day of the following month, we will calculate the amounts due to you on the Monthly Franchise Report without consideration as to whether those accounts receivable have been collected for that billing period. This provides you with an automatic, 30-day credit line. If monies have not been collected from a prior billing period's invoice that are over 30 days old, we will deduct that amount ("Charge Back") from the amount listed in the "Due Franchisee" column on the Monthly Franchise Report and distribute the difference in the money to you. You will, currently, pay us 2% of your Gross Revenues from the current billing period as the "Accounting Fee."

Payment of Finder's Fees for Additional Business.

If you accept any additional business we offer to you in excess of the Initial Business, you must pay us a Finder's Fee according to the guidelines we establish. This Finder's Fee is different than the Initial Franchise Fee described in Item 5. You must sign an Account Acceptance/Finder's Fee Agreement that will include the Finder's Fee calculations, and the payment terms for the unpaid portion of any Finder's Fee, if any. See Item 6, Note 5 for a detailed description of the Finder's Fee program. Finder's Fees may be pre-paid at any time without penalty. Any unpaid portion of a Finder's Fee may be accelerated at our option, without demand or notice if the applicable account cancels service for any reason that you or your employees could have controlled, or for any reason set out in the applicable Maintenance Agreement, your Franchise Agreement, or our Policies and Procedures, and you will remain liable for any unremitted Finder's Fees. Further, the total amount of Finder's Fees will be due if the account is transferred at the request of the customer as a result of your failure to perform and is later canceled by the customer within 60 days of being transferred. If we must hire an attorney to enforce any of the terms of an Account Acceptance/Finder's Fee Agreement, you will be responsible for all reasonable costs and attorneys' fees.

We reserve the right to assign or transfer any promissory notes or leases. Except as disclosed in the information above about our arrangements with designated suppliers, we do not receive direct or indirect payments for the placement of financing. Except as disclosed in the information above about the limited guaranty we provide to designated suppliers and to our affiliate, LEASING, we do not guarantee your obligations to third parties.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations.

Before you begin operating your business, we will:

1. Grant you the right to operate a JANI-KING franchise and a license to use the JANI-KING marks in a non-exclusive, specific geographical territory. (Franchise Agreement: 3.2, 6.7).
2. Provide you with the Office Supply and Advertising Package listed in Exhibit V. (Franchise Agreement: 6.2).
3. Provide you access to our confidential manuals and training aids. (Franchise Agreement: 6.3).
4. Within 45 days of when you sign the Franchise Agreement, provide an initial training program to include the cleaning processes, methods, materials, equipment, forms, and promotional plans developed by JANI-KING. This training is described in detail later in this Item. (Franchise Agreement: 6.4).
5. Certify you as an authorized JANI-KING franchisee after you complete the training, provide proof that your business entity is in existence and in good standing in the state you will operate the franchise, provide proof of registration with all applicable taxing authorities (including federal, state and local tax authorities), provide proof of a business checking account, acquire the necessary equipment and supplies, and provide proof of required insurance. (Franchise Agreement: 6.1).
6. Provide you the lists of approved products. We also provide some of these items directly to you.
7. Approve or disapprove your site if you choose to operate from an office outside your home and the facilities, we provide for you. We will make sure the appearance complies with the JANI-KING standards, but we do not help in site selection or negotiating the purchase or lease of the site. (Franchise Agreement: 4.12.1). The factors which we consider when approving non-residence locations include general location and neighborhood, whether any other businesses operate out of the same premises, and whether the location will result in damage to our image and reputation. We recommend that you not lease or purchase an office location to open your franchise business. Most JANI-KING Franchisees are able to conduct their business from their homes.

8. Upon the commencement of the Initial Offering Period, we will begin offering you the right to provide service under commercial cleaning and/or maintenance contracts, as they become available, that in total would provide a minimum in gross monthly billings in an amount defined as the “INITIAL BUSINESS” in the Franchise Summary of the Franchise Agreement. All contracts will be the property of Jani-King. The Initial Business is the total of the monthly billing rates for all the cleaning contracts offered to you to service as Initial Business and will correspond to the specific level of plan that you purchase (i.e., if you purchase the E-10 Plan, we will offer you Initial Business totaling \$10,000 during the Initial Offering Period) (Franchise Agreement: 4.3.1, 6.1.1). All customer accounts equivalent to the total dollar amount of the Initial Business purchased will be offered during the Initial Offering Period. See “Details Regarding Initial Business” at the conclusion of this Item 11 for complete details.

9. Offer you the option to participate in the contributory Business Protection Plan and JK WCIBP, which includes your minimum insurance required for the franchise. (Franchise Agreement: 4.12.4).

Typical Length of Time Before You Open Your Franchise.

We consider your business to “open” upon the commencement of the Initial Offering Period. The Initial Offering Period will commence upon the completion of the following six pre-requisites: (i) we grant you a franchise; (ii) you provide us with proof that your business entity is in existence and in good standing; (iii) you provide us with proof of registration with all applicable tax authorities; (iv) you successfully complete the initial training program; (v) you acquire all necessary equipment and supplies; and, (vi) you provide us with proof of all required insurance policies. The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the franchise, and the opening of the business is 30 days; however, the length of time may range from 10 days to six months or more, depending on when the above six pre-requisites are completed. The exact time when your business will commence depends on the specific situation of each individual franchise.

Continuing Obligations.

After you open your business, we will:

1. Offer you the right to provide service under commercial cleaning and/or maintenance contracts that in total would provide a minimum in gross monthly billings in an amount defined as the “INITIAL BUSINESS” in the Franchise Summary of the Franchise Agreement.
2. All contracts will be the property of Jani-King. See “Details Regarding Initial Business” at the conclusion of this Item 11 for complete details. (Franchise Agreement: 4.3.1, 6.1.1).
3. Handle all billing and accounting functions for the services and supplies you provide to your customers. We will disburse to you on the tenth day of each month, all monies due you as reported on the Franchisee Report after we deduct all the appropriate fees, charges, and any other amounts due to us, our affiliates, and to third parties with special credit arrangements for your benefit. (Franchise Agreement: 4.8). Other than monthly invoicing, we are not required to engage attorneys, commence litigation, or perform any other acts in order to secure payment from businesses you service.

4. Provide you with marketing and technical assistance, and consultation and advice on operating procedures. We will continue to provide appropriate assistance and guidance until you have been offered the right to service business with the gross monthly billing as required by the plan purchased. This guidance will, at our discretion, be furnished in our operating manuals, bulletins or other written materials and/or during telephone consultations, electronic mail, training programs, meetings, conferences and/or personal consultations at our office or at a mutually convenient place. (Franchise Agreement: 6.5).
5. Provide you additional training and support at reasonable rates we establish by policies and procedures, currently at a rate of \$100 per hour, plus expenses. (Franchise Agreement: 6.6).
6. Provide you access to one copy of the Manuals, consisting of such materials (which may include audio tapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating JANI-KING Businesses. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (“System Standards”) that we prescribe from time to time. The Manuals may be modified periodically to reflect changes in System Standards. (Franchise Agreement: 4.26, 6.3).
7. Make available to you, at a reasonable cost, promotional material, sales and service manuals, and other materials as they are developed that are relevant to the operation of your franchise. (Franchise Agreement: 6.8).
8. We may from time to time perform periodic quality control visits to locations under your care. During these visits we will inspect and evaluate the quality of the cleaning services you are providing for the customer. We will make recommendations on how to correct deficiencies, improve techniques, and enhance the efficiency of those services. We will have an operations representative available to answer routine questions or to assist you with problems during normal business hours. (Franchise Agreement: 4.19.3).
9. Provide consultation and service at your customer locations or at our office for a charge to be established by policies and procedures at a rate not to exceed \$50 per hour, plus reasonable expenses. This rate is subject to review and may be changed at our sole discretion. (Franchise Agreement: 4.19.4).
10. Issue, modify, and supplement system standards for your franchise. We may periodically modify system standards and procedures, which may accommodate regional or local variations as we determine, and these modifications may require you to invest additional capital in your franchise business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Franchise Agreement. (Franchise Agreement: 4.27).
11. Establish, amend, or revise company policies and/or procedures pertaining to the operation of your franchised business and distribute them through the Policies and Procedures Manual, policy directives, or memos. (Franchise Agreement: 4.27).

12. We may offer you the right to provide service to additional or new business upon your request and proven ability to expand your level of productivity. All additional or new business we offer you to service is contingent upon you paying us a Finder's Fee based on the monthly billing amount of the account. (Franchise Agreement: 4.6).
13. Throughout the term of the Franchise Agreement, we will offer you sales, marketing and technical assistance, and consultation and advice on operating procedures. (Franchise Agreement: 6.3).

Details Regarding Initial Business.

You will have the right to purchase a Plan of your choosing. The Plan you choose will determine what Initial Franchise Fee you must pay and what amount of Initial Business (e.g. cumulative gross monthly billings we are required to offer you from all accounts) we must offer you by the time your Initial Offering Period ends, as follows:

PLAN	INITIAL BUSINESS (\$)	INITIAL OFFERING PERIOD (Days)
E-10	10,000	330**
E-9	9,000	300
E-8	8,000	270
E-7	7,000	240
E-6	6,000	210
E-5	5,000	180
E-4	4,000	150
D	3,000	120
	*An Additional \$1,000 for each higher level of the "E" Plan	**Plus An Additional 30 Days for each level higher of the "E" Plan

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

We are required to offer you the Initial Business under your Plan by the end of the Initial Offering Period. "Initial Offering Period" is the period beginning after you have (a) obtained all required equipment and supplies, (b) successfully completed the initial training program to our satisfaction, (c) provided proof of required insurance, (d) provided proof that your business entity is in existence and in good standing, (e) delivered IRS Form W-9, (f) provided proof of registration with all applicable taxing authorities (including federal, state and local taxing authorities) and (g) delivered proof of a valid and active business checking account and ending the number of days thereafter that your Plan designates. We will make a good faith effort to offer you as much or all of the Initial Business as soon as possible, but we will have until the end of the Initial Offering Period in which to do so. We are not obligated to offer any portion of the Initial Business before the end of that time.

Under Plan E-4, the Initial Offering Period is 150 days. Under each level of Plan E-5 or higher, the Initial Offering Period is calculated as the total of: 150 days, plus an additional 30 days for each higher level of the “E” Plan.

Example: E-4 = 150 days
 E-5 [150 + 30 (2nd Level)] = 180 days
 E-6 [330 + 60 (3rd Level)] = 210 days, etc.

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

- (1) If you make a written request for a delay in the offering of all or part of the Initial Business, and we agree to the postponement. Before we resume offering any other business to you, you must provide us notification, in writing, as to when you are ready to accept other business. We may require you to provide documentation that you are performing services satisfactorily at your existing accounts.
- (2) If you are in default under the terms of the Franchise Agreement or any other agreement between you and us.
- (3) If you fail to comply with any policies or procedures within 72 hours after we notify you of non-compliance.
- (4) If any of the Initial Business previously provided to you requests a transfer to another franchisee or requests to be canceled due to non-performance.

Note 1-3. If the Initial Offering Period is extended based on a transfer or cancellation of an account, we will not offer any other accounts toward fulfillment of the Initial Business, nor will we offer any “additional business” until you successfully complete the additional training as required by our Regional Office.

Note 1-4. If the Initial Offering Period is extended, the time allowed for us to offer the balance of the Initial Business to you will be the remaining portion of the Initial Offering Period or a minimum of 120 days, whichever is longer, from the date you:

- (1) notify us you are ready for other business (and provide any required documentation),
- (2) cure any default of the Franchise Agreement or violation of policies and procedures, or
- (3) complete the required additional training.

Note 1-5. All accounts offered will apply toward the Initial Business as specified in the Franchise Agreement, whether you accept or decline the offered business. Our obligation is to secure and offer to you the right to provide service to those accounts within the specified time. However, you might choose not to accept some of the accounts offered. That is why the Franchise Agreement says that we will secure and “offer” you the right to provide service to those accounts. We can only make a good

faith effort to offer the amount of Initial Business for the Plan specified, and you must choose to accept or decline the offer. We do not guaranty that the Initial Business will reach or remain at the stated level of the plan you purchase throughout the term of the Franchise Agreement. We have no obligation to offer you the right to provide service to any additional accounts after we have offered you the right to provide service to the Initial Business.

We intend for the accounts offered under the Initial Business to continue for at least one year. However, an account might not continue in business beyond the Initial Offering Period at no fault of yours. Under this circumstance, we have met our obligation to “offer” the business within the required time.

Under either of the situations where you decline an offer to service an account or an account cancels at no fault of yours, we are relieved of our time obligation regarding the Initial Offering Period for that amount of gross monthly billings, however, we will provide you finder’s fee credit equal to the difference between your Initial Business Obligation and the total amount of gross monthly billings of the accounts that you accepted and serviced for a full 12 months. Those accounts which are transferred or canceled due to your failure to perform according to JANI-KING standards will not be replaced. The procedures that apply to accounts offered as part of the Initial Business which are transferred or cancelled are described in more detail in Note 1-7 below.

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

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

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

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

(1) If an account cancels or is transferred to a new franchisee due to non-performance, theft, your failure to service the account properly, customer relations problems caused by you, or your failure to comply with the Policies and Procedures, we will not replace the account.

(2) If an account cancels at no fault of yours before you service the account for 12 full months, the full gross monthly billing value of that account will be replaced within a reasonable period of time by another account, at no additional cost to you. This provision applies until you have serviced that replacement account for the remainder of the initial 12-month period. If any replacement account has a greater value than the original account, the excess will be applied to the obligation of other Initial Business, or if the Initial Business has been fulfilled, Finder’s Fees will be charged.

EXAMPLE: An account with a monthly gross billing of \$1,000 per month cancels after seven months through no fault of yours. We will replace the account with one or more accounts having cumulative gross monthly billing of at least \$1,000 per month. If any of the replacement accounts also happen to cancel at no fault of yours at any time during the next five months you service the account(s), we will replace the replacement account(s) with other account(s). If the cumulative gross monthly billings of the replacement accounts exceed \$1,000, the monthly billing in excess of \$1,000 would apply against other Initial Business Obligation, or Finder's Fees would be charged.

No other obligations exist for us to replace the contracts if the contracts are canceled before the full term.

Advertising.

We charge an Advertising Fee of 1.5% of your monthly Gross Revenue for the purpose of establishing and operating an advertising fund on a regional or national basis. (Franchise Agreement: 4.5.2). This Advertising Fee is charged to all our franchisees, although the rate may vary based on each franchisee's Franchise Agreement. We also reserve the right to increase the Advertising Fee up to a maximum of 2% of your monthly Gross Revenues. Company-owned JANI-KING businesses do not pay Advertising Fees. We are not obligated to conduct advertising for the Jani-King system.

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

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

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

3. The Advertising Fee may also be used in our National Vehicle Program which is a voluntary program through which you can purchase a select number of vehicles from a national vehicle

manufacturer. If you participate in the National Vehicle Program, you are required to have a decal installed on the vehicle you purchase. The cost and installation of the vehicle decal will be paid out of the Advertising Fee.

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

During our fiscal year ending December 31, 2023, we spent 56.49% of the consolidated Advertising Fee collected from franchisees in all related franchising entities on sponsorship affiliated marketing, 1.58% on video and other marketing material product, 38.70% on digital marketing strategies and products, 2.12% on print advertising and public relations, 0.05% on trade show related expenses, and 1.06% on miscellaneous advertising expenses.

You must obtain our approval before you use any advertising and promotional materials, signs, forms, and stationery by submitting such proposed advertising to us at least 30 days prior to publication. We will have available, magnetic car signs should you want to advertise on your vehicle. We have the right to require you to include certain statements in, make changes to, and/or sign such documentation as we deem necessary with respect to, your proposed advertising prior to approval. You may not develop, create, distribute, contribute to, disseminate or use any digital or Internet communication including websites, blogs, instant message services, social media sites such as Facebook, Twitter, and Instagram, and all other digital communication methods or any multimedia, telecommunication, mass electronic mail, or audio/visual advertising, promotional or marketing materials (“Digital Advertising”), directly or indirectly related to the franchised business, us, the System, or Marks, without our prior written consent, which consent may be withheld in our sole determination. If we grant our approval of your Digital Advertising, it will be subject to the same requirements as set forth above. You may purchase advertising and promotional materials, brochures, fliers, forms, business cards, and letterhead from us.

We do not perform an audit relating to the Advertising Fee and there are no financial statements relating to the Advertising Fee that are available for your review. There is no set procedure for making financial statements of the Advertising Fee available for our franchisees’ review. Instead, requests will be considered on a case-by-case basis. If you would like to request financial statements relating to the Advertising Fee, you may send a written request, along with a self-addressed stamped envelope, to: [Royal Franchising, Inc. d/b/a Jani-King of Milwaukee, 200 North Patrick Boulevard, Suite 900, Brookfield, Wisconsin 53045], Attn: Legal Department.

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

Computer Systems.

You are required to have a valid, operational email address. We do not require use of a computer system or an electronic cash register but we require the use of a tablet or i-Pad device that is separate from sending and receiving emails.

Manuals.

The Tables of Contents of our four operating manuals are included in Exhibit VI. As of the date of this disclosure document, our four operating manuals consisted of a total of 234 pages.

Training.

We will provide initial training on the operation of your franchise business to you and business entity Principals only, and you must attend and complete, to our satisfaction, our initial training program within six months after the signing of the Franchise Agreement. Successful completion of the training program is mandatory for all your owners, directors or officers who will actively participate in the operations of your franchise business.

We will conduct this training at our local regional office or one or more local customer locations we designate. Initial training programs are offered at various times, and we plan to be flexible in scheduling training to accommodate you and our personnel. Typically, there is at least one training class offered each month, depending on how many new franchisees enter the system.

The training program we offer generally will consist of at least 13 training sessions, held usually in the evenings and on weekends over a three-week period, and includes approximately 30 hours of instruction, including self study. The program provides training JANI-KING methods and practices of professional cleaning services, management, sales and promotional techniques. The training program includes information about production procedures and rates, marketing, and management matters presented through classroom lectures and discussions, actual demonstrations, printed manuals, video presentations, formal instructions, and practical hands-on training. The home study materials include a video training USB on cleaning techniques and safety that you may use later for your personnel.

Our initial training program will be conducted by persons who are active operations, administration managers and staff from our regional office that will be supporting you. The person(s) conducting the initial training will have at least six months experience in the commercial cleaning industry. We also expect to draw on the substantial experience of our management, personnel of the designated suppliers in our region, and occasionally from other experienced franchisees. All training is overseen by Jon McAlpine, our President (Item 2), and John Camberlen, our Vice President of Operations (Item 2) who have a combined 60 years of experience in all aspects of the JANI-KING system.

There are no fees for the initial training program, but you are responsible for any travel and living expenses which you and your principles incur in connection with the training. No travel or living expenses should be necessary as training will be conducted at our regional office in Brookfield, Wisconsin or on

the premises of businesses that are being serviced by another franchisee, all within commuting distance of your residence.

We will provide additional training, seminars, and refresher courses to you that you may attend at your option, unless you had an account transfer or cancel due to improper operation of your franchise, in which case attendance is required. There currently is no charge for the additional training or refresher courses, and although we do not charge for any special assistance or additional training of any franchisee, we may charge up to \$100 per hour, plus expenses for other assistance which we provide you.

You will be required to attend any Pandemic Training Classes/Seminars as scheduled to learn how to protect the customers from any pandemic such as COVID-19. You may be required to purchase certain chemicals and equipment to properly treat a customer’s location in case of a valid infection. You will not be charged to attend the Pandemic Training but are required to follow the processes, rules, procedures, as it relates to preventing the contamination of a customer’s facility. Failure to attend any required Pandemic Training will result in the immediate suspension of your Franchise as the Required Training on Pandemic is for Public Health and Safety.

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

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Safety	2.0	0.0	Local Regional Office
Communications	2.0	0.0	Local Regional Office
Servicing Accounts	2.0	0.0	Local Regional Office
Revenue Forms and Insurance	2.0	0.0	Local Regional Office
Restroom Cleaning	1.5	1.5	Local Regional Office or 1 or more local customer locations we designate
Office/ Window Cleaning	1.5	1.5	Local Regional Office or 1 or more local customer locations we designate
Floor Maintenance and Cleaning ¹	3.0	5.0	Local Regional Office or 1 or more local customer locations we designate
Carpet/ Upholstery Cleaning	1.5	2.0	Local Regional Office or 1 or more local customer locations we designate
Contract Sales	2.0	0.0	Local Regional Office
Efficiencies in Large Accounts	2.0	0.0	Local Regional Office
Policies and Procedures	2.0	0.0	Local Regional Office
Quiz and Wrap Up	1.0	0.0	Local Regional Office

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
TOTAL	22.5	10.0	

¹ Floor Maintenance and Cleaning Training takes place on two evenings.

ITEM 12 TERRITORY

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

We will license you and offer you the right to provide services under your Agreement in a specific, non-exclusive, geographical territory that will be designated in the Franchise Agreement as one or more counties in the State of Wisconsin. The geographical territory currently includes Dodge, Fond Du Lac, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, and Waukesha Counties in the state of Wisconsin but may be changed from time to time at our discretion. You may be offered the right to provide services in any and/or all parts of such geographical territory, regardless of your location in the geographical territory, and there is no maximum distance within such geographic territory you may have to travel to provide those services. We have established, or may establish, one or many franchisees that also will be permitted to use our trade name or trademark in the same territory. No franchisee will be granted an exclusive area or territory.

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

We may monitor the performance reports on all accounts and perform periodic quality control visits to each location under your care. During these visits we may inspect and evaluate the quality of the cleaning services you are providing for the customer and discuss your performance and customer service with the customer. If at any time, whether through complaint or inspection, we discover a deficiency in performance concerning an account you service, and you do not cure the deficiency within the time stated in our policies and procedures or the notice provided to you, we have the right to suspend or terminate your authority to service that account, or all of your accounts. We may then transfer the account to another franchisee.

Without compensating you, we may solicit business from customers where you are providing service, and we may use any channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within the area where you are providing service using the Marks or any other trademarks. If the additional services contracted for are for a facility where you are currently providing service and if you are providing acceptable service and customer service, we may offer you the right to provide service for the payment of applicable Finder's Fees. If we offer you the right to provide

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

Our staff must approve all proposals and contracts for services. We will not allow you to solicit or accept accounts outside of your designated territory through any method of distribution, including alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing. All services provided by you must be made under an approved JANI-KING Maintenance Agreement where we are a party to the agreement, and we must prepare all proposals for solicitation of accounts by you in order to maintain consistency in accuracy and quality of appearance.

You may purchase more than one franchise within the territory, either from us or from an existing franchisee and we will recognize your ownership interests in all of your franchises. However, all transactions between you and us about any operation of your franchise business will be controlled by your most recent franchise agreement. If you choose not to formally merge the multiple franchises into one combined franchise, you may later transfer one of your franchises without affecting your other franchise(s). If you purchase another franchise within the territory, such additional franchise's geographical territory also will be designated in the Franchise Agreement as the entire area encompassed by one or more counties in the State of Wisconsin.

The Franchise Agreement does not give you a right to relocate your franchise to another territory, and you do not receive the right to acquire additional franchises within or outside of your territory unless you sign another Franchise Agreement with us.

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

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

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

ITEM 13 TRADEMARKS

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

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

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

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

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

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

Our rights to the Marks are derived from a nonexclusive License Agreement with Right to Grant Franchisee SubLicenses (the “Intercompany License”) between us and JK INT’L. The Intercompany License grants us the right to use the Marks including licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is revocable for material breach of the Intercompany License agreement if we do not cure or begin to cure any breach after notice from JK INT’L. If the Intercompany License were to be cancelled or terminated, then your Franchise Agreement would be assigned to another entity - - either JK INT’L (the owner of the Marks) or another entity designated by JK INT’L. Besides the change to the name of the franchisor, the other terms of your Franchise Agreement will remain the same. We know of no other agreement currently in effect which significantly limits our rights to use or license the use of the Marks in any manner material to you.

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

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

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

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights.

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

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

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

Confidential Manuals.

You must operate the franchise according to the standards, policies, and procedures specified in the operating manuals. We will loan one copy of the manuals to you for the term of the Franchise

Agreement. You must treat the manuals and any other materials we create or approve for use in the operation of your franchise, and the information in them, as confidential.

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

Confidential Information.

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

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

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

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

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

We believe that only a person with an ownership interest can adequately ensure that the standards of quality established by us are being provided to the customer. Thus, while not required, we strongly recommend that you be directly involved in the day-to-day operations. While you are required to hire one employee and you may hire additional employees for the labor-intensive portions of the business, we have built our reputation on the "owner-management" concept and believe it is mandatory for continued success.

The typical JANI-KING service contract is for a one-year term and may be renewed by the customer for additional periods of one year. The quality of your work and your relationship with the customer contacts are the primary factors in retaining the service contract. It is our belief that consistent, quality service provided at a competitive production rate and good customer relations, achieved by your direct involvement in the operation of the franchise business, is an important factor in the continuation of the service contract.

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

If you employ any individual in a managerial position, you must also obtain the execution of covenants not to compete like the provisions in the Franchise Agreement. You must also require an agreement to maintain the confidentiality of information they receive or have access to based on their relationship with you. Otherwise, there are no limitations on whom you may employ as a manager, other than limitations relating to your performance obligations under the Franchise Agreement and any limitations associated with obtaining and maintaining the required insurance coverage. Your managers are not required to attend our training program but may do so.

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

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

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

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

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

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

THE FRANCHISE RELATIONSHIP

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

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

Provision	Section in Franchise Agreement	Summary
(c) Requirements for you to renew or extend	Sections 9.2, 9.3, 9.4	We may allow you to renew your franchise and remain as a franchisee after the initial term of your Franchise Agreement expires if you meet the criteria set forth in the Franchise Agreement. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than your original franchise agreement. Other requirements include: You must give us written notice of your desire to renew seven to 12 months before the end of the term and you must sign a general release.
(d) Termination by you	Not Applicable	No early termination by you.
(e) Termination by us without cause	Not Applicable	Not Applicable
(f) Termination by us with cause	Sections 8.1, 8.2, 8.3	We can terminate only if you commit a default.

Provision	Section in Franchise Agreement	Summary
(g) "Cause" defined - defaults which can be cured	Sections 8.2 and 8.3	<p>We can terminate you for engaging in conduct that reflects unfavorably on the operation and reputation of the JANI-KING system if you fail to cure such default in 24 hours. The following defaults, if not cured within 30 days after we have given you written notice, may result in termination: failure to comply with any provisions of the Franchise Agreement or other agreement between us and you; failure to pay any monies due us, our subsidiaries or affiliates, or others when due; enter a contract with or take payment directly from a customer without our approval; failure to submit required financial information or make false statements about it; failure to pay all taxes and employee related withholdings relating to the operation of your franchise; failure to keep your business entity active and in good standing; failure to maintain the standards that we require in the Franchise Agreement, or Manuals; failure to obtain any required approvals; misuse of JANI- KING marks; insolvency or bankruptcy.</p>

Provision	Section in Franchise Agreement	Summary
(h) Cause defined non-curable defaults	Section 8.1 (a)-(g)	Non-curable defaults include being convicted of, pleading guilty or no contest to, or receiving deferred adjudication for a felony, crime of moral turpitude, or certain other crimes; disclosure of confidential information; abandonment; unauthorized transfer; material misrepresentations when you purchase the franchise; repeated failure to comply with Franchise Agreement or Manual requirements, even if corrected; or if you are declared insolvent or bankrupt. Subject to state law.
(i) Your obligations on termination/nonrenewal	Sections 4.27, 4.28	You must immediately cease use of all JANI-KING marks, trade secrets, and all aspects of the JANI-KING system; You must immediately return to us all advertising matter, products or writing that contain JANI-KING's trade name, logo, or copyright, and any information of a proprietary nature; you must also return to us all keys to buildings, security passes and/or codes, all our customer contracts and all our equipment. You must pay us all sums due. If you claim to have terminated or failed to renew and refuse to return the items described above, you must pay us \$500 per day as liquidated damages. (Also see Non-competition below.)
(j) Assignment of contract by us	Section 10.6	The Franchise Agreement is fully assignable by us.

Provision	Section in Franchise Agreement	Summary
(k) "Transfer" by you defined	Section 10.1	Includes transfer of Franchise Agreement or assets or ownership change.
(l) Our approval of transfer by you	Section 10.1 and 10.2	We have the right to approve all transfers.
(m) Conditions for our approval of transfer	Section 10.2 - 10.5	New franchisee qualifies; you are in full compliance with your Franchise Agreement; you pay us all amounts due; transferee and its managers have satisfactorily completed our training program ⁽¹⁾ , transferee executes our then-current form of Franchise Agreement; transfer fee paid; we approve written agreements regarding transfer; you supply us with any additional information we require; you provide (and your principals), as a personal covenant to the transferee, in addition to your covenants to us, an agreement not to seek to divert business from us or our franchisees for two years after transfer; and you sign a general release and other documents we require (Also see Non-competition below.)
(n) Our right of first refusal to acquire your business	Section 11	We have a right to acquire your business under the same terms you are offering to a third party.
(o) Our option to purchase your business ⁽²⁾	Section 11	You must notify us if you plan to transfer your business to a third party. After we have been notified, we will notify you whether we will purchase your business under the same terms you are offering to a third party.

Provision	Section in Franchise Agreement	Summary
(p) Your death or disability	Section 10.3	Subject to transfer rules; however, an administrative fee, not a transfer fee, is charged if the transfer is to a family member.
(q) Non-competition covenants during the term of the franchise	Section 5	You may not own, engage in, or have a financial interest in any competing business in the territory. You also must not divert or attempt to divert any business or customer from us or our franchisees; influence your previous customers or our other franchisees; injure our goodwill; or employ or solicit our employees.
(r) Non-competition covenants after the franchise is terminated or expires	Section 5	For one year, you must not: own, engage in, or have a financial interest in a competing business in the territory; divert or attempt to divert any business or customer from us or our franchisees or injure our goodwill; employ or solicit our employees; influence or attempt to influence your previous customers or other franchisees. You must not use the name “JANI-” permanently (same restrictions after transfer).
(s) Modification of the agreement	Sections 4.2.2, 4.22, 4.23, 12.2.2	No modifications generally except by written Agreement, but we may change the Manuals and system standards at any time. You may be required to implement these changes at your own cost.

Provision	Section in Franchise Agreement	Summary
(t) Integration/merger clause	Section 12.3	Only the terms of the Franchise Agreement (including the Manuals) are binding (subject to state law). Any other promises may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 12.16	Except for certain claims, all disputes must be arbitrated within 50 miles of our then current principal place of business.
(v) Choice of forum	Section 12.9	Litigation must be in Waukesha County, Wisconsin (subject to state law).
(w) Choice of law	Section 12.9	Wisconsin law applies without reference to choice of law principles (subject to State law).

Notes:

(1) As a condition to our approval of a transfer, you must continue to provide service to the accounts serviced by your franchise until the proposed transfer takes place.

(2) We have an option to transfer any of the accounts serviced by your franchise if you fail to comply with the Franchise Agreement or our policies and procedures within 72 hours after we give you notice of non-compliance, you fail to perform the cleaning services as required for a cumulative number of five days within a 90-day period, if a customer asks for a transfer or cancellation, or if you provide services to any customer other than as a bona fide JANI-KING franchise and do not report the Gross Revenue derived from such services to us (See Sections 4.19.4 and 4.19.5.).

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

See state addenda to the Franchise Agreement and disclosure document for special state disclosures.

ITEM 18 PUBLIC FIGURES

JK INT'L has an agreement with Ryan Palmer that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Ryan Palmer \$40,000 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Ryan Palmer through the 2024 PGA Tour Season ending September 1, 2024 and for advertising rights on the hat of Ryan Palmer. Ryan Palmer is also eligible for performance bonuses based on his performance on the PGA tour. Ryan Palmer does not manage, control, or own an interest in JK INT'L or us.

JK INT'L has an agreement with Adam Schenk that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Adam Schenk \$30,000 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Adam Schenk during the 2024 PGA Tour Season from February 1, 2024 to June 30, 2024 and for advertising rights on the hat of Adam Schenk. Adam Schenk is also eligible for performance bonuses based on his performance on the PGA Tour from February 1, 2024 to June 30, 2024. Adam Schenk does not manage, control, or own an interest in JK INT'L or us.

JK INT'L has an agreement with Sepp Straka that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Sepp Straka \$30,000 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Sepp Straka during the 2024 PGA Tour Season from February 1, 2024 to June 30, 2024 and for advertising rights on the hat of Sepp Straka. Sepp Straka is also eligible for performance bonuses based on his performance on the PGA Tour from February 1, 2024 to June 30, 2024. Sepp Straka does not manage, control, or own an interest in JK INT'L or us.

JK INT'L has an agreement with Colt Knost that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Colt Knost \$25,000 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Colt Knost during the 2024 PGA Tour Season from February 5, 2024 to June 30, 2024 and for advertising rights on the hat of Colt Knost. Colt Knost does not manage, control, or own an interest in JK INT'L or us.

JK INT'L has an agreement with Joel Dahmen that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Joel Dahmen \$20,000 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Joel Dahmen during the 2024 PGA Tour Season from February 1, 2024 to June 30, 2024 and for advertising rights on the hat of Joel Dahmen. Joel Dahmen is also eligible for performance bonuses based on his performance on the PGA Tour from February 1, 2024 to June 30, 2024. Joel Dahmen does not manage, control, or own an interest in JK INT'L or us.

JK INT'L has an agreement with James "J.T." Poston that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay James "J.T." Poston \$20,000 for the right to produce and use advertising, promotional and marketing materials

containing the name and image of James “J.T.” Poston during the 2024 PGA Tour Season from February 1, 2024 to June 30, 2024 and for advertising rights on the hat of James “J.T.” Poston. James “J.T.” Poston is also eligible for performance bonuses based on his performance on the PGA Tour from February 1, 2024 to June 30, 2024. James “J.T.” Poston does not manage, control, or own an interest in JK INT’L or us.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Royal Franchising, Inc., 200 North Patrick Boulevard, Suite 900, Brookfield, Wisconsin, 53045, (262) 780-0300 Attn: Legal Department, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION
Table No. 1**

**Franchisor Outlet Summary
For Years 2021 to 2023¹**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	5,378	5,301	-77
	2022	5,301	4,980	-321
	2023	4,980	4,916	-64
Company-Owned	2021	16	16	0
	2022	16	12	-4
	2023	12	12	0
Total Outlets	2021	5,394	5,317	-77
	2022	5,317	4,992	-325
	2023	4,992	4,928	-64

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

Table No. 2

**Transfers of Outlets From Franchisees To New Owners
(Other than the Franchisor)
For Years 2021 to 2023¹**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2021	2
	2022	3
	2023	1
Arizona	2021	2
	2022	1
	2023	0
Arkansas	2021	0
	2022	0
	2023	0
California	2021	3
	2022	0
	2023	0
Colorado	2021	0
	2022	0
	2023	0
Connecticut	2021	0
	2022	0
	2023	1
Delaware	2021	0
	2022	0
	2023	0
District of Columbia	2021	0
	2022	0
	2023	0
Florida	2021	8
	2022	12
	2023 ⁴	9
Georgia	2021	2
	2022	1
	2023	4
Hawaii	2021	1
	2022	5
	2023	4
Idaho	2021	0

	2022	0
	2023	0
Illinois	2021	2
	2022	2
	2023	2
Indiana	2021	1
	2022	0
	2023	0
Iowa	2021	0
	2022	1
	2023	0
Kansas	2021	1
	2022	1
	2023	2
Kentucky	2021	1
	2022	0
	2023	1
Louisiana	2021 ²	12
	2022	15
	2023	12
Maryland	2021	1
	2022	1
	2023	0
Massachusetts	2021	0
	2022	0
	2023	0
Michigan	2021	0
	2022	3
	2023	0
Minnesota	2021	0
	2022	0
	2023	0
Mississippi	2021	5
	2022	3
	2023	0
Missouri	2021	0
	2022	2
	2023	1
Nebraska	2021	1
	2022	0
	2023	0
Nevada	2021	0
	2022	0
	2023	1
New Jersey	2021	2
	2022	0
	2023	0

New Mexico	2021	0
	2022	0
	2023	0
New York	2021	3
	2022	1
	2023	0
North Carolina	2021	7
	2022	2
	2023	3
Ohio	2021	1
	2022	0
	2023	1
Oklahoma	2021	4
	2022	3
	2023	0
Oregon	2021	3
	2022	0
	2023	1
Pennsylvania	2021	3
	2022	4
	2023	0
Rhode Island	2021	0
	2022	7
	2023	2
South Carolina	2021	0
	2022 ³	3
	2023	2
Tennessee	2021	3
	2022	0
	2023	3
Texas	2021	2
	2022	5
	2023	10
Utah	2021	0
	2022	0
	2023	0
Virginia	2021	2
	2022	1
	2023	1
Washington	2021	0
	2022	0
	2023	0
Wisconsin	2021	3
	2022	2
	2023	2
All Other States	2021	0
	2022	0

	2023	0
Totals	2021	75
	2022	78
	2023	63

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

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

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

⁴ Franchise number 1329 was transferred to a new owner on June 1, 2023. This same franchise was transferred again to a new owner on October 10, 2023.

Table No. 3

**Status of Franchised Outlets
For Years 2021 to 2023¹**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons ²	Outlets at End of the Year
Alabama	2021	217	46	19	1	2	7	234
	2022	234	24	17	2	4	6	229
	2023	229	19	15	0	1	11	221
Arizona	2021	167	8	7	0	0	4	164
	2022	164	10	10	0	1	2	161
	2023	161	10	9	0	0	3	159
Arkansas	2021	10	2	0	0	0	0	12
	2022	12	2	0	0	0	1	13
	2023	13	4	0	0	0	1	16
California	2021	271	9	7	4	1	18	250
	2022	250	0	250	0	0	0	0
	2023	0	0	0	0	0	0	0
Colorado	2021	51	0	0	0	0	5	46
	2022	46	0	0	0	0	2	44

	2023	44	2	0	2	0	4	40
Connecticut	2021	53	5	0	0	0	3	55
	2022	55	3	0	0	0	5	53
	2023	53	4	0	0	0	6	51
Delaware	2021	9	1	0	0	0	1	9
	2022	9	0	0	0	0	0	9
	2023	9	3	0	0	0	0	12
District of Columbia	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	1	5
	2023	5	0	0	0	0	1	4
Florida	2021	454	77	50	3	2	21	455
	2022	455	73	44	3	0	16	465
	2023	465	78	53	1	0	21	468
Georgia	2021	257	29	0	3	0	31	252
	2022	252	28	0	1	0	25	254
	2023	254	23	0	1	0	18	258
Hawaii	2021	107	18	0	0	8	0	117
	2022	117	14	3	0	10	0	118
	2023	118	30	0	0	10	0	138
Idaho	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Illinois	2021	196	9	5	1	0	7	192
	2022	192	4	18	0	0	1	177
	2023	177	6	9	0	0	9	165
Indiana	2021	91	13	0	0	0	10	94
	2022	94	12	0	1	0	6	99
	2023	99	9	0	2	0	8	98
Iowa	2021	13	3	1	0	0	2	13
	2022	13	5	0	0	0	0	18
	2023	18	0	0	0	0	0	18
Kansas	2021	95	9	0	0	0	10	94
	2022	94	8	0	0	0	19	83
	2023	83	10	0	0	0	13	80
Kentucky	2021	53	10	0	0	0	3	60
	2022	60	8	0	0	0	7	61
	2023	61	4	0	1	0	11	53
Louisiana	2021	324	32	0	3	12	17	324
	2022	324	35	0	1	6	15	337
	2023	337	26	1	0	12	9	341

Maryland	2021	75	7	12	0	0	2	68
	2022	68	19	1	1	0	2	83
	2023	83	6	11	0	0	1	77
Massachusetts	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	1	0	0	3
Michigan	2021	80	1	13	1	0	0	67
	2022	67	2	7	0	0	2	60
	2023	60	9	6	1	1	1	60
Minnesota	2021	68	1	0	3	0	4	62
	2022	62	0	1	2	0	3	56
	2023	56	3	1	3	0	4	51
Mississippi	2021	101	5	0	0	1	4	101
	2022	101	4	0	0	7	6	92
	2023	92	8	1	0	6	4	89
Missouri	2021	134	10	0	1	0	12	131
	2022	131	11	0	0	0	18	124
	2023	124	2	0	1	0	24	101
Nebraska	2021	45	3	0	0	0	4	44
	2022	44	5	0	0	0	6	43
	2023	43	6	0	0	0	7	42
Nevada	2021	70	4	1	0	0	7	66
	2022	66	0	1	0	0	6	59
	2023	59	2	4	0	0	1	56
New Jersey	2021	53	4	2	0	0	1	54
	2022	54	2	3	0	0	0	53
	2023	53	4	7	0	0	0	50
New Mexico	2021	38	5	0	1	0	3	39
	2022	39	5	1	0	1	2	40
	2023	40	13	0	0	0	0	53
New York	2021	64	7	3	0	1	6	61
	2022	61	4	5	0	0	1	59
	2023	59	15	4	0	1	0	69
North Carolina	2021	368	33	0	4	1	39	357
	2022	357	34	0	2	0	47	342
	2023	342	25	0	3	1	32	331
Ohio	2021	285	26	0	1	2	30	278
	2022	278	22	0	1	5	23	271
	2023	271	14	1	1	3	17	263
Oklahoma	2021	103	6	6	2	2	1	98

	2022	98	3	3	0	3	2	93
	2023	93	4	5	0	2	3	87
Oregon	2021	84	0	0	0	4	0	80
	2022	80	3	0	0	0	2	81
	2023	81	2	0	0	1	3	79
Pennsylvania	2021	93	13	1	0	1	11	93
	2022	93	6	3	0	0	7	89
	2023	89	9	5	0	0	7	86
Rhode Island	2021	95	0	2	1	0	6	86
	2022	86	13	3	0	0	4	92
	2023	92	10	4	0	0	14	84
South Carolina	2021	221	28	0	4	0	13	232
	2022	232	17	0	1	0	20	228
	2023	228	20	0	0	2	11	235
Tennessee	2021	176	14	0	0	0	30	160
	2022	160	9	0	0	0	23	146
	2023	146	11	0	0	0	14	143
Texas	2021	333	28	0	0	2	24	335
	2022	335	25	0	0	2	20	338
	2023	338	25	1	0	2	20	340
Utah	2021	55	0	0	0	0	5	50
	2022	50	0	0	0	0	5	45
	2023	45	2	0	0	0	0	47
Virginia	2021	223	16	12	0	0	11	216
	2022	216	18	8	2	1	15	208
	2023	208	15	9	1	3	11	199
Washington	2021	92	10	0	1	0	5	96
	2022	96	0	0	0	0	6	90
	2023	90	1	0	3	0	3	85
Wisconsin	2021	145	16	8	0	0	6	147
	2022	147	27	7	0	0	10	157
	2023	157	18	0	0	0	13	162
All Other States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	5,378	509 ³	149	34	39	364	5,301
	2022	5,301	458 ⁴	385	17	40	337	4,980
	2023	4,980	453 ⁵	146	21	45	305	4,916

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

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

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

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

⁴ The Outlets Opened includes 23 reactivated franchises that have been counted in the Cease Operations – Other Reasons column in previous years due to being inactive.

⁵ The Outlets Opened includes 22 reactivated franchises that have been counted in the Cease Operations – Other Reasons column in previous years due to being inactive.

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

In addition to these unit franchises, JKF has existing 85 Regional Franchisors operating regional support centers in the United States and in 8 other countries. For the three-year period before December 31, 2023, none have been canceled or terminated by us for failure to comply with quality control standards or other reasons; none have been reacquired by us through a purchase, although we are not required to do so; none have been non-renewed by us; none have been otherwise reacquired by us; and none have ceased operations.

Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023¹**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Alabama	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Arizona	2021	0	0	0	0	0	0

	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Arkansas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
California	2021	4	0	0	0	0	4
	2022	4	0	0	4	0	0
	2023	0	0	0	0	0	0
Colorado	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Connecticut	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Delaware	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
District of Columbia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Hawaii	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Illinois	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Indiana	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Kansas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Kentucky	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Louisiana	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Maryland	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Massachusetts	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Michigan	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Minnesota	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Mississippi	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Nebraska	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Nevada	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
New Hampshire	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
New Jersey	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Mexico	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
New York	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
North Carolina	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Ohio	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Oklahoma	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Oregon	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Pennsylvania	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

	2023	2	0	0	0	0	2
Rhode Island	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
South Carolina	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Tennessee	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Texas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Utah	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Virginia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Washington	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Wisconsin	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
All Other States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	16	0	0	0	0	16
	2022	16	0	0	4	0	12
	2023	12	0	0	0	0	12

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

Table No. 5

Projected Openings as of December 31, 2023¹

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Alabama	1	26	0

Arizona	1	17	0
Arkansas	0	11	0
California	0	0	0
Colorado	0	6	0
Connecticut	0	12	0
Delaware	0	1	0
District of Columbia	0	2	0
Florida	3	84	0
Georgia	1	46	0
Hawaii	2	19	0
Idaho	0	2	
Illinois	0	5	0
Indiana	0	12	0
Iowa	0	0	0
Kansas	2	12	0
Kentucky	0	8	0
Louisiana	0	28	0
Maryland	0	17	0
Massachusetts	0	0	0
Michigan	0	12	0
Minnesota	0	12	0
Mississippi	2	14	0
Missouri	1	15	0
Nebraska	0	15	0

Nevada	0	3	0
New Hampshire	0	0	0
New Jersey	0	14	0
New Mexico	0	8	0
New York	0	24	0
North Carolina	0	44	0
Ohio	1	22	0
Oklahoma	0	24	0
Oregon	0	12	0
Pennsylvania	2	21	0
Rhode Island	0	12	0
South Carolina	0	34	0
Tennessee	1	33	0
Texas	1	50	0
Utah	0	2	0
Virginia	0	29	0
Washington	0	6	0
Wisconsin	2	36	0
All Other States	0	0	0
Totals	20	750	0

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

A list of names, addresses, and business telephone numbers of all franchisees under franchise agreements with us as of December 31, 2023, is provided in Exhibit H.

Also included in Exhibit H is a list of the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of each of our franchisees who had an outlet terminated, canceled, or not renewed, by us or who otherwise voluntarily or involuntarily ceased to do business under their agreement as of December 31, 2023, or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

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

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

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

ITEM 21 FINANCIAL STATEMENTS

Exhibit G attached to this disclosure document contains the following:

1. Consolidated, audited financial statements of JK INT'L as of and for the years ended December 31, 2021, December 31, 2022, and December 31, 2023.

**ITEM 22
CONTRACTS**

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

Exhibit:

I. FRANCHISE AGREEMENT

II. GUARANTY

III. ACCOUNT ACCEPTANCE/FINDER'S FEE AGREEMENT

IV. EQUIPMENT LEASE SUMMARY AND EQUIPMENT LEASE AGREEMENT

V. OFFICE SUPPLY AND ADVERTISING PACKAGE, SUPPLY AND EQUIPMENT PACKAGE, AND ADDITIONAL EQUIPMENT

VI. TABLE OF CONTENTS FOR MANUALS

VII. FINANCIAL STATEMENTS

VIII. LIST OF FRANCHISEES

IX. GENERAL RELEASE

X. BUSINESS PROTECTION PLAN ELECTION FORM

XI. MAINTENANCE AGREEMENT

XII. RECEIPTS

**ITEM 23
RECEIPTS**

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

EXHIBIT I

FRANCHISE AGREEMENT

ROYAL FRANCHISING, INC.

D/B/A JANI-KING OF MILWAUKEE

FRANCHISE AGREEMENT

THIS AGREEMENT (this "*Agreement*") is made and entered into in Brookfield, Waukesha County, Wisconsin by and between ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE a Wisconsin Corporation, hereinafter referred as "*Franchisor*", and

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

[] Corporation, incorporated under the laws of _____ [] Limited Liability Company, formed under the state of _____

for the purposes of allowing Franchisee to operate a business as a Franchisee of Franchisor. Franchisee and Franchisor may be jointly referred to as the "*Parties*." Jani-King International, Inc., and its various subsidiaries (including, without limitation, Franchisor) are collectively referred to herein as "*Jani-King*."

FRANCHISE SUMMARY

EFFECTIVE DATE: _____ PLAN: _____

INITIAL FRANCHISE FEE DOWN PAYMENT:
(\$ _____) _____ Dollars

PROJECTED INITIAL FRANCHISE FEE MONTHLY PAYMENT:

\$ _____ PER MONTH FOR _____ MONTHS

INITIAL BUSINESS:

(\$ _____) _____ (Thousand)

INITIAL OFFERING PERIOD: _____ (_____) Days

TERRITORY: Counties:

Dodge, Fond Du Lac, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, Waukesha in the State of Wisconsin.

FRANCHISEE ADDRESS:

CITY: _____ STATE: _____ ZIP CODE: _____

COUNTY: _____ TELEPHONE NUMBER: (____) _____

EMAIL: _____

FEDERAL TAX ID#: _____ STATE TAX ID# (if applicable): _____

RECITALS

SECTION 1

1.1. WHEREAS, Jani-King owns a system (the “**System**”) consisting of the Proprietary Marks (as defined herein), and certain proprietary know-how and other Confidential Information (as defined herein) for:

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

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

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

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

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

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

SECTION 2

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

SECTION 3

3.1. For and in consideration of the full and faithful performance of each and every one of the covenants, terms and conditions herein contained and agreed to by Franchisee, Franchisor grants to the Franchisee the right to establish and operate the Franchised Business within the Territory.

3.2. Franchisee will operate the Franchised Business at or from a location of its choosing within the Territory subject to the approval of Franchisor and Franchisee’s continued compliance with the terms and conditions set forth herein.

SECTION 4

FRANCHISEE PLEDGES

4.1. To operate a Jani-King franchise cleaning and maintenance services company in the Territory described herein using the System.

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

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

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

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

4.1.5. Franchisee has the right to advertise the Franchised Business within the Territory in accordance with the terms of this Agreement and the brand standards in the Manual. Franchisee may conduct its own advertising campaigns using such items as direct mail, flyers, newspaper ads and other approved forms of advertising. Franchisee agrees to submit to Franchisor, prior to use by Franchisee, samples of any and all advertising and promotional plans and materials of any type which contain in any manner any of the Proprietary Marks, including without limitation the trade names, trademarks, service marks, slogans and logos as are now or which in the future may be approved for use by Franchisee. Franchisee must obtain Franchisor’s prior approval of all advertising that Franchisee desires to use in connection with its Franchised Business by submitting it to Franchisor at least thirty (30) days prior to publication, including any advertising on the Internet, which Franchisor may grant or withhold in its business judgment. To protect the System, Proprietary Marks, and Jani-King name, Franchisor has the right to require Franchisee to include certain statements in and/or make changes to Franchisee’s proposed advertising prior

to approval. Franchisee's advertising materials may not contain any statement or material which, in Franchisor's sole business judgment may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with the public image of the System. Franchisee acknowledges that advertising the Franchised Business in accordance with this Agreement and Jani-King's brand standards is essential to protect the goodwill toward the System, Proprietary Marks, and Jani-King name.

Franchisee acknowledges and agrees that any and all copyright in and to advertising materials developed by Franchisee or on Franchisee's behalf will be Franchisor's sole property, and Franchisee must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

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

4.2.1. Franchisee agrees to devote sufficient time and effort to its business pursuant to this Agreement and that all work and services performed under this Agreement will be performed and/or supervised by authorized agents and/or employees of Franchisee that comply with all terms of this Agreement.

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

4.2.3. All of Franchisee's owners, shareholders, members, officers, directors, and managers (each, a "**Principal**" and collectively, the "**Principals**") who will actively participate in the operations of the Franchise Business agree to successfully complete the initial training program within six months of the signing of this Agreement.

4.2.4. Franchisee's officers and directors who will actively participate in the operations of the franchise business agree to receive at least six (6) hours of additional/continuing education training each year in order to maintain an active status for the offering of any additional business beyond the Initial Business requirement outlines in the plan purchased. Franchisee must send Franchisor certificates of proof that the classes were completed each calendar year.

4.2.5. Franchisee must attend two (2) mandatory meetings/training seminars each calendar year (to be determined by Franchisor). Franchisee must attend the Annual Franchise Awards Banquet, as scheduled by Franchisor.

4.3. In consideration of the rights herein granted under the plan identified in the Franchise Summary (the "**Plan**"), and the initial services to be performed by Franchisor in connection with Franchisee's use in the Territory of the System, Proprietary Marks and Confidential Information as pledged herein, Franchisee will pay to the Franchisor, upon execution of this instrument, the INITIAL FRANCHISE FEE DOWN PAYMENT, as stated in the Franchise Summary herein (the "**Initial Franchise Fee Down Payment**"). Franchisee authorizes Franchisor's deduction of Initial Franchise Fee Monthly Payments, as stated in the Franchise Summary herein, (the "**Initial Franchise Fee Monthly Payments**") from the Gross Revenue, as defined herein, in the amount and number of payments stated in the Franchise Summary, provided Franchisee's franchise produces Gross Revenue in an amount

equal to or greater than the Initial Franchise Fee Monthly Payments. The Initial Franchise Fee Down Payment plus the Initial Franchise Fee Monthly Payments equal the “**Initial Franchise Fee.**”

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

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

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

4.4. In addition to the Office Supply and Advertising Package provided to Franchisee by Franchisor as described in Schedule One of this Agreement, Franchisee will receive the Professional Products and Equipment listed in Schedule One as the “Supply and Equipment Package”, at no cost and will also need to purchase, lease, or provide proof of ownership to Franchisor of the following “Additional Electrical Equipment” set forth in Schedule One:

For Plans D and higher, a commercial upright dual motor vacuum cleaner with on-board tools, and a commercial floor polisher. For Plans E-5 and higher, Franchisee must also obtain a high speed burnisher and a commercial self-contained extractor identified as “Additional Electric Equipment” in Schedule One. These items are not included in the Office Supply and Advertising Package furnished by Franchisor.

The Supply and Equipment Package and the Additional Electric Equipment must be obtained by the Franchisee before any Initial Business will be offered. Franchisor reserves the right, upon thirty days’ notice to Franchisee, to require Franchisee to purchase all cleaning equipment and supplies for the operation of its franchise from one or more of Franchisor’s affiliates, or from a vendor approved by Franchisor.

4.5.1. Franchisee agrees to pay to Franchisor or Franchisor’s designee, by the tenth day of each month a royalty fee equal to 10% of the monthly Gross Revenue (the “**Royalty Fee**”). The minimum royalty is \$100.00 monthly during the first 12 months of operation (as measured from the month Franchisor satisfies the Initial Business offering obligation) and \$250.00 per month thereafter. Such minimum royalty is subject to annual adjustment for increases in the Consumer Price Index. The Royalty Fee is going to increase starting in the second year and each subsequent year by a quarter of a percent until the Royalty reaches a maximum of 11%. “**Gross Revenue**” is defined as all revenue invoiced by anyone for any contract services, one-time cleans, extra work, sales of supplies, equipment or goods and any other revenue related to or derived from the provision of any cleaning and maintenance services including, but not limited to, commercial, industrial, and institutional, as well as the sale,

leasing or distribution of related supplies and equipment in connection with the conduct and operation of the Franchised Business or otherwise directly or indirectly, in whole or in part, performed or sold by, or for the benefit of Franchisee, Franchisee's guarantors, agents, representatives, and/or employees, or the Principals or any of the spouses of the Principals, regardless of the entity or business name used.

A fee of \$25 per day (the "**Non-Reported Business Fee**") will be charged to Franchisee for each day Franchisee fails to report all Gross Revenue, in addition to any and all fees, payments, charges, charge-backs, or other amounts due and owing Franchisor under the terms of this Agreement as a result of such Gross Revenue, whether or not collected by Franchisee. Such amounts shall be immediately due and payable. The payment of the Non-Reported Business Fee shall constitute liquidated damages and not a penalty, and shall be in addition to any other remedies available to Franchisor at law or in equity.

4.5.2. Franchisee agrees to pay Franchisor an advertising fee (the "**Advertising Fee**") equal to one and one half percent (1.5%) of Franchisee's Gross Revenue. Franchisee agrees to pay the Advertising Fee commencing on the tenth (10th) day of the month and continuing the tenth (10th) day of every month thereafter for the remainder of the term. Franchisee agrees that Franchisor, in Franchisor's sole discretion, may increase the Advertising Fee up to 2% of Franchisee's Gross Revenue. Franchisee agrees that the Advertising Fee will be maintained and administered by Franchisor or its designee as follows:

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

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

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

(3) The Advertising Fee may also be used in our National Vehicle Program ("**NVP**") which is a voluntary program through which Franchisee can purchase a select number of vehicles from a national vehicle manufacturer. In the event Franchisee participates in the NVP, Franchisee is required to have a decal installed on any vehicle purchased through the NVP. The cost and installation of the vehicle decal will be paid out of the Advertising Fee.

4.6. Franchisee further agrees to pay to Franchisor a finder's fee (each, a "**Finder's Fee**") on any additional business or contracts in excess of the Initial Business of which Franchisee accepts the designation, from Franchisor, as authorized franchisee to provide service to such business, whether or not that additional business or contract resulted from an increase in the contract price for an existing business being serviced by Franchisee, an expansion

of service for existing business being serviced by Franchisee at the same or other locations, or completely new business. Finder's Fees are in addition to royalty fees and other payments set out in this Agreement, and are calculated on the gross monthly billing for an account according to the formulas listed below. Franchisor has no obligation to offer Franchisee the right to provide service to additional business or contracts beyond the Initial Business. Should Franchisor, in Franchisor's sole discretion, decide to offer Franchisee the right to service any additional business or contracts, Franchisee may either decline or accept the offer at the time it is made.

Following Franchisor's offer and Franchisee's acceptance of the right to provide service to any additional business or contract, the Franchisee agrees to pay an amount as a Finder's Fee according to the guidelines established by the Franchisor. Franchisor will, from time to time, establish such guidelines, policies and procedures as necessary to calculate the applicable Finder's Fee, taking into consideration industry standards and increases in costs and expenses of soliciting new accounts, and Franchisor reserves the right to increase or decrease the Finder's Fee in all categories. Currently, the following guidelines will apply, but any guideline or policy regarding the calculation of a Finder's Fee or the payment thereof, for any account, may be changed by the Franchisor at any time prior to the offering of the account:

(1) Upon acceptance of the right to perform services on any additional business, the Franchisee will sign an Account Acceptance/Finder's Fee Agreement, which will include the Finder's Fee payment calculations, if any, according to the provisions set out in the Finder's Fee Schedules below.

(2) For each of the Finder's Fee Schedules set out below, the following terms apply to calculate the Finder's Fee for the additional business:

“OVER” / “UP TO”: To determine the proper formula for a Finder's Fee payment structure within the appropriate Schedule, the Monthly Billing categories are listed by ranges, where the monthly billing will exceed the amount listed as “OVER”, but be less than the amount listed as “UP TO”. If the monthly billing may fluctuate, the proper category of Monthly Billing will be determined by the maximum gross monthly billing allowed by the account contract.

DOWN PAYMENT: The initial payment due at the time of acceptance of the right to provide services to the account, or as otherwise established under these guidelines, calculated by multiplying the percentage stated in the appropriate category of Monthly Billing under Down Payment, times the appropriate gross monthly billing. All Down Payments will be calculated using the gross billing for the First Full Month of Service. “**First Full Month of Service**”, for purposes of calculating the Down Payment, is defined as the first month in which the service is performed on or before the 15th day of the month. If a partial month is the First Full Month of Service, the gross monthly billing, for purposes of calculating the Down Payment, is determined as though the account had been serviced for the entire month. If the account begins service after the 15th, the following month will be used for purposes of the Down Payment, and no payment is due for the initial period. The Down Payment is due along with the monthly Franchisee Report for the First Full Month of Service (and second month as required) and may be payable as a deduction from the account billing on the Franchisee Report.

MONTHLY PAYMENT: The payment made each month for the designated number of months, calculated by multiplying the percentage stated in the appropriate schedule under Monthly Payment, times the gross monthly billing for the current accounting month. However, the total of the amounts paid as Monthly Payments (exclusive of the Down Payment) will not exceed a sum greater than 300% of: (a) for Variable Rate Accounts, the maximum gross monthly billing that would be generated in a month in which the building was at a 100% occupancy factor, exclusive of any Down Payment; or (b) for Public Event or Seasonal Accounts, the average gross monthly billing for the first 12 months service is performed under the account contract, exclusive of any Down Payment. Monthly Payments will begin the month following any scheduled Down Payment.

MONTHS: The number of months a Monthly Payment must be made under the terms of the Account Acceptance/Finder's Fee Agreement, subject to the maximum sum described in the definition of Monthly Payment.

(3) Accounts will be identified according to the following definitions and the Finder's Fee will be calculated using the formula set out in the appropriate Finder's Fee Schedule for the type of account:

1. **FIXED RATE ACCOUNT:** An account that has a constant monthly billing established by the account contract, and has a term of one year or longer. The Finder's Fee may be paid in full at the time of acceptance of the account, in which event, Franchisee will pay three times the amount of the maximum gross monthly billing allowed under the contract, or the fee and payment will be structured according to the Schedule.

FINDER'S FEE SCHEDULE (FIXED RATE ACCOUNT):

MONTHLY BILLING		DOWN	MONTHLY	
<u>OVER</u>	<u>UP TO</u>	<u>PAYMENT</u>	<u>PAYMENT</u>	<u>MONTHS</u>
0	50	\$150(max)	N/A	N/A
51	1,500	50%	10%	25
1,501	3,000	30%	10%	27
3,001	6,000	25%	5%	55
6,001	10,000	10%	5%	58
10,001	Unlimited	5%	5%	Until Paid 3X in Full

2. **VARIABLE RATE ACCOUNT:** An account with a monthly billing that may fluctuate, depending on the occupancy of the property, where the billing is based on a set price per square foot of service area, and has a term of one year or longer. Any city, State or Federal account, or Public School will be bid as a Variable Rate Account. The Finder's Fee may be paid in full at the time of acceptance of the account, in which event, Franchisee will pay three times the amount of the maximum gross monthly billing that would be generated in a month in which the building was at a 100% occupancy factor, or the fee and payment will be structured according to the Schedule.

FINDER'S FEE SCHEDULE (VARIABLE RATE ACCOUNT):

MONTHLY BILLING		DOWN	MONTHLY	
<u>OVER</u>	<u>UP TO</u>	<u>PAYMENT</u>	<u>PAYMENT</u>	<u>MONTHS</u>
50	3,000	30%	5%	72
3,001	6,000	15%	5%	72
6,001	Unlimited	5%	5%	72

3. **SEASONAL ACCOUNT:** An account that will be serviced for a limited period of time but may recur on a seasonal basis. This account may have a constant or fluctuating monthly billing amount. A Down Payment is due only for the initial season. Monthly Payments are due each month until the total paid as Monthly Payments is equal to 300% of the average gross monthly billing for the first 12 months service is performed under the account contract, which may occur over several seasons.

4. **PUBLIC EVENT FACILITIES:** An account involving a public facility that houses special events for a limited duration, but similar events recur on a regularly scheduled basis. The monthly billing will fluctuate, depending on the type of event or use of the facility, where the billing is based on the labor-hours required to service the property, and has a term of one year or longer. Monthly Payments are due each month until the total paid as Monthly Payments is equal to 300% of the average gross monthly billing for the first 12 months service is performed under the account contract.

5. APARTMENT TURNAROUND: An account where one or more apartments or other facilities are serviced on a recurring basis as a make ready between occupancies or other uses. The monthly billing will fluctuate depending on the number of units serviced, but the account contract has a term of one year or more.

FINDER’S FEE SCHEDULE (SEASONAL ACCOUNT, PUBLIC EVENT FACILITIES, OR APARTMENT TURNAROUND):

MONTHLY BILLING		DOWN	MONTHLY	
OVER	UP TO	PAYMENT	PAYMENT	MONTHS
0	Any Amount	20%	10%	Varies*

* Until Payments equal 300% of Average Gross Monthly Billing for the first 12 months service is performed, although the Months for an Apartment Turnaround are for each month service is performed.

6. OTHER NON-STANDARD ACCOUNTS: The Franchisor will establish the Finder’s Fee on any other account that does not fall within one of the above definitions, prior to the account being offered to the Franchisee for designation of service. The Finder’s Fee on nonrecurring contracts, initial cleaning, or one-time cleaning contracts will vary but do not currently exceed 25% of the total invoiced amount.

(4) Franchisor will establish policies and procedures from time to time which regulate the amount and calculation, terms of payment, credits on termination or transfers of accounts, and other issues concerning Finder’s Fees.

4.7. Franchisee agrees to pay Franchisor technology licensing fee (“**Technology Fee**”) equal to 1.0% of Franchisee’s Gross Revenue. Franchisee agrees to pay the Technology Fee commencing on the tenth day of the month and continuing the tenth day of every month thereafter for the remainder of the term. Franchisee agrees that Franchisor, in Franchisor’s sole discretion, may increase the Technology Fee up to 5% of Franchisee’s Gross Revenue.

4.8. Franchisee agrees that Franchisor has the exclusive right to perform all billing and accounting functions for the services provided by Franchisee. Each month, Franchisee agrees to pay Franchisor 2.0% of Franchisee’s Gross Revenue, as an accounting fee (“**Accounting Fee**”), to cover Franchisor’s administrative costs and expenses for this service. Franchisee agrees that Franchisor, in Franchisor’s sole discretion, may increase the Accounting Fee up to 5% of Franchisee’s Gross Revenue.

4.8.1. Franchisor each month will invoice customers serviced by Franchisee for the services rendered and supplies provided. Each month, after deduction of all appropriate fees and charges including, but not limited to, all royalty fees, Accounting Fees, any note payments, Finder’s Fees, advertising fees, transfer fees, Technology Fees, charge-backs on past due invoices, any advances made to Franchisee by Franchisor, Non-Reported Business Fees, or attorneys’ fees and court costs incurred by Franchisor in enforcing payment of accounts by customers, Franchisor will issue a report to Franchisee which will provide an accounting of Franchisee’s business during the previous month (the “**Franchisee Report**”). On the tenth (10th) day of each month, Franchisor will disburse to Franchisee the amount of money appearing in the “Due Franchisee Column” of the Franchisee Report for the preceding month. Any money not collected in an account for any reason will be charged back to Franchisee. In the event the tenth day of the month falls on a Saturday, Sunday or recognized holiday, then all such amounts due to Franchisee will be disbursed before the end of the next business day.

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

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

4.10.2. Upon request by Franchisor, Franchisee will, at Franchisee's sole cost and expense, prepare and submit to Franchisor within 30 days after said request, a complete financial statement for the preceding 12-month period or any other calendar year, or a financial statement compiled and reviewed by a certified accountant or public accounting firm, together with such other information as Franchisor may reasonably require in order for Franchisor to determine that Franchisee is properly reporting and accounting for all Gross Revenue.

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

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

4.12. Franchisee agrees to maintain a clean and safe place of business in compliance with OSHA and other governmental and industry standards and to conduct the Franchised Business in a manner that would bring goodwill and public approval to Franchisee and Jani-King.

4.12.1. Franchisee is solely responsible for any leases of real or personal property in connection with the operation of the Franchised Business. Franchisee's office location, furniture, and décor will comply with Franchisor's brand standards. Franchisee must at all times during the term of this Agreement maintain such office and all fixtures, furnishings, signs, and equipment located thereon in good order and condition, and in a manner which will portray the goodwill and a positive image of the Jani-King name and reputation as such may be prescribed by Franchisor from time to time. No other business venture may operate out of the premises utilized by Franchisee for Franchisee's office without the prior written consent of Franchisor.

4.13.1. Franchisee agrees to be solely responsible for and indemnify and hold harmless Franchisor, Jani-

King International, Inc., and their officers, directors, and employees for all loss or damage originating from, in connection with, or relating to the operation of the Franchised Business and for all claims or demands for damages to property or for injury or death of persons directly or indirectly resulting from or related to the operation of the Franchised Business. Franchisee also agrees that before Franchisee will be authorized to begin operating its Franchised Business, Franchisee is required to obtain and carry the insurance listed below with the limits listed, naming Franchisor, Jani-King International, Inc., and their officers and directors as Additional Insureds from an insurer carrying an A.M. Best's Rating of A or better. Franchisee must provide Franchisor with proof of such required coverage in the following minimum amounts:

TYPE	LIMITS
Comprehensive General Liability	\$1,000,000 (per occurrence) \$ 2,000,000 (Aggregate)
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)
Excess or Umbrella Insurance (Single Policy)	\$20,000,000 (Aggregate)
Workers' Compensation	\$1,000,000

4.13.2. The various limits of the required insurance may be increased or have new types of coverage added as circumstances dictate. Franchisee must provide Franchisor with proof of the required insurance coverage and is required to notify their insurance carrier that the insurance carrier will provide any cancellation notice directly to Franchisor no less than 30 days prior to cancellation.

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

4.13.4. As an alternative to the requirement of purchasing the above insurance, Franchisor may offer to Franchisee, and Franchisee may participate in Franchisor's Business Protection Plan ("**BPP**") and JANI-KING Workers' Compensation Insurance Broker Program ("**JK WCIP**") to the extent offered. Participation in the BPP and JK WCIP is voluntary, and Franchisee is not obligated or required to participate. If Franchisee does not participate in the BPP and JK WCIP, Franchisee must provide Franchisor with a certificate of insurance showing the Franchisee has obtained the equivalent amount of insurance coverage with limits as shown above or as established in the Manual.

4.13.5. Insurance provided through participation in the BPP includes coverage for Worker's Compensation Insurance. It does not include Employers Liability Insurance, any personal or business use automobile(s) or franchisee's equipment, supplies, or building if franchisee's building is different from franchisor's. Franchisee is required to purchase this insurance and supply proof of insurance to franchisor before franchisee will be authorized to begin operations of the franchise. Franchisee is also required to keep accurate payroll records. In the event franchisee does not purchase this insurance, franchisor reserves the right to purchase the insurance for the franchisee and charge franchisee for the cost of the insurance.

The BPP and JK WCIP also includes the following services: (1) assistance with risk management; (2) management of overall claims handling processes, (3) assistance with risk control, (4) assistance with Certificates of Insurance, (5) insurance coverage analysis, (6) assistance with premium audits, (7) general risk management services, (8) periodic safety training, and (9) other regulatory compliance assistance. For these services, you will be required to pay an administration fee which may include a profit to us. We will be solely responsible for ROYAL FRANCHISING, INC.

administering the BPP and JK WCIP.

4.13.6. Franchisee's membership in BPP and JK WCIP can be terminated if Franchisee: (1) fails to pay any amount owed for Franchisee's participation in the BPP and JK WCIP, (2) if Franchisee fails to report all revenue generated by Franchisee's participation in the janitorial industry, (3) if Franchisee files a fraudulent insurance claim under any of the insurance coverage obtained JANI-KING, (4) if you do not participate in the janitorial industry for a full calendar year (i.e. January 1st through December 31st), or (5) if, in sole discretion of JANI-KING, you have excessive claim history.

4.14. In connection with Franchisee's agreement to indemnify and hold harmless Franchisor, Royal Leasing, Inc., Jani-King International, Inc., Jani-King Franchising, Inc., their officers, directors, and employees (the "**Jani-King Parties**") for all loss or damage as set forth in Section 4.13.1 of this Agreement, Franchisee agrees to defend the Jani-King Parties and any of their subsidiaries named in any lawsuit based on such loss or damage and to pay all costs and reasonable attorneys' fees associated with such defense. If any of the Jani-King Parties wishes to retain their own counsel to defend any such action, Franchisee agrees to reimburse the Jani-King Parties for all reasonable costs and legal fees incurred by the Jani-King Parties for such defense. Said reimbursement must be made to Franchisor in a timely manner as such fees are incurred by Franchisor and billed to Franchisee.

4.15.1. The Principals agree during the term of this Agreement not to engage in or have any financial interest in, either as an officer, agent, stockholder, employee, director, member, owner or partner, any other business which performs cleaning, cleaning management services, franchising or contracting cleaning management sales or any related business, except as otherwise approved in writing by Franchisor.

4.15.2 In the event this Agreement is sold, assigned, terminated, or transferred, for any reason whatsoever, the Principals and their spouses agree not to engage in or have any financial interest in, either as an officer, agent, stockholder, employee, director, owner or partner, any other business which performs cleaning, cleaning management services, franchising, or contract cleaning management sales or any related business: (a) within the Territory covered by this Agreement for a period of two years from the effective date of such sale, assignment, termination, or transfer; and (b) in any other territory covered by a Jani-King franchise agreement for a period of one year from the effective date of such sale, assignment, termination, or transfer. The Principals and their spouses, during the periods referred to in this subsection, further agree not to divert or attempt to divert from Jani-King or Jani-King's franchisees, by soliciting customers previously serviced by Franchisee or other Jani-King franchisees to perform any business in which Jani-King or Jani-King's franchisees were engaged in at any time during the 12 months preceding such sale, assignment, termination, or transfer.

4.16. Franchisee represents and warrants that Franchisee is either a corporation or limited liability company (as indicated on Page 1 of this Agreement), duly incorporated or formed, validly existing and in good standing under the laws of Franchisee's state of incorporation or formation (as indicated on Page 1 of this Agreement). Franchisee has all the requisite power and authority to own and operate Franchisee's properties and carry on the Franchised Business and is duly licensed and qualified to transact business as a foreign entity in all jurisdictions in which the nature of the business conducted by it makes such qualification as a foreign entity necessary.

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

4.18. Prior to beginning operation of the franchise and before the Initial Offering Period will begin, Franchisee must submit proof of a valid and active business checking account in Franchisee's name, such account being with a reputable banking institution. Franchisee agrees to timely pay all debts, obligations, and encumbrances that might arise as a result of its operation of the Franchised Business. Franchisee understands that in the event it be adjudicated bankrupt, or becomes insolvent, or a receiver (whether permanent or temporary) of Franchisee's property, or any part thereof, shall be appointed by a court of competent jurisdiction, or if Franchisee shall make a general assignment of the benefit of creditors, or if any judgment against Franchisee remains unsatisfied for 30 days or longer, or if Franchisee defaults on any payments or obligations due Franchisor, Franchisor's suppliers, or other arising out of the purchase of supplies or the purchase or lease of equipment for use in the operation of a Jani-King franchise, or if Franchisee infringes, abuses, or misuses any of the Jani-King trademarks or trade names, or if the Franchisee fails to comply with any of the provisions of this Agreement except as to performance on customer accounts as set forth below, and has failed to take appropriate corrective action to the satisfaction of Franchisee within 30 days after written notice by Franchisor of such failure or default, then Franchisor may, at Franchisor's opinion, terminate this Agreement and all rights of Franchisee hereunder shall cease at the end of said 30-day period or such longer period as required by law.

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

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

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

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

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

4.19.1 Each of Franchisee's representatives must be in an approved, neat, and clean uniform at any time they are performing services at a customer's facility. A personal identifying name tag shall be considered a part of the uniform and is required for all personnel while on the premises of an account.

4.19.2. Failure of the Franchisee to comply with any provisions of this Agreement or the Manual within 72 hours after Franchisor has given notice to the Franchisee of non-compliance will be sufficient cause for Franchisor to suspend the authority of Franchisee to perform services for any or all accounts serviced by Franchisee, until such time as Franchisor is satisfied that Franchisee has complied with the provisions, or, at the option of Franchisor, to transfer the right to provide service to the account to another Franchisee, without notice or delay.

4.19.3. To protect the reputation of the Jani-King name and the Proprietary Marks, Franchisor will perform quality control inspections of any accounts or communicate with any customers serviced by Franchisee from time to time to ensure that the Franchisee is performing services in accordance with the cleaning schedule or instructions associated with the contract between Franchisor and the customer and meets the customer's requirements and Jani-King's brand standards.

4.19.4. Franchisee must cooperate fully with Franchisor, and pay an hourly rate ("**Service Fee**"), plus expenses and travel time, on each occasion Franchisor has to dispatch Franchisor's staff or another franchisee to an account in order to correct a deficiency in satisfying the customer's requirement or complying with the brand standards of Jani-King. The Service Fee charged is currently \$50 per hour. This fee may be increased at the sole discretion of Franchisor who will provide notice to Franchisee before such fee increase. In order to promote full compliance with the customer's requirement and all Jani-King brand standards, a Complaint Fee may also be charged to Franchisee as provided in Section 4.25.

4.19.5. If at any time, whether through complaint or inspection, a deficiency in performance is discovered which requires action to meet the customer's demand for a visit or performance of services at the customer's premises in less than four hours, and Franchisor is not able to reach the Franchisee, or the Franchisee is not available for an immediate visit or performance of services, Franchisor can elect to dispatch Franchisor's own staff to the account and correct all deficiencies in performance and Franchisee will be assessed the Service Fee, plus expenses, for Franchisor's representative's time and effort to satisfy the needs of the customer. Notwithstanding the above, Franchisor reserves the right to provide services to the customer without contact, or attempting to contact, Franchisee if Franchisor determines, in Franchisor's sole reasonable discretion, that the customer's premises has an emergency requiring immediate attention. Franchisee acknowledges that responding to customer demands, complaints, and emergencies is important for protecting customer goodwill toward the Jani-King name, the System, and Proprietary Marks. Franchisee must address all customer demands, complaints, and emergencies in a timely and diligent manner. Franchisee will cooperate fully with Franchisor in investigating and resolving the demand, complaint, or emergency, and Franchisee will confirm resolution of the matter to Franchisor.

4.19.6 In the event Franchisee fails to perform the cleaning services required by this Section, pursuant to the spirit and intent of this Agreement, and such deficiency shall continue for five days cumulative within a 90-day period, Franchisor may suspend the authority of Franchisee to perform services for any or all accounts serviced by Franchisee, until such time as Franchisor is satisfied that Franchisee will comply with all performance standards and policies, or, at the option of Franchisor, to transfer the account. In the event Franchisee's right to perform services is suspended, any reinstatement of the right to perform services may not include the right to perform services to the same Jani-King accounts to which Franchisee provided services prior to suspension.

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

4.19.8. Franchisee will waive any and all payments for services which may become due and payable after Franchisor has exercised the option to transfer an account under any of the Sections 4.19.1 through 4.19.7, and

Franchisee will not be entitled to any refund, rebate, or reduction of any fees previously paid or pledged in connection with that customer's contract. If Franchisor does not exercise any option for any contract to revert hereunder, either in part or in full, with regard to any deficiency or default, the election not to exercise any option will not constitute a waiver of such rights with regard to any subsequent deficiency or default.

4.20. At Franchisor's request, Franchisee will provide to Franchisor a list of all customers to which Franchisee is providing service and copies of the contracts under which service is being performed. Franchisee is prohibited, without Franchisor's prior written approval, from disclosing to anyone other than Franchisee's employees the names of the customers or any list of customers to whom Franchisee is providing service.

4.20.1. The Principals are prohibited from communicating, divulging, or using for the benefit of any other person, persons, partnerships, association, corporation, or other entity, except for Franchisee's representatives with a need to know in order to operate the franchised business, during the term of this Agreement and following the expiration or termination of this Agreement, any Confidential Information, as defined herein, knowledge or know-how concerning the methods of operation of the franchise business which may be communicated to them or of which they may be apprised in connection with the operation of the franchise under the terms of this Agreement. Any and all information, knowledge, know-how, techniques and any material used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement, whether or not expressly marked or labeled confidential, shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination, or transfer of this Agreement, or any interest herein, and shall be perpetually binding upon the Principals.

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

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

4.22. Upon termination or non-renewal of this Agreement for any reason, Franchisee must immediately and permanently cease all use of the Proprietary Marks, Confidential Information, and all aspects of the System, and cease indicating verbally or in writing to customers and any other franchisee that Franchisee is a Jani-King franchisee or associated with Jani-King. Franchisee must immediately return to Jani-King all advertising matter, products, and writings that contain Jani-King's Proprietary Marks, trade name, logo or copyright, as well as any Confidential Information. All such lists, files, and the information contained therein will remain the exclusive property of Franchisor.

4.23. If this Agreement is terminated or not renewed for any reason, Franchisee must surrender to Franchisor all property belonging to Franchisor. Franchisee must also pay, in full, all amounts owed to Franchisor at the date of termination or non-renewal and surrender all equipment belonging to Jani-King. If Franchisee has proclaimed to have terminated or not renewed the Agreement and refused to surrender the items described herein,

Franchisee agrees to pay Franchisor \$500.00 per day for each day that it has not complied with the foregoing paragraph. The parties acknowledge that damages for Franchisee's failure to adhere to the foregoing paragraph are difficult to ascertain and therefore agree that this amount will be payable as liquidated damages and not as a penalty.

4.24. In order to promote full compliance with all Jani-King performance standards and policies, a \$100.00 no-show fee ("No-Show") will be charged to any Franchisee who does not provide regularly scheduled services to a Jani-King customer and a \$50.00 complaint fee ("Complaint Fee") will be charged to Franchisee in the event Franchisee does not respond to and provide services to a customer within the time frames allotted for initial response or corrective action and which require Franchisor's representatives to respond to the complaint. "Serviced" or "respond to" the complaint in this case means communicating with the customer to determine the nature of the complaint and what needs to be done to resolve the situation, and to provide the customer relations necessary to try to protect the account from cancellation or damages to Jani-King's goodwill and does not mean providing cleaning or maintenance services to the customer to resolve a complaint. An additional Service Fee, as stated in Section 4.19.4 above, will be assessed, plus expenses (i.e., labor, materials, supplies, equipment, etc.), for all the time of Franchisor's representatives required to resolve a complaint. A Complaint Fee will be charged under the following circumstances:

If at any time, whether through customer complaint or quality control inspection, a deficiency in performance is discovered concerning the services provided by Franchisee and Franchisor is unable to contact Franchisee during the four-hour period immediately following the discovery of the deficiency (attempting contact a minimum of once each hour) to notify Franchisee of the complaint to Franchisee.

The Complaint Fee, plus the Service Fee and expenses, will be charged under either of the following conditions:

- (a) Franchisor is unable to contact Franchisee during the above described four-hour period and Franchisor must respond to the complaint; or,
- (b) If Franchisee was notified of the complaint; and, after two hours following the opening of the customer's business the following day, the deficiency in performance has not been corrected to the satisfaction of the customer resulting in Franchisor responding to the complaint.

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

4.26. On accounts that have a monthly billing of \$1,500.00 or less, Franchisee must submit to the Franchisor on or before the tenth day of every month during the franchise term a "Jani-King Contact Evaluation" sheet signed and rated by each assigned Jani-King customer. Franchisee's failure to submit this sheet will result in a fifty dollar (\$50.00) fine for each form not submitted.

4.27. On accounts that have a monthly contract billing of \$1,500.00 or greater, Franchisee must submit an electronic account inspection using the Franchisee Portal system each month. The electronic inspection report must be signed by the customer contact and the inspection report uploaded to the Jani-King regional office through the Franchisee Portal upon completion. Failure to submit the monthly inspection will result in a non-compliant fee of \$250.00 per account not inspected. Franchisee will not score a 100% on inspection and if this occurs, the regional Operations Department will be dispatched to verify and or confirm that the score is correct. If the score is not correct, the Franchisee will be charged \$50.00 per hour for the time necessary to re-inspect the customer's facility.

4.28. Franchisor reserves the right to establish brand standards pertaining to the operation of Franchisee's Franchised Business or this Agreement. Franchisor also reserves the right to provide guidelines, recommendations, and advice for the Franchisee to adopt, modify, or reject in Franchisee's operation of the Franchised Business.

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

4.29. Franchisee acknowledges that the System must continue to evolve in order to reflect the changing market and to meet new and changing customer demands, and that accordingly, variations and additions to the System and brand standards may be required from time to time in order to preserve and enhance the public image of the Jani-King name and Proprietary Marks. Accordingly, Franchisee agrees that Franchisor may, from time to time, hereafter or otherwise, change the System and brand standards, including, without limitation, the adoption and use of new or modified Proprietary Marks, Confidential Information, Products, and Services; and Franchisee agrees to be bound by these changes.

Franchisee agrees to promptly comply with all such additions, modifications and changes at Franchisee's sole cost and expense.

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

4.31 Franchisee agrees to maintain a valid and operational email address at which Franchisee may receive communications from Franchisor. Franchisee agrees to update Franchisor as to any changes to such email address

4.32 At any and all times that Franchisee is actively servicing customers, Franchisee is solely responsible for employing one or more employees, not including any Principals, in connection with the provision of commercial cleaning services by Franchisee to customers, as contemplated in this Franchise Agreement. Franchisee is solely responsible for maintaining accurate, complete and current payroll records, and to abiding by all applicable wage and hour laws, rules and regulations, and any other federal, state or local laws applicable to Franchisee's relationship with its employees.

SECTION 5

NONCOMPETITION AND CONFIDENTIALITY

5.1. Franchisor agrees to provide Franchisee with valuable initial and ongoing specialized training, the Confidential Information, and the Proprietary Marks. The initial specialized training provides training in Jani-King brand standards and its guidelines, recommendations, and advice related to operation of the Franchised Business. The ongoing specialized training includes updated information of the type provided in the initial training, as well

as additional training and information compiled and developed over time as the System and brand standards evolve. Franchisee acknowledges that, whether the initial and ongoing specialized training, or Confidential Information is denoted, labeled or marked as confidential, Franchisor considers such training and Confidential Information to be, and treats it as, confidential.

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

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

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

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

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

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

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

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

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

5.4. Franchisee understands and acknowledges that Franchisor will have the right, in Franchisor's sole

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

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

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

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

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

SECTION 6

FRANCHISOR PLEDGES

Franchisor pledges to do the following:

6.1.1. To offer Franchisee the opportunity to provide service to Franchisor's contracts located at any location, or multiple locations, within the Territory, as defined herein, which have minimum cumulative gross monthly billings in an amount at least equal to the Initial Business. The contracts under which Franchisee will provide service are and will remain the property of Franchisor. The right to provide service to the Initial Business will be offered within the Initial Offering Period. The Initial Offering Period will begin on the date after:

- (i) All required equipment and supplies have been obtained by Franchisee,

- (ii) Franchisee has successfully completed training as indicated by Franchisee's signing and returning to Franchisor the Acknowledgment of Completion of Training,
- (iii) Franchisee's delivery to Franchisor of written proof that Franchisee has obtained the insurance required under this Agreement,
- (iv) Franchisee's delivery of Articles of Incorporation or Formation and a certificate of good standing from the jurisdiction in which Franchisee was formed,
- (v) Franchisee's delivery of a properly completed Internal Revenue Service Form W-9 Request for Taxpayer Identification Number certifying the Taxpayer Identification Number (Employer Identification Number) assigned by the Internal Revenue Service that will be used for operation of Franchisee's business,
- (vi) Franchisee's delivery of proof of Franchisee's registration with all state and local tax authorities to which Franchisee will be responsible for paying taxes and any other governmental regulatory agencies that require registration of the Franchisee's business activities or business activities in general, including any identification numbers assigned to Franchisee's business by such tax authorities and governmental agencies within the Territory; and
- (vii) Franchisee's delivery of proof of a valid and active business checking account held by Franchisee.

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

6.1.2. The actual time to secure and offer, as described above, the Initial Business to the Franchisee may, at Franchisor's sole discretion, be automatically extended under the following conditions: (1) if Franchisee requests a delay in the offering of the Initial Business; (2) if Franchisee is in default under the terms and conditions of this Agreement or any other agreements between Franchisee and Franchisor; or (3) if any of the Initial Business previously provided to Franchisee requests a transfer to another Franchisee or requests to be cancelled due to non-performance in which case Franchisee is required to repeat and complete to Franchisor's satisfaction all training classes required by Franchisor. In the event of the occurrence of any of the above conditions, Franchisor will have the remainder of the Initial Offering Period or a minimum of 120 days, whichever is longer, from the date: (1) Franchisee notifies Franchisor that they are ready to accept the right to service other business and has provided any documentation required under this Agreement or under the Manual; (2) Franchisee has cured any default; or (3) the acknowledgment of retraining is signed, to offer the balance of Initial Business to Franchisee. Franchisor does not guaranty that the Initial Business will reach or remain at the level stated on the Franchise Summary throughout the term of this Agreement.

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

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

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

6.5. To offer Franchisee the right to provide service under the Jani-King name to customers until Franchisee has been offered the right to provide service to customers with cumulative gross monthly billings in an amount equal to or greater than the Initial Business.

6.6. To provide additional training and support for Franchisee at reasonable rates as established by Jani-

King, currently at a rate of \$100.00 per hour, plus expenses.

6.7. To allow Franchisee the non-exclusive right to use the Jani-King marks, insignia, logo, design and color scheme in the Territory subject to limitations and restrictions herein, and to allow Franchisee to utilize the processes, methods, materials, equipment, and promotional plans developed by Jani-King.

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

SECTION 7

ADDITIONAL SERVICES

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

SECTION 8

DEFAULT AND TERMINATION

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

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

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

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

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

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

(f) If the Franchisee fails three or more Events of Default within a 12-month period to comply with one or more requirements of this Agreement, any operations procedure, or the Manual, whether or not corrected after notice;

(g) If Franchisee is declared insolvent or bankrupt, or makes any assignment or trust mortgage for the

benefit of creditors, or if a receiver, guardian, conservator, trustee in bankruptcy or similar officer is appointed to take charge of all or a part of Franchisee's property by a court of competent jurisdiction. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A., Sec. 101 et seq.)

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

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

- (a) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor, or its subsidiaries or affiliates when due, or to submit the financial information required by Franchisor under this Agreement, or makes any false statements in connection therewith.
- (b) If Franchisee (i) enters a contract with a customer without obtaining Franchisor's prior approval, (ii) takes payment directly from a customer, (iii) in any manner circumvents Franchisor's exclusive right to perform billing and accounting services for a customer, or (iv) otherwise does business with a customer without informing Franchisor of the terms of the customer contract or payment obligations of the customer.
- (c) If Franchisee fails to maintain the brand standards that Franchisor requires in this Agreement or any other brand standards contained in Jani-King manuals, including the Manual.
- (d) If Franchisee fails, refuses, or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement, other than as provided in Section 8.1(d).
- (e) If Franchisee or any of the Principals misuses or makes any unauthorized use of the Jani-King proprietary trademarks, trade names, service marks or other materials, including any forms of advertising, or otherwise materially impairs the goodwill associated with the Jani-King name or Franchisor's rights.
- (f) If Franchisee is declared insolvent or bankrupt, or makes any assignment or trust mortgage for the benefit of creditors, or if a receiver, guardian, conservator, trustee in bankruptcy or similar officer is appointed to take charge of all or a part of Franchisee's property by a court of competent jurisdiction. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A., Sec. 101 et seq.)
- (g) If Franchisee fails, refuses, or neglects to comply with the requirements set forth in Section 4.9.2.
- (h) If Franchisee ceases to be duly organized, validly existing, and in good standing under the laws of the state of Franchisee's formation or incorporation or to be duly licensed and qualified to transact business as a foreign entity in all jurisdictions in which the nature of the business conducted by it makes such qualification as a foreign entity necessary.
- (i) Any other event specifically designated in this Agreement as an Event of Default.

8.4. The termination of this Agreement will be without prejudice to any remedy or cause of action which

Jani-King may have against Franchisee for the recovery of any monies due Jani-King or any equipment or property of Jani-King, or to any other right of Jani-King to recover damages for any breach hereof.

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

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the franchise contract or agreement, if such provisions are in conflict with the law

SECTION 9

TERM AND EXTENSION

9.1. Subject to Section 9.2 herein, this Agreement and the franchise and license granted hereunder, unless sooner terminated, will be and remain in full force and effect for a period of 10 years from and after the Effective Date of this Agreement which is the date identified in the Franchise Summary. This Agreement will expire 10 years after the Effective Date unless extended pursuant to the terms contained herein.

9.2. Provided Franchisee is not in default of this Agreement and provided Franchisee has delivered to Franchisor the required notice, Franchisee will have the option to renew this Agreement for an additional period of 10 years and for two subsequent, additional 10-year periods following the first extension (a total of 40 years when initial periods and renewal terms are combined). Prior to the expiration of each 10-year term, Franchisee must notify Franchisor, in writing, of Franchisee's intention to renew the Agreement not less than seven months, nor more than 12 months prior to the end of the then current term.

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

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

SECTION 10

TRANSFER

10.1. This Agreement will inure to the benefit of the successors and assigns of Franchisee. The interests of Franchisee in this Agreement are personal and may not be sold, assigned, transferred, shared or divided in any manner, by operation of law or otherwise (each, a "**Transfer**"), by Franchisee without the written consent of Franchisor, which consent will not be unreasonably withheld. Franchisee will provide to Franchisor prior to the Transfer, a copy of any written agreements relating to the proposed Transfer, or any additional information which Franchisor may require in order to determine if Franchisor will grant Franchisor's consent to the proposed Transfer. For purposes of this Agreement, any change in stock ownership, voting or other control whatsoever of a corporation or other entity which acts as a Franchisee under this Agreement constitutes a Transfer. For all purposes herein, a beneficiary of a trust which owns a beneficial interest in a Franchisee which is an entity will be deemed to have an

interest in this Agreement. Provided further, for all purposes herein, if a trust owns a beneficial interest in Franchisee which is an entity, any change in the beneficial interest of a beneficiary will constitute a Transfer. Any transaction or series of transactions which would have such an effect must be approved by Franchisor on the same basis as any other Transfer as set forth herein. Franchisee hereby covenants and warrants (i) that Franchisee's certificate or articles of incorporation or formation, corporate charter, by-laws, LLC agreement, and/or company agreement limit Transfers as described in this Section 10, and (ii) if Franchisee is a corporation, that each security will bear a legend (in a form to which Franchisor consents) indicating that any Transfer is subject to this Section 10.

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

10.3. Franchisee agrees to pay to Franchisor the greater of \$4,000.00 or 10% of the sales price or exchanged value as a transfer fee (the "**Transfer Fee**"). This Transfer Fee must be paid before Franchisor will grant consent to the Transfer. If no monetary consideration or other exchange of value is made for the Transfer of a franchise, no Transfer Fee will be charged for a transfer to: (1) any party currently holding an interest in the franchise at the time of the Transfer; (2) a controlled corporation in which the current owners of the franchise retain 90% percent or greater of the outstanding shares of stock; or (3) if the Transfer is to an immediate family member of the current owner (for the purposes of this Section 10.2, family members include Franchisee's mother, father, brother, sister, and children only), whether an *inter vivos* Transfer or upon death. An administrative fee will be charged to cover necessary and reasonable costs and preparation of the documents associated with the Transfer if no Transfer Fee is assessed. The current administrative fee is \$500.00, but may be increased by Franchisor in the future. A training class fee is also due at the time of transfer to cover the cost of training classes and replacement manuals and USBs. The current training class fee is \$350.00, but may be increased by Franchisor in the future.

10.4. Prior to the Transfer of the Franchised Business or a single customer contract, Franchisee will provide to Franchisor a copy of any written agreements relating to the proposed Transfer or any additional information which Franchisor may require in order to determine if Franchisor will grant consent to the proposed Transfer. It is agreed that consent for Transfer will be granted only when: (a) all obligations under the terms of this Agreement have been fulfilled, (b) all money owed by Franchisee to Franchisor and Franchisor's affiliates have been paid in full, (c) the purchaser of the franchise agrees to undergo and successfully completes the training required of a new Jani-King franchisee and (d) the purchaser of the franchise executes Franchisor's then current franchise agreement which may differ substantially from this Agreement. Franchisee agrees to continue providing service to all of the Franchisor's contracts to which Franchisee is providing service at the time of the proposed Transfer, until items (a) through (d) above are complete and such Transfer is consummated.

10.5. Franchisee and its Principals also agree to provide, as a condition of Franchisor's consent to the Transfer of the Franchised Business, a personal covenant to the purchaser not to seek to divert business from Franchisor's franchisees for a period of two years after the Transfer. Franchisee and its Principals also agree to provide, as a condition of Franchisor's consent to the Transfer of a single customer contract, a personal covenant to the purchaser not to seek to divert business from that customer for a period of two years after the Transfer. The transferor must also execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, Franchisor's parent corporation and affiliated corporations, and the officers, directors, shareholders, and employees of Franchisor and each parent and affiliate corporation in their corporate and individual capacities including, without limitation, claims arising under this Agreement and federal, state, and local laws, rules, and ordinances, subject, however, to the provisions set forth in Section 9.3 relating to general releases and state law.

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

SECTION 11

RIGHT OF FIRST REFUSAL

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

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

11.3. In the event Franchisor fails to accept the offer within the 30-day period, Franchisee will be free to effect the disposition described in the statement upon the exact terms set forth in the statement delivered to Franchisor, provided that nothing in this paragraph may be interpreted as limiting the requirements of Sections 4.29 and 10.

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

SECTION 12

GENERAL

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

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

12.2.2. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of the Agreement or any requirement prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other

action required by such law or rule will be substituted for the comparable provisions hereof, and Franchisor will have the right to modify such invalid or unenforceable provision or requirement to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is comprehended within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any requirement prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement will be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and will be enforced as originally made and entered into in all the jurisdictions.

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

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

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

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

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

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

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

12.8. Any notice required or permitted under this Agreement must be in writing and delivered by personal delivery service, by deposit in the U.S. mail, certified, return receipt requested, or by a recognized express delivery service providing written receipt of delivery at the address listed for the Franchisee in the Franchise Summary or to Franchisor at the following address:

Royal Franchising, Inc. d/b/a Jani-King of Milwaukee
200 North Patrick Blvd., Suite 900
Brookfield, Wisconsin 53045

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

12.9. THE PARTIES AGREE AND INTEND THIS INSTRUMENT TO BE EXECUTED, INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WISCONSIN, WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES. WISCONSIN LAW WILL APPLY TO ALL CLAIMS, DISPUTES, AND DISAGREEMENTS BETWEEN THE PARTIES, WHETHER ARISING FROM ALLEGED BREACHES OF THE CONTRACT OR AGREEMENT OR OTHER CLAIMS ARISING IN ANY WAY FROM THE PARTIES' DEALINGS. SUBJECT TO SECTION 12.16 BELOW, JURISDICTION AND VENUE IS DECLARED TO BE EXCLUSIVELY IN WAUKESHA COUNTY, IN THE STATE OF WISCONSIN.

12.10. The submission of this Agreement does not constitute an offer to license, and this Agreement becomes effective only upon execution thereof by Franchisor and Franchisee and the compliance with Section 12.13.

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

12.12. This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by an officer or director of Franchisor at Franchisor's home office in Brookfield, Waukesha County, Wisconsin.

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

12.14. Franchisee certifies and warrants that all owners and spouses of owners and all persons who are a shareholder, member, manager, officer or director of any corporation who holds the franchise: (1) are listed in the

attached SCHEDULE OF PRINCIPALS; and (2) that all such parties will execute all Guarantees or other documents required by Jani-King.

12.15. Franchisee explicitly affirms and recognizes the unique value and secondary meaning associated with the System and the Proprietary Marks. Accordingly, Franchisee agrees that any noncompliance by Franchisee with the terms of this Agreement, or any unauthorized or improper use of the System or the Proprietary Marks by Franchisee, will cause irreparable damage to Franchisor and other System franchisees. Franchisee therefore agrees that if it engages in such noncompliance, or unauthorized and/or improper use of the System or Proprietary Marks, during or after the term of this Agreement, Franchisor and its affiliates will be entitled to request and obtain both temporary and permanent injunctive relief against Franchisee, in addition to all other remedies which Franchisor may have at law or equity, from any court of competent jurisdiction. Franchisee consents to the entry of these temporary and permanent injunctions without the requirement that Franchisor posts a bond of any type or nature, or any other form of security, and without the requirement to prove the inadequacy of money damages as a remedy, and without waiving any other rights or remedies at law or in equity. Franchisee will be responsible for payment of all costs and expenses, including reasonable attorneys' and expert fees, which Franchisor and/or its affiliates may incur in connection with our efforts to secure such injunctive relief. The rights and remedies set forth in this Section 12.15 are in addition to those set forth in Section 5.7.

12.16. The Parties agree that - - except for those controversies, disputes or claims for which Franchisor and/or its affiliates have the right to request and obtain temporary and permanent injunctive relief and other remedies as set forth in Sections 5.7 and 12.15 above - - all controversies, disputes, or claims between the Franchisor and its affiliates, and the Franchisor's and its affiliates' respective shareholders, officers, directors, agents, and employees, and Franchisee (and its owners, guarantors, affiliates, and employees) arising out of or related to:

- this Agreement or any other agreement between Franchisee (or its owners) and the Franchisor (or its affiliates);
- the Franchisor's relationship with Franchisee;
- the scope or validity of this Agreement or any other agreement between Franchisee (or its owners) and the Franchisor (or its affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section 12.16, which the Parties acknowledge shall be determined by an arbitrator, not a court); or
- any System standard shall be exclusively resolved through binding arbitration, on demand of either Party, before the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 50 miles of the Franchisor's then-current principal place of business. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator may issue only a standard decision and not a reasoned decision. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by the Franchisor or its affiliates generic or otherwise invalid or, except as expressly provided in this Section 12.16, award any punitive, exemplary, or multiple damages against either party (the Parties hereby waiving to the fullest extent permitted by law, except as expressly provided in this Section 12.16, any right to or claim for any punitive, exemplary, or multiple damages against the other).

The Parties 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 under this Agreement, whichever expires earlier. The Parties further agree that, in any arbitration proceeding, each Party 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 arbitrator may not consider any settlement discussions or offers that might have been made by either Party.

The Parties agree to evenly share the cost of the arbitrator's fee. The Franchisor reserves the right, but has no obligation, to advance Franchisee's 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 any right to seek the recovery of those costs.

The Parties agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the Franchisor and its affiliates, and the Franchisor's and its affiliates' respective shareholders, officers, directors, agents, and employees, and Franchisee (and its owners, guarantors, affiliates, and employees) may not be commenced, conducted or consolidated with any other arbitration proceeding between the Franchisor and any other person. Notwithstanding the foregoing or anything to the contrary in this Section, if any court or arbitrator 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, then all Parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

The Parties agree that, in any arbitration arising as described in this Section, requests for documents must be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; must be restricted in terms of timeframe, subject matter and persons or entities to which the requests pertain; and must not include broad phraseology such as "all documents directly or indirectly related to." The Parties further agree that there may be no interrogatories or requests to admit. With respect to any electronic discovery, the Parties agree that:

- (a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents will be required to be produced from back-up servers, tapes or other media;
- (b) the production of electronic documents will normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the Parties need not produce metadata, with the exception of header fields for email correspondence;
- (c) the description of custodians from whom electronic documents may be collected must be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and
- (d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator may either deny such requests or order disclosure on condition that the requesting Party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take three discovery depositions. Each side's depositions are to consume no more than a total of 15 hours. There are to be no speaking objections at the depositions, except to preserve privilege. The total period for the taking of depositions may not exceed six weeks.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreements. Any provisions of this Agreement below that pertain to judicial proceedings will be subject to the agreement to arbitrate contained in this Section.

[Signatures appear on the following page.]

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

ROYAL FRANCHISING, INC.
D/B/A JANI-KING OF MILWAUKEE

FRANCHISEE:

BY: _____

(Signature of Owner, Partner or Authorized Officer)

TITLE: _____

(Print Name)
Social Security # _____

(Title of Authorized Officer)

Franchise Federal Tax ID#: _____

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

BY: _____

Authorized Representative

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SCHEDULE PRINCIPALS

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

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

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

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

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

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SCHEDULE ONE
“OFFICE SUPPLY AND ADVERTISING PACKAGE”

LIST OF MATERIALS PROVIDED TO FRANCHISEE
PURSUANT TO THE FRANCHISE AGREEMENT

ITEM	AMOUNT
Business Cards (imprinted logo)	1,000
JANI-KING Logo/Border Paper (matching envelopes)	25
Color Tri-Fold	25
JANI-KING Tunics	3
JANI-KING Polo Shirts	4
Inspection Pads	5
Memo Pads	5
Past Performance Pads	5
Account Bid Sheet Pad	1 pad
Contact Evaluation Pad (replace as needed)	1 pad
JANI-KING Logo Binders	2
JANI-KING Executive Pad Holder	1
JANI-KING Tri-fold Pad Holder	1
JANI-KING Training USB's	1 set
JANI-KING Customer Relations Handbook	1
Account Follow-up Sheets (replace as needed)	5
New Account Start-Up (replace as needed)	5
Initial Clean Sign-Off Sheets (replace as needed)	5
Franchisee Request Cards (replace as needed)	5
Authorization for Extra Work Forms (replace as needed)	5
JANI-KING Business Card Order Forms	As Needed

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“SUPPLY AND EQUIPMENT PACKAGE”

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

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

For Plan D and above, we will include a chemical start up package at no cost to you.

ITEM	AMOUNT
All Purpose Cleaner (Biodegradable for use on walls, formica, etc.)	1 - one gallon container (or equivalent)
Glass Cleaner	1 - one gallon container (or equivalent)
Restroom Disinfectant	1 - one gallon container (or equivalent)
Cream Cleanser	2 - one quart containers (or equivalent)
Neutral Floor Cleaner	1 - one gallon container (or equivalent)
Shineline Floor Prep	1 – one gallon container (or equivalent)
Non-Acid Bowl Cleaner	2 – quart containers (or equivalent)
General Purpose Carpet Spotter	1 – one quart container (or equivalent)
Finish Restorer	1 – gallon container (or equivalent)
Safety Glasses	1 pair
Roll-around Trash Container (32 gallon)	1
Microfiber Dusting Wand (Telescoping)	1
Janitor Dust Pan	1
Blue, Red, Yellow, Green Microfiber Towels	20 – five (5) of each color microfiber towel
60” Fiberglass Mop Handle	1
28 oz. Looped Mop Head	1
Commercial Sponge with Scrubber	1

ITEM	AMOUNT
Microfiber Mop Bucket (22 Liter or equivalent)	1
18” Aluminum Mop Holder Trapezoidal	2
Telescopic Handle	2
18” Advantage Wet Mop Heads (Microfiber)	8
Dust Mop Head (18 inch, Microfiber)	2
Disposal Gloves	1 box
Putty Knife (1 1/4”)	1
Sanitary Bowl Swab	2
Wet Floor Caution Sign	2
One Quart Spray Bottle	6
Toy Broom	1
8 oz. Measuring Cup	1
Down Press Mop Bucket (36 quart or equivalent)	1
Counter Brush	1
17” Red Scrubbing Pads	5
12” Window Squeegee Handle with Channel	1
10” Window Stripwasher with Sleeve	1
Cellular Phone (Not Available through Franchisor)	1

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

“ADDITIONAL ELECTRIC EQUIPMENT”

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

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

For Plans E-6 and above, if franchisee pays cash for the full amount of the franchise, we will include an Electrical Equipment start up package at no cost to you.

For Plans D and Higher:

QUANTITY	DESCRIPTION	UNIT PRICE
1	17” Heavy Duty Floor Machine with 1.5 HP electric motor, triple planetary gearing, includes pad driver, 175 rpm, with easy adjusting handle	\$1,319.34 each
1	ProForce 1500XP HEPA dual motor upright vacuum includes on-board tools	\$674.12 each

In addition to the above equipment, any Franchisee purchasing Plans E-5 and higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	20” high speed Burnisher with dust control	\$2,870.28 each
1	Self-Contained Carpet Extractor with built-in spotting tool	\$3,145.78 each

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EXHIBIT II

GUARANTY



GUARANTY

In consideration of the making by **Royal Franchising, Inc. d/b/a Jani-King of Milwaukee** ("Franchisor") of that certain Jani-King franchise agreement ("Franchise Agreement") dated the ____ day of _____, 2024, by _____ and _____ between Franchisor and _____ ("Franchisee"), which the parties agree was made, in part, on this Guaranty, the undersigned ("Guarantor") unconditionally guarantees to Franchisor, its successors and assigns (collectively "Franchisor") the complete and timely performance by Franchisee of all terms of the Franchise Agreement, including full compliance of the non-compete provisions and prompt payment of all royalty, accounting, advertising, and other fees, Promissory Note payments and all other sums due. In that Guarantor is: (i) a spouse or partner of the Franchisee, if the Franchisee is a sole proprietorship or partnership; or (ii) a shareholder, officer or director of a corporation which owns interest in the franchise; or (iii) otherwise a principal with a beneficial interest in the Franchise Agreement, and thus will be privy to the confidential information and trade secrets of Franchisor, Guarantor agrees to comply with all covenants of the Franchise Agreement including the covenants related to the protection of the Jani-King trade and service marks, all noncompetition provisions or other restrictive covenants, financial responsibilities, and all post termination covenants of the Franchise Agreement, including the noncompetition provisions and other obligations set out regarding transfer, expiration, termination or non-renewal of the Franchise Agreement. Guarantor further agrees that all such covenants shall be binding upon and fully enforceable against Guarantor as though they were fully set forth in this Guaranty and Guarantor accepts all responsibility and liabilities relating to the covenants. This covenant shall survive any dissolution of marriage, resignation or other withdrawal of Guarantor from affiliation with Franchisee.

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

This Guaranty will remain in effect with regard to any renewals, modifications or amendments to the Franchise Agreement by Franchisee or its successors or assigns (collectively "Franchisee"), without notice or approval of same by Guarantor, provided any transfer of ownership rights relating to the Franchise Agreement have been approved by Franchisor in accordance with the terms of the Franchise Agreement. This Guaranty shall remain valid until released in writing by Franchisor. No action or inaction by Franchisor shall serve to release this Guaranty.

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

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

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

Signed this _____ day of _____, 2024.

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

EXHIBIT III

ACCOUNT ACCEPTANCE/FINDER'S FEE AGREEMENT



ACCOUNT ACCEPTANCE / FINDER'S FEE AGREEMENT

ACCOUNT NAME: _____ FRANCHISE: _____ # _____

ADDRESS: _____ REGION: _____

MONTHLY BILLING : \$ _____ START DATE: _____

- The above named Franchisee hereby accepts the limited assignment of the business being offered by ROYAL FRANCHISING INC. d/b/a JANI-KING of MILWAUKEE ("Jani-King") to service the above account under the terms of the related Maintenance-Agreement, and agrees to adhere to all the terms of that agreement, strictly complying with the Cleaning Schedule and Bid specification documents.

DO NOT SIGN THIS UNLESS YOU HAVE RECEIVED ALL OF THE AFOREMENTIONED DOCUMENTS.

MAINTENANCE AGREEMENT	_____	CLEANING SCHEDULE	_____	BID SPECIFICATIONS WORKSHEET	_____
	INITIAL		INITIAL		INITIAL

- If any portion of the account accepted under this Agreement is offered as additional business in excess of the Initial Business to be offered under the Franchisee Agreement, Franchisee agrees to pay to Jani-King a Finder's Fee according to the Franchise Agreement as summarized by the provisions marked below:

\$ _____ \$ _____ = \$ _____ (Amount Finder's Fees based upon)

Monthly Billing

Initial Business/Finder's Fee Credit

FINDER'S FEE CREDIT: CUSTOMER# _____ HOW WAS IT CALCULATED? _____

REASON FOR CREDIT: _____

<u>ACCOUNT TYPE:</u>	FIXED RATE	PUBLIC EVENT FACILITY	SEASONAL
	VARIABLE RATE	APARTMENT TURNAROUND	OTHER

INITIAL BUSINESS: NO FINDER'S FEE CHARGE FOR THIS CONTRACT AMOUNT

DOWN PAYMENT: Franchisee agrees to pay Jani-King a Finder's Fee down payment equal to: _____ (%) Percent of the Gross Monthly Billing. To be charged on the _____ Franchise Report. (MONTH)

MONTHLY PAYMENT: Franchisee agrees to pay Jani-King a Monthly Payment equal to:

(_____ %) Percent of the Gross Monthly Billings,

- * for _____ (_____) consecutive months. (Fixed Rate Account/Other)
- * for _____ (_____) consecutive months, or until the total amount paid as Monthly Payments (exclusive of the Down Payment) equals 300% of the maximum gross billing that would be generated in a month in which the building was at a one hundred percent (100%) occupancy factor. (Variable Rate Account)
- * for _____ (_____) consecutive months, or until the total amount paid as Monthly Payments (exclusive of the Down Payment) equals 300% of the average gross monthly billing for the first twelve months service is performed under the Maintenance Agreement. (Public Event/Seasonal Accounts)
- * for each and every month service is performed (Apartment Turnaround/Other)
- * Each Monthly Payment is due on the tenth (10th) day of each month; beginning on the tenth day of the month following any scheduled Down Payment.
- * Franchisee agrees to pay entire Finder's Fee in the sum of \$ _____ in full upon execution of this Agreement, such amount being three hundred percent (300%) of the total Gross Monthly Billing, for the account at a one hundred percent (100%) occupancy factor.
- * The total Finder's Fee for this additional business does not exceed \$150.00. The Franchisee agrees to pay Finder's Fee in the sum of \$ _____ in full upon execution of this Agreement.
- * Should this account increase or decrease, the finder's fee will be adjusted according to Jani-King Policies and Procedures.
- * The unpaid portion of the Finder's Fee established by this Agreement shall become due and payable immediately at the option of Jani-King, without demand or notice if this account cancels service for any reason that Franchisee or its employees could have controlled, or for any reason set out in the Maintenance Agreement, the Franchise Agreement, of Jani-King Policies and Procedures, and Franchisee shall remain liable for any unpaid Finder's Fees. Franchisee further agrees that the total Finder's Fee will be due if the account is transferred at the request of the client as a result of the Franchisee's failure to perform of substandard performance and is

later canceled by the client within sixty (60) days of being transferred. Such outstanding Finder's Fees may, at the option of Jani-King, be payable on the monthly payment basis set out above until the agreed upon Finder's Fees have been received by Jani-King.

3. Franchisee certifies that it has sufficient working capital to purchase all needed supplies and equipment, and to meet all expected payrolls for the first forty-five (45) days of service under the Maintenance Agreement.
4. Franchisee further understands and agrees that the Maintenance Agreement establishing this account, is and shall at all times remain subject to the policies, procedures and performance standards of Jani-King. A representative of Jani-King will inspect the premises from time to time in order to ensure that the servicing of this account is being performed in accordance with the Cleaning Schedule and to the performance standards of Jani-King. If at any time, whether through complaint or inspection, a deficiency in performance is discovered, the current Complaint Fee and Service Fee establish in the Jani-King Policies and Procedures shall be charged to Franchisee.
5. Without limiting the Franchisee's obligations to adhere to the Cleaning Schedule and the performance standards of Jani-King, Franchisee's further agrees to the following:
 - * Franchisee's owner shall meet with the client at least one time per week for each of the first four weeks of service under the Maintenance Agreement. Thereafter, the Franchisee's owner shall meet with the client at least one time per month for as long as the Maintenance Agreement is in effect and each month the owner will complete a contact evaluation and performance review with the client.
 - * Upon reasonable notice, Franchisee will meet with Jani-King's representative from its operations department at the client's premises for an inspection to ensure that the Franchisee is complying with the Maintenance Agreement and the Cleaning Schedule.
 - * During the days and times when Franchisee's employees are at the client's premises performing the services under the Maintenance Agreement, Franchisee's owner shall visit the clients premises to ensure that the services are being adequately and appropriately performed. The size of the account, measured in Gross Monthly Billings, shall determine the minimum number of visits that the Franchisee's owner shall make to the client's premises pursuant to this paragraph as follows.

Less than \$300 per month	1 time per week
\$300-\$500	2 times per week
\$500-\$1,000	3 times per week
\$1,000-\$5,000	4 times per week
Over \$5,000	5 times per week

- * To allow Jani-King to ensure that Franchisee is complying with the provisions of the forgoing paragraph relating to the minimum number of visits to the client's premises during the time when Franchisee's employees are providing services at the client's premises, Franchisee agrees to use Jani-King's Verification of Visit System currently in use at acceptance of this account.
- * Franchisee agrees that to properly and adequately service this account and to maintain the level of services that are to be performed to the client pursuant to the Maintenance Agreement, the Cleaning Schedule and Jani-King's performance standards, Franchisee must provide at least _____ man hours per day of labor at the client's premises. Franchisee hereby agrees to do so.
- * Franchisee agrees that to properly adequately service this account and to maintain the level of services that are to be provided to the client pursuant to the Maintenance Agreement, the Cleaning Schedule and Jani-King's performance standards, Franchisee must provide the following equipment to be placed on the client's premises and ready at all times to be used in providing the services to the

TYPE OF EQUIPMENT	# OF PIECES	TYPE OF EQUIPMENT	# OF PIECES

- * Franchisee agrees that upon reasonable notice it will meet with Jani-King's representative to determine the profitability of this account. In order to make such a determination, Franchisee agrees that it will accurately maintain its books and records and, in particular, Franchisee agrees that it will accurately account for all of its labor expense that it incurs in servicing this account. Franchisee shall provide such information and all documentation supporting such information upon Jani-King's request.
- * Franchisee agrees that if, in any Jani-King's sole judgment and discretion, Franchisee is not in compliance with the terms and conditions of this Agreement then Jani-King may, without prior notice to Franchisee, transfer this account to another franchisee.

6. In the event an attorney is employed by Jani-King to enforce any of the terms of this Agreement, Franchisee shall pay all reasonable costs and attorneys' fees in connection therewith.
7. This account, the Maintenance Agreement, and all receivables related thereto are the property of Jani-King.

DATE: _____

FRANCHISEE: _____

By: _____

Title (Authorized Officer, or Member)

EXHIBIT IV

EQUIPMENT LEASE SUMMARY AND EQUIPMENT LEASE AGREEMENT

**JANI-KING LEASING
EQUIPMENT PRICE LIST
2024**

PART NUMBER MODEL NUMBER DESCRIPTION	MFG. LIST PRICE	SALES PRICE	INITIAL PAYMENT	MONTHLY PAYMENT	TERMINAL PAYMENT	NUMBER OF MONTHLY PAYMENTS
Required Electrical Equipment for New Franchisees						
LOW SPEED FLOOR MACHINE						
01330A - Pacesetter 17 HD 175 rpm, 1.5 hp, w/pad holder	\$ 2,170.00	\$ 1,319.34	\$ 164.91	\$ 82.46	\$ 164.91	12
WET/DRY VACUUM						
107409093 - VL 500 55 wet/dry vac, 14 gal., w/tool kit	\$ 1,016.00	\$ 868.32	\$ 108.54	\$ 54.27	\$ 108.54	12
BACKPACK VACUUM						
906 070 5010 - Adgility 10XP - HEPA 10 quart, w/tool kit, 1300 watts, 50' cord	\$ 784.00	\$ 657.76	\$ 82.22	\$ 41.11	\$ 82.22	12
HIGH SPEED BURNISHER						
01520A - Advolution 20XP 2000 rpm high speed with dust control	\$ 3,930.00	\$ 2,870.28	\$ 205.02	\$ 102.51	\$ 205.02	24
CARPET EXTRACTOR						
56265500 - ES300 XP 9 gal., 16" brush, w/built-in spotting tool	\$ 5,624.00	\$ 3,145.78	\$ 224.69	\$ 112.35	\$ 224.69	24
NILFISK-ADVANCE						
03002A - ReliaVac 12 7.0 amp motor, 50' cord	\$ 436.00	\$ 372.78	\$ 46.59	\$ 23.30	\$ 46.59	12
03004A - ReliaVac 12HP cloth bag, 7.0 amp, 50' cord, headlight	\$ 551.00	\$ 471.04	\$ 58.88	\$ 29.44	\$ 58.88	12
03005A - ReliaVac 16HP cloth bag, 7.0 amp, 50' cord, headlight	\$ 740.00	\$ 632.62	\$ 79.07	\$ 39.54	\$ 79.07	12
56637120 - Bags for ReliaVac (10)	\$ 16.01	\$ 16.01	—	—	—	Single Payment
107404753 - VU 500-12 Single motor, floating head	\$ 618.00	\$ 518.88	\$ 64.86	\$ 32.43	\$ 64.86	12
107404754 - VU 500-15 Single motor, floating head	\$ 740.00	\$ 632.62	\$ 79.07	\$ 39.54	\$ 79.07	12
9060407010 - Spectrum 15D Dual motor, HEPA, 1000 watt, built-in tools	\$ 913.00	\$ 758.72	\$ 94.84	\$ 47.42	\$ 94.84	12
9060507010 - Spectrum 18D Dual motor, HEPA, 1000 watt, built-in tools	\$ 1,016.00	\$ 853.12	\$ 106.64	\$ 53.32	\$ 106.64	12
BACKPACKS and WIDE AREA VACUUMS						
NILFISK-ADVANCE						
906 060 8010 - Adgility 6XP - 6 quart, w/tool kit, 1300 watts, 50' cord	\$ 755.00	\$ 633.78	\$ 79.23	\$ 39.61	\$ 79.23	12
906 070 5010 - Adgility 10XP HEPA 10 quart, w/tool kit, 1300 watts, 50' cord	\$ 784.00	\$ 657.76	\$ 82.22	\$ 41.11	\$ 82.22	12
56330020 - Carpetriever 28 - 28" vacuum, tri-motor, built-in hose and wand, cloth bag	\$ 4,338.00	\$ 3,099.58	\$ 221.39	\$ 110.70	\$ 221.39	24
BLOWERS						
Nilfisk						
50000390 - AM2400D - 3-speed dryer, 1300 cfm, 1900 cfm, & 3000 cfm	\$ 337.00	\$ 288.14	\$ 36.01	\$ 18.01	\$ 36.01	12
EXTRACTORS and SPOTTERS						
NILFISK						
56265502 - ES300ST 9 gal., 16" brush, 50' cord, 117" waterlift	\$ 4,541.00	\$ 3,244.62	\$ 231.75	\$ 115.88	\$ 231.75	24
56265500 - ES300 XP 9 gal., 16" brush, w/built-in spotting tool	\$ 5,624.00	\$ 3,145.78	\$ 224.69	\$ 112.35	\$ 224.69	24
56265501 - ES 400 XLP 11/8 sol/rec., 18" brush, 40' cord	\$ 6,710.00	\$ 4,794.16	\$ 342.44	\$ 171.22	\$ 342.44	24
56317005 - AquaPLUS w/AXP 24" path, 20 gal, counter-rotating brushes	\$ 18,296.00	\$ 14,178.34	\$ 1,012.73	\$ 506.37	\$ 1,012.73	24
56317136 - kit (wand, hose, & hand tool)	\$ 1,423.63	\$ 1,423.63	—	—	—	Single Payment
56317011 - Adphibian Multi-Surface Scrub/Extract 24" path, 20 gal, counter-rotating brushes	\$ 23,720.00	\$ 18,381.70	\$ 1,312.97	\$ 656.49	\$ 1,312.97	24

Some items are subject to a tariff surcharge due to tariffs levied by the U.S. government on certain products or their components.
Prices are subject to change. Please confirm pricing when placing an order.

**JANI-KING LEASING
EQUIPMENT PRICE LIST
2024**

PART NUMBER MODEL NUMBER DESCRIPTION	MFG. LIST PRICE	SALES PRICE	INITIAL PAYMENT	MONTHLY PAYMENT	TERMINAL PAYMENT	NUMBER OF MONTHLY PAYMENTS
56317136 - kit (wand, hose, & hand tool)	\$ 1,423.63	\$ 1,423.63	—	—	—	Single Payment
56105420 - ET610-100C-15-SW - 100 psi, cold water, box type, 137" waterlift, w/wand & hose	\$ 3,524.00	\$ 2,811.74	\$ 200.83	\$ 100.42	\$ 200.83	24
56105423 - ET610-100H-15-SW - heat, 150 psi, box type, 137" waterlift, w/wand & hose	\$ 4,066.00	\$ 3,244.08	\$ 231.72	\$ 115.86	\$ 231.72	24
FLOOR MACHINES and BURNISHERS						
NILFISK-ADVANCE						
01330A - Pacesetter 17 HD 17" floor machine, 175 rpm, 1.5 hp., 50' cord	\$ 2,170.00	\$ 1,319.34	\$ 164.91	\$ 82.46	\$ 164.91	12
01410A - Pacesetter 20 HD 20" floor machine, 175 rpm, 1.5 hp., 50' cord	\$ 2,237.00	\$ 1,366.08	\$ 170.76	\$ 85.38	\$ 170.76	12
01510A - Advolution 20 1500 rpm high speed burnisher	\$ 3,253.00	\$ 2,002.10	\$ 250.27	\$ 125.13	\$ 250.27	12
01520A - Advolution 20XP 2000 rpm high speed with dust control	\$ 3,930.00	\$ 2,870.28	\$ 205.02	\$ 102.51	\$ 205.02	24
56383509 - BU800 20BT , traction drive, w/batt & chgr, 2000 rpm, dust control	\$ 12,604.00	\$ 9,767.26	\$ 697.67	\$ 348.83	\$ 697.67	24
CLARKE						
CLARKE1715HD - CFP Pro 17HD , 17" low speed, 1.5 hp, 175 rpm, w/pad driver	\$ 1,335.00	\$ 1,065.12	\$ 133.14	\$ 66.57	\$ 133.14	12
CLARKE2015HD - CFP Pro 20HD , 20" low speed, 1.5 hp, 175 rpm, w/pad driver	\$ 1,364.00	\$ 1,088.30	\$ 136.03	\$ 68.02	\$ 136.03	12
WET/DRY and SPECIALTY VACUUMS						
NILFISK-ADVANCE						
107409094 - VL 500 35 9 gal., w/tools	\$ 571.00	\$ 488.14	\$ 61.01	\$ 30.51	\$ 61.01	12
107409093 - VL 500 55 14 gal., w/tools	\$ 1,016.00	\$ 868.32	\$ 108.54	\$ 54.27	\$ 108.54	12
56383408 - VL 500 75 19 gal., w/squeegee, no tools	\$ 1,695.00	\$ 1,352.34	\$ 169.05	\$ 84.52	\$ 169.05	12
AUTOMATIC SCRUBBERS						
NILFISK-ADVANCE						
107408121 - SC100 Complete , 12.6" scrubber, 115v, 1/1 sol/rec, 50' cord	\$ 1,959.00	\$ 1,695.20	\$ 211.90	\$ 105.95	\$ 211.90	12
9087381020 - SC250 - 13.5"scrubber, 1 gal. sol/rec tank, up to 40 min run time	\$ 3,660.00	\$ 3,167.10	\$ 226.23	\$ 113.11	\$ 226.23	24
9087342020 - SC351 - micro scrubber, 84 AH AGM batt & chgr, dual action squeegee	\$ 5,420.00	\$ 3,831.78	\$ 273.69	\$ 136.85	\$ 273.69	24
50000226 - AS430C - Cord Electric, 115 v, w/17" Pad Driver (Viper)	\$ 2,740.00	\$ 2,488.16	\$ 311.02	\$ 155.51	\$ 311.02	12
56385361 - SC401 - 17B , w/gel batt & charger, Prolene Brush	\$ 7,996.00	\$ 5,344.34	\$ 381.73	\$ 190.87	\$ 381.73	24
56383128 - SC450 - w/105 AH batt & chgr, pad driven, w/20" pad holder	\$ 7,454.00	\$ 5,245.52	\$ 374.68	\$ 187.34	\$ 374.68	24
56383129 - SC450 - w/gel batt & chgr, pad driven, w/20" pad holder	\$ 8,267.00	\$ 6,406.40	\$ 457.60	\$ 228.80	\$ 457.60	24
56383557 - SC500 X20D - w/130 AH batt & chgr, traction drive, disc	\$ 11,794.00	\$ 9,139.74	\$ 652.83	\$ 326.42	\$ 652.83	24
56383558 - SC500 X20D - w/gel batt & chgr, traction drive, disc	\$ 12,876.00	\$ 9,978.08	\$ 712.72	\$ 356.36	\$ 712.72	24
56383556 - SC500 X20R (REV) - orbital, w/AGM batt, on board chgr	\$ 13,283.00	\$ 10,293.62	\$ 735.25	\$ 367.63	\$ 735.25	24

Some items are subject to a tariff surcharge due to tariffs levied by the U.S. government on certain products or their components. Prices are subject to change. Please confirm pricing when placing an order.

**JANI-KING LEASING
EQUIPMENT PRICE LIST
2024**

PART NUMBER MODEL NUMBER DESCRIPTION	MFG. LIST PRICE	SALES PRICE	INITIAL PAYMENT	MONTHLY PAYMENT	TERMINAL PAYMENT	NUMBER OF MONTHLY PAYMENTS
56112382 - SC750 26D - w/4 310 AH batt, shelf chgr, pad holders, 21 gal	\$ 15,555.00	\$ 12,054.26	\$ 861.01	\$ 430.51	\$ 861.01	24
56112362 - SC750 28D - w/4 310 AH batt, on-board chgr, pad holders, 21 gallon	\$ 17,045.00	\$ 13,208.98	\$ 943.49	\$ 471.75	\$ 943.49	24
56112376 - SC750 28C - w/EcoFlex, 4 242 AH wet batt, on-board chgr, 21 gallon, cylindrical	\$ 18,047.00	\$ 13,985.42	\$ 998.95	\$ 499.48	\$ 998.95	24
LARGER SCRUBBERS FROM ADVANCE ARE AVAILABLE. CALL FOR PRICING.						
STAND-ON SCRUBBERS						
NILFISK-ADVANCE						
56112376 - SC750 28C - w/EcoFlex, 4 242 AH wet batt, on-board chgr, 21 gallon, cylindrical	\$ 18,047.00	\$ 13,985.42	\$ 998.95	\$ 499.48	\$ 998.95	24
56104011 - SC1500D - 20" disc scrubber 12 gal. so/12.5 rec, four 140 AH AGM batt	\$ 13,324.00	\$ 10,325.28	\$ 737.52	\$ 368.76	\$ 737.52	24
56104012 - SC1500 REV - 20" orbital scrubber 12 gal. so/12.5 rec, four 208 AH batt	\$ 12,368.00	\$ 9,584.40	\$ 684.60	\$ 342.30	\$ 684.60	24
56104013 - SC1500 REV - 20" orbital scrubber 12 gal. so/12.5 rec, four 140 AH AGM batt	\$ 13,764.00	\$ 10,666.30	\$ 761.87	\$ 380.94	\$ 761.87	24
RIDE-ON SCRUBBERS						
NILFISK-ADVANCE						
56120025 - SC4000 28D- 28" Disk AGM batteries, onboard charger and pad holders	\$ 28,290.00	\$ 27,065.62	\$ 1,933.25	\$ 966.63	\$ 1,933.25	24
56120013 - SC4000 28C 28" cyl. AGM batteries, onboard charger and brushes	\$ 29,802.00	\$ 28,512.10	\$ 2,036.57	\$ 1,018.29	\$ 2,036.57	24
56117016 - SC5000™ 34D - 34" disk AGM batteries, onboard charger, and brushes	\$ 32,354.00	\$ 32,353.98	\$ 2,310.99	\$ 1,155.50	\$ 2,310.99	24
SWEEPERS						
9084702010 - Terra 28B - 28" path, 1.4 cu. ft. hopper, 1 100AH batt & chgr	\$ 6,166.00	\$ 4,778.22	\$ 341.31	\$ 170.65	\$ 341.31	24
56383329 - SW900 - 34" path, 1.7 cu. ft. hopper, , w/gel batts & chgr	\$ 11,033.00	\$ 10,027.64	\$ 716.26	\$ 358.13	\$ 716.26	24
56100785 - Terra 4300B - 43" path, rider 1.75 cu. ft. hopper, w/ batt & chgr	\$ 23,380.00	\$ 19,531.38	\$ 1,395.09	\$ 697.55	\$ 1,395.09	24
SPECIALITY PRODUCTS						
ADVANCE						
56381594 - All Cleaner XP- all purpose unit 20 gal. clean water, 500 psi, 15'/15' hoses	\$ 6,032.00	\$ 4,309.76	\$ 307.84	\$ 153.92	\$ 307.84	24
OTHER SUPPLIERS						
PRO-TEAM BACKPACKS & UPRIGHT VACUUMS						
BUY PARTS LOCALLY						
107691 - GoFit 6 - 6qt w/tools,XOVER Telescoping Wand	\$ 710.00	\$ 633.92	\$ 79.24	\$ 39.62	\$ 79.24	12
107688 - GoFit - 10qt w/tools, XOVER Telescoping Wand	\$ 720.00	\$ 642.88	\$ 80.36	\$ 40.18	\$ 80.36	12
107713 - GoFit 3 - 3qt w/tools, XOVER Telescoping Wand	\$ 700.00	\$ 624.98	\$ 78.13	\$ 39.06	\$ 78.13	12
107778 - GoFit Cordless 8AH w/tools, XOVER Telescoping Wand	\$ 1,790.00	\$ 1,491.68	\$ 186.46	\$ 93.23	\$ 186.46	12
107796- GoFit 6 Cordless 8AH w/tools, XOVER Telescoping Wand	\$ 1,955.00	\$ 1,629.14	\$ 203.65	\$ 101.82	\$ 203.65	12
107796 - GoFree Pro II 12AH w/tools, XOVER Telescoping Wand	\$ 2,100.00	\$ 1,750.06	\$ 218.75	\$ 109.38	\$ 218.75	12
107252 - ProForce 1500XP HEPA - 14" dual motor, on-board tools, 67 dB	\$ 755.00	\$ 674.12	\$ 84.28	\$ 42.13	\$ 84.28	12

Some items are subject to a tariff surcharge due to tariffs levied by the U.S. government on certain products or their components. Prices are subject to change. Please confirm pricing when placing an order.

**JANI-KING LEASING
EQUIPMENT PRICE LIST
2024**

PART NUMBER MODEL NUMBER DESCRIPTION	MFG. LIST PRICE	SALES PRICE	INITIAL PAYMENT	MONTHLY PAYMENT	TERMINAL PAYMENT	NUMBER OF MONTHLY PAYMENTS
100280 - LineVacer ULPA - w/tools, 13 lbs, 99.999% at 0.3 microns, 64 dB	\$ 1,290.00	\$ 1,075.04	\$ 134.38	\$ 67.19	\$ 134.38	12
SQUARE SCRUB						
SS EBG-9-DLX - Complete package, w/Scrub, strap, trigger, Skate, & pads	\$ -	#N/A	#N/A	#N/A	#N/A	#N/A
EBG-20/C Pivot - Floor Preparation Machine 3450 RPM Motor, 50 foot, 14 Guage Cable	\$ -	#N/A	#N/A	#N/A	#N/A	#N/A

Some items are subject to a tariff surcharge due to tariffs levied by the U.S. government on certain products or their components.
Prices are subject to change. Please confirm pricing when placing an order.

ROYAL LEASING INCORPORATED

EQUIPMENT LEASE AGREEMENT

Franchisee Name: _____ Franchisee Address: _____

Franchisee Number: _____ Phone: _____

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

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

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

Due On Lease Signing	Monthly Payments	Due On End of Term Purchase
Down Payment _____	Monthly Payment _____	Last Payment _____
Sales Tax _____	Sales Tax _____	Sales Tax _____
Insurance: _____	Insurance _____	Insurance _____
Total Due on Signing _____	Total Due Monthly _____	Final Amount Due _____

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL: I understand that:

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

NOTICE TO LESSEE:

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

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

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

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

LESSEE

LESSOR

EXHIBIT V

OFFICE SUPPLY AND
ADVERTISING PACKAGE,
SUPPLY AND EQUIPMENT
PACKAGE AND
ADDITIONAL EQUIPMENT

SCHEDULE ONE
“OFFICE SUPPLY AND ADVERTISING PACKAGE”

LIST OF MATERIALS PROVIDED TO FRANCHISEE
PURSUANT TO THE FRANCHISE AGREEMENT

ITEM	AMOUNT
JANI-KING Business Cards (imprinted logo)	1,000
JANI-KING Logo/Border Paper (matching envelopes)	25
JANI-KING Color Tri-Fold	25
JANI-KING Tunics	3
JANI-KING T-Shirts	4
JANI-KING Inspection Pads	5
JANI-KING Memo Pads	5
JANI-KING Past Performance Pads	5
JANI-KING Account Bid Sheet Pad	1 pad
JANI-KING Contact Evaluation Pad (replace as needed)	1 pad
JANI-KING Logo Binders	2
JANI-KING Executive Pad Holder	1
JANI-KING Tri-fold Pad Holder	1
JANI-KING Training Flash Drive	1 set
JANI-KING Customer Relations Handbook	1
JANI-KING Account Follow-up Sheets (replace as needed)	5
JANI-KING New Account Start-Up (replace as needed)	5
JANI-KING Initial Clean Sign-Off Sheets (replace as needed)	5
JANI-KING Franchisee Request Cards (replace as needed)	5
JANI-KING Authorization for Extra Work Forms (replace as needed)	5
JANI-KING Business Card Order Forms	As Needed

“SUPPLY AND EQUIPMENT PACKAGE”

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

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

For Plan D and above, we will include a chemical start up package at no cost to you.

For Plans E-6 and higher, if franchisee pays cash for the franchise, we will include an electrical equipment package at no cost to you.

ITEM	AMOUNT
All Purpose Cleaner (Biodegradable for use on walls, Formica, etc.)	1 - one gallon container (or equivalent)
Glass Cleaner	1 - one gallon container (or equivalent)
Restroom Disinfectant	1 - one gallon container (or equivalent)
Cream Cleanser	1 - one quart container (or equivalent)
Neutral Floor Cleaner	1 - one gallon container (or equivalent)
Stainless Steel Cleaner	1 can
Non-Acid Bowl Cleaner	2 – quart containers (or equivalent)
General Purpose Carpet Spotter	1 – one quart container (or equivalent)
Safety Glasses	1 Pair
Roll-around Trash Container (32 gallon)	1
Lambswool Duster	1
Janitor Dust Pan	1
Blue, Red, Yellow, Green Microfiber Towels	20 – five (5) of each color microfiber towel
60” Fiberglass Mop Handle	1
28 oz. Looped Mop Head	1
Commercial Sponge with Scrubber	1
Charging Bucket	1

ITEM	AMOUNT
18” Aluminum Mop Holder Trapezoidal	2
Telescopic Handle	2
18” Advantage Wet Mop Heads (Microfiber)	8
Dust Mop Head (18 inch, Microfiber)	2
Disposal Gloves	1 box
Putty Knife(1 ¼”)	1
Sanitary Bowl Swab	2
Wet Floor Caution Sign	2
One Quart Spray Bottle	6
Trigger Sprayer	6
Toy Broom	1
8 oz. Measuring Cup	1
Down Press Mop Bucket (36 quart or equivalent)	1
Counter Brush	1
17” Red Scrubbing Pads	5
12” Window Squeegee Handle with Channel	1
10” Window Strip washer with Sleeve	1
Cellular Phone (Not Available through Franchisor)	1

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

“ADDITIONAL ELECTRIC EQUIPMENT”

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

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

For Plans E-6 and above, if franchisee pays cash for the franchise, we will include an Electrical Equipment start up package at no cost to you.

For Plans D and Higher:

QUANTITY	DESCRIPTION	UNIT PRICE
1	17” Heavy Duty Floor Machine with 1.5 HP electric motor, triple planetary gearing, includes pad driver, 175 rpm, with easy adjusting handle	\$1,319.34 each
1	ProForce 1500XP HEPA dual motor upright vacuum includes on-board tools	\$674.12 each

In addition to the above equipment, any Franchisee purchasing Plans E-5 and Higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	20” High Speed Burnisher with dust control	\$2,870.28 each
1	Self-Contained Walk-Behind Carpet Extractor with built-in spotting tool	\$3,145.78 each

EXHIBIT VI

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Wrap Up

You have now finished the instruction portion of the Initial Franchise Training. Complete the remaining tasks listed below.

1. Take the Quiz.
 - The instructor will distribute the quiz
 - Print your name and today's date on the *Franchisee Name (Print)* and *Date* line.
 - Complete the quiz.
 - Correct the quiz with your instructor.
 - Sign and date the quiz on the *Franchisee Signature* and *Date* line.
 - Give the corrected quiz to your instructor. The instructor will:
 - ▶ Write the percentage score in the *Score %* area.
 - ▶ Sign and date the quiz on the *Instructor Signature* and *Date* line.

2. Jani-King values your feedback on the training. Please complete the *Training Evaluation* and give the completed document to your instructor.

3. Sign the *Training Acknowledgement Form*.
 - Give the form to your instructor for filing at the Regional Office
 - The Regional Office will provide a copy for your files.

Thank you for your participation in the Initial Franchise Training Program. The Regional Office is available to assist you as needed.



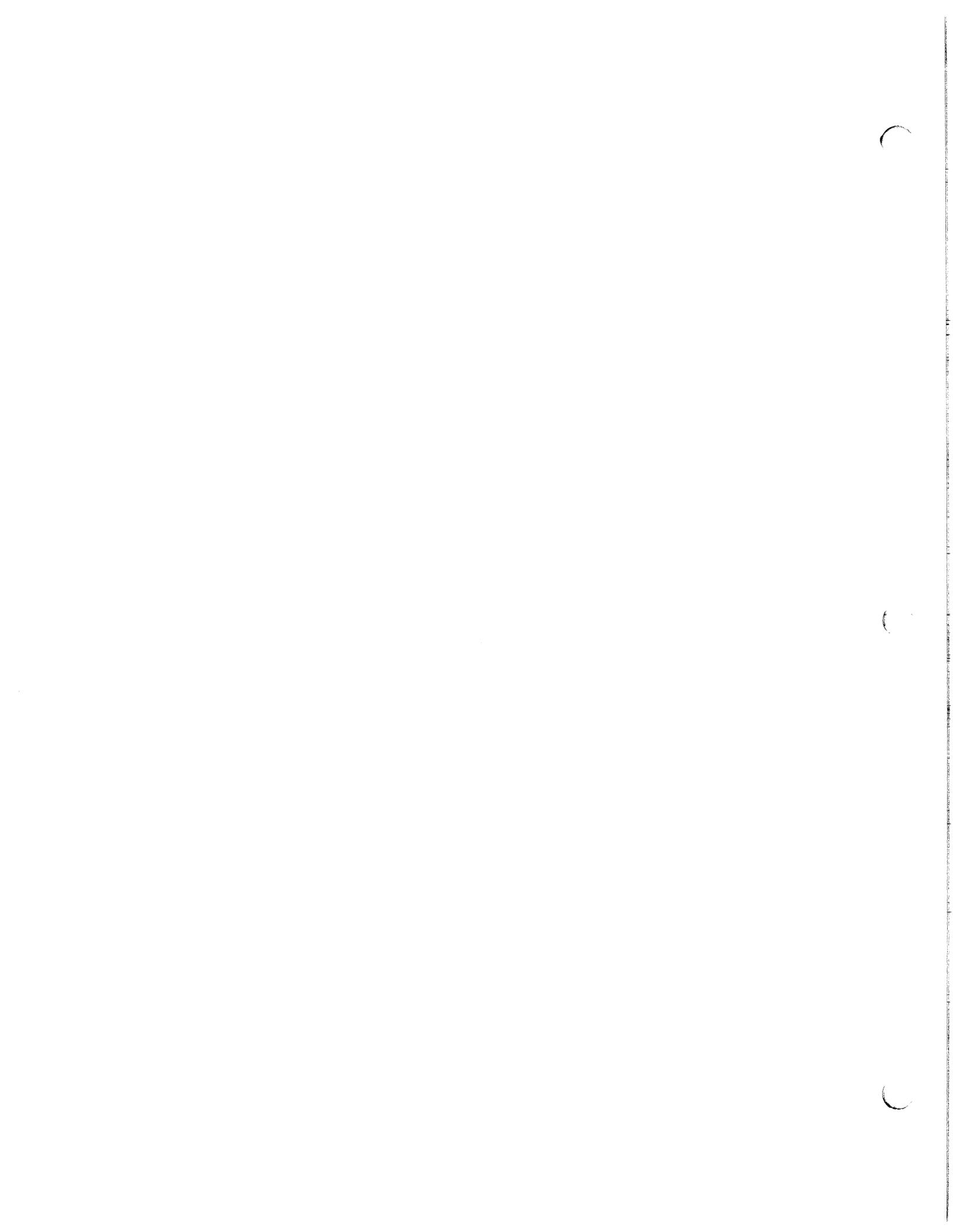
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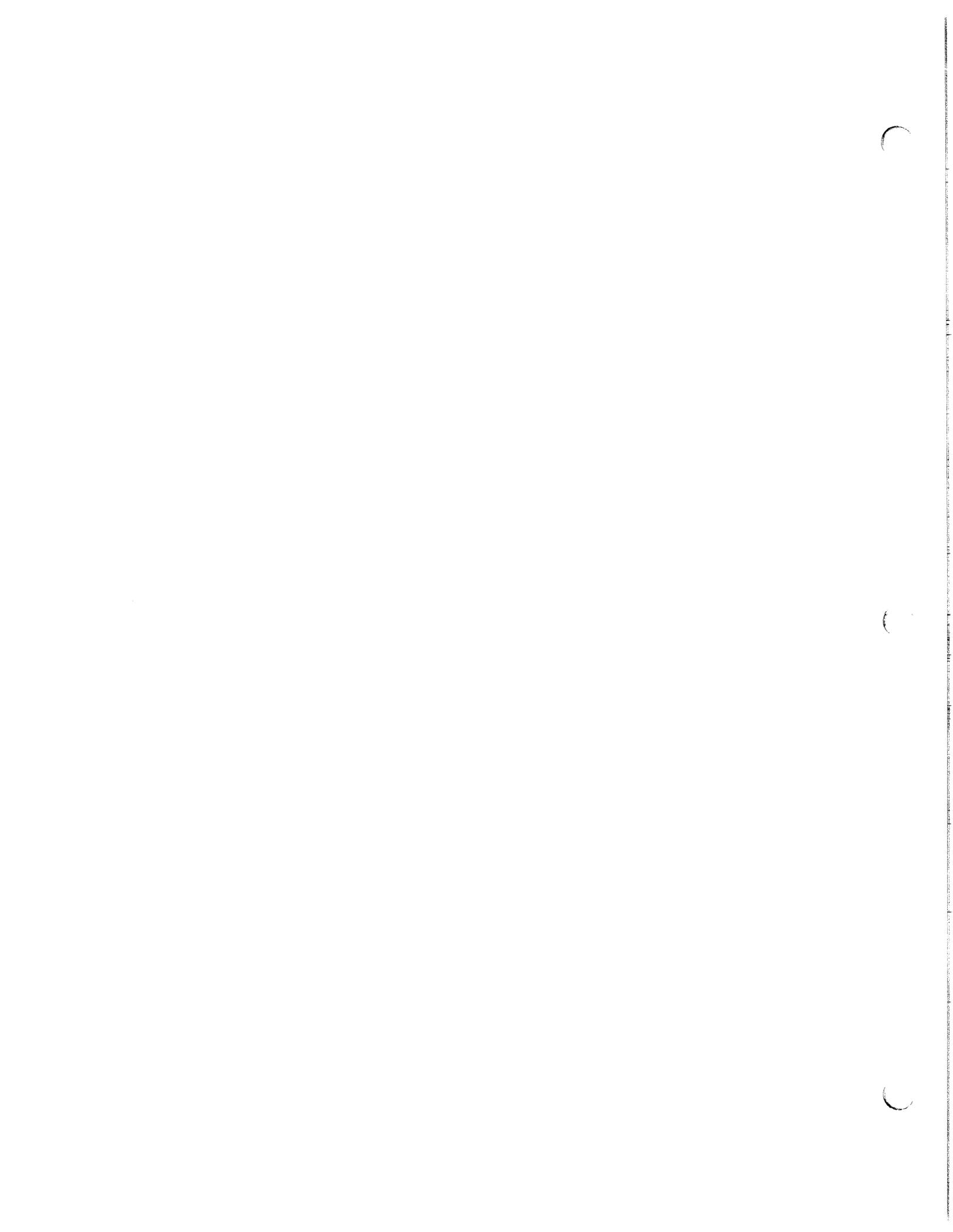


EXHIBIT VII

FINANCIAL STATEMENTS

Royal Franchising, Inc.
d/b/a Jani-King of Milwaukee

Financial Statements

As of and For the Years Ended
December 31, 2023, 2022, and 2021

Together with

Independent Auditor's Report



**Royal Franchising, Inc.
d/b/a Jani-King of Milwaukee
December 31, 2023, 2022 and 2021**

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

Independent Auditor's Report

To the Stockholder of
Royal Franchising, Inc.
d/b/a Jani-King of Milwaukee

Opinion

We have audited the accompanying financial statements of Royal Franchising, Inc. d/b/a Jani-King of Milwaukee, which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of income and accumulated earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Royal Franchising, Inc. d/b/a Jani-King of Milwaukee, as of December 31, 2023, 2022, and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the entity and to meet the auditor's other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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



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

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

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

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

Crown Point CPAs, LLC

Crown Point CPAs, LLC
Powell, Ohio
April 19, 2024

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

	<u>Assets</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets:			
Cash	\$ 1,412,934	\$ 1,004,420	\$ 854,736
Accounts Receivable	611,958	636,319	461,379
Inventory	4,531	2,259	8,200
Prepaid Expenses and Other Receivables	<u>11,160</u>	<u>9,695</u>	<u>16,164</u>
Total Current Assets	<u>2,040,582</u>	<u>1,652,693</u>	<u>1,340,479</u>
Property and Equipment (net of accumulated depreciation of \$354,755, \$284,538, and \$275,311)	<u>396,982</u>	<u>307,567</u>	<u>229,319</u>
Other Assets:			
Goodwill	484,000	484,000	484,000
Right-of-Use Asset (net of accumulated amortization of \$211,173, and \$104,889)	212,117	318,401	0
Franchise Rights (net of accumulated amortization of \$36,745, \$34,760, and \$32,775)	<u>161,755</u>	<u>163,740</u>	<u>165,725</u>
Total Other Assets	<u>857,872</u>	<u>966,141</u>	<u>649,725</u>
Total Assets	<u>\$ 3,295,436</u>	<u>\$ 2,926,401</u>	<u>\$ 2,219,523</u>
<u>Liabilities and Stockholder's Equity</u>			
Current Liabilities:			
Accounts Payable	\$ 129,034	\$ 134,549	\$ 103,752
Amounts Due to Franchisees	860,774	790,447	679,000
Accrued Expenses	78,684	45,568	52,667
Sales Tax Payable	2,890	1,873	3,835
Current Portion of Long-Term Debt	58,079	45,535	50,238
Operating Lease Liability - current	101,634	105,215	0
Deferred Revenues	<u>7,227</u>	<u>4,750</u>	<u>22,750</u>
Total Current Liabilities	<u>1,238,322</u>	<u>1,127,937</u>	<u>912,242</u>
Long Term Liabilities:			
Operating Lease Liability - net of current portion	114,699	216,334	0
Long-Term Debt - net of current portion	<u>198,787</u>	<u>150,905</u>	<u>134,797</u>
Total Long Term Liabilities	<u>313,486</u>	<u>367,239</u>	<u>134,797</u>
Total Liabilities	<u>1,551,808</u>	<u>1,495,175</u>	<u>1,047,039</u>
Stockholder's Equity:			
Common Stock, \$ 10 par value, 100 shares authorized 100 shares issued and outstanding	1,000	1,000	1,000
Retained Earnings	<u>1,742,628</u>	<u>1,430,225</u>	<u>1,171,484</u>
Total Stockholder's Equity	<u>1,743,628</u>	<u>1,431,225</u>	<u>1,172,484</u>
Total Liabilities and Stockholder's Equity	<u>\$ 3,295,436</u>	<u>\$ 2,926,401</u>	<u>\$ 2,219,523</u>

See Accompanying Notes to Financial Statements

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Janitorial Service Revenues	\$ 13,536,749	\$ 11,835,842	\$ 10,308,616
Franchise Sales	<u>34,052</u>	<u>85,600</u>	<u>79,243</u>
Total Revenues	13,570,801	11,921,443	10,387,859
Cost of Revenues:	<u>11,280,154</u>	<u>9,934,538</u>	<u>8,703,979</u>
Gross Profit	2,290,647	1,986,905	1,683,880
Selling, General, and Administrative Expenses:	<u>1,489,502</u>	<u>1,394,637</u>	<u>1,379,034</u>
Net Income from Operations	<u>801,145</u>	<u>592,268</u>	<u>304,846</u>
Other Income:			
Interest Income	731	45	31
Gain on Sale of Fixed Assets	<u>14,700</u>	<u>31,240</u>	<u>1,210</u>
Total Other Income	<u>15,431</u>	<u>31,285</u>	<u>1,241</u>
Net Income before Other Expenses	<u>816,576</u>	<u>623,553</u>	<u>306,087</u>
Other Expenses:			
Interest Expense	18,651	12,971	16,930
Depreciation and Amortization	114,042	93,666	88,192
State Taxes	<u>59,430</u>	<u>50,308</u>	<u>20,871</u>
Total Other Expenses	<u>192,123</u>	<u>156,944</u>	<u>125,993</u>
Net Income	\$ 624,453	\$ 466,609	\$ 180,094
Retained Earnings – beginning	1,430,225	1,171,484	1,278,245
Stockholder's Distributions	<u>(312,050)</u>	<u>(207,868)</u>	<u>(286,855)</u>
Retained Earnings – ending	\$ <u><u>1,742,628</u></u>	\$ <u><u>1,430,225</u></u>	\$ <u><u>1,171,484</u></u>

See Accompanying Notes to Financial Statements

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:			
Net Income	\$ 624,453	\$ 466,609	\$ 180,094
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and Amortization	114,042	93,666	88,192
Amortization of right-to-use assets	106,284	104,889	0
Gain on Sale of Fixed Assets	(14,700)	(31,240)	(1,210)
(Increase) Decrease in:			
Accounts Receivable	24,361	(174,940)	(47,712)
Inventory	(2,272)	5,941	15,740
Prepaid Expenses and Other Receivables	(1,465)	6,469	(11,988)
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	27,600	23,699	(13,430)
Amounts Due to Franchisees	70,328	111,447	109,077
Sales Taxes Payable	1,016	(1,962)	(667)
Operating Lease Liability	(105,215)	(101,742)	0
Deferred Revenue	2,477	(18,000)	5,007
Net Cash Provided by Operating Activities	<u>846,910</u>	<u>484,835</u>	<u>323,103</u>
Cash Flows from Investing Activities:			
Disposals of Property and Equipment	14,700	59,452	15,890
Purchases of Property and Equipment	<u>(201,472)</u>	<u>(198,140)</u>	<u>(4,027)</u>
Net Cash Provided (Used) by Investing Activities	<u>(186,772)</u>	<u>(138,688)</u>	<u>11,863</u>
Cash Flows from Financing Activities:			
Proceeds From Long-Term Debt	107,329	110,894	0
Payments of Long-Term Debt	(46,903)	(99,489)	(55,179)
Stockholder's Distributions	<u>(312,050)</u>	<u>(207,868)</u>	<u>(286,855)</u>
Net Cash Used by Financing Activities	<u>(251,624)</u>	<u>(196,463)</u>	<u>(342,034)</u>
Net Increase (Decrease) in Cash	408,514	149,684	(7,068)
Cash – Beginning of Year	<u>1,004,420</u>	<u>854,736</u>	<u>861,804</u>
Cash – End of Year	<u>\$ 1,412,934</u>	<u>\$ 1,004,420</u>	<u>\$ 854,736</u>
SUPPLEMENTAL DISCLOSURES			
Interest Paid	\$ 18,651	\$ 12,971	\$ 16,930
Income Taxes Paid	\$ 45,425	\$ 20,871	\$ 44,930
Rent Paid	\$ 135,211	\$ 134,746	\$ 126,249
Recognition of right-to-use assets	\$ 0	\$ 423,290	\$ 0
Recognition of lease liability	\$ 0	\$ 423,290	\$ 0

See Accompanying Notes to Financial Statements

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business:

Royal Franchising, Inc., doing business as Jani-King of Milwaukee, (the Company), is a corporation which was organized in Illinois, in April 2003. The Company operates under regional franchise agreements with Jani-King Franchising, Inc., which grants the exclusive right to use the “Jani-King” system with regards to the operations of a comprehensive cleaning and maintenance business. The Company markets and sells individual franchises which provide janitorial services and enters into cleaning service contracts with building owners and/or tenants in Milwaukee, Wisconsin, and the surrounding areas including the counties of Milwaukee, Waukesha, Racine, Kenosha, Jefferson, Ozaukee, Sheboygan, Fon Du Lac, Dodge, Walworth and Washington counties.

The Company provides initial and ongoing training, quality control and customer satisfaction monitoring, managerial expertise, accounting and billing services, local advertising support, the non-exclusive use of registered trademarks, and secures customer contracts for franchisees.

Basis of Presentation:

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America (“GAAP”) as contained in the Accounting Standards Codification (“ASC”) issued by the Financial Accounting Standards Board (“FASB”) and with general practices within the franchise industry. The following is a summary of the significant policies:

Use of Estimates:

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

Concentrations:

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

Revenue Recognition:

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

Janitorial Service Revenues:

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

Franchise Sales and Deferred Revenue:

The Company sells non-exclusive franchises for an initial fee based on a plan type, which specifies a minimum gross monthly amount of janitorial service revenue that must be offered to the franchisee. The obligation must be satisfied within a specific time period, commencing once the franchisee completes training, obtains necessary equipment and supplies, and

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

secures certain insurance coverage. The revenue from franchise sales is recognized ratably, based on the cumulative amount of contract revenue offered to franchisees, as compared to the initial revenue obligation associated with the plan type.

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

Janitorial Service Costs:

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

Franchise Fees:

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

Finder's Fees:

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

Cash:

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

Receivables:

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

The Company also sells cleaning supplies directly to franchisees. An affiliated entity enters into sales-type leases of equipment with the franchisees having terms ranging from 12 to 28 months. Pass-through costs and equipment lease payments are deducted from the franchisee remittances on a monthly basis.

Other receivables consist of advances paid to franchisees, and "negative due" amounts, which occur when monthly franchisee deductions exceed monthly revenues generated by the franchisee.

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

Property and Equipment:

Property and equipment purchases costing \$ 500 or more are capitalized at cost and consist primarily of office furnishings, computer equipment, equipment used for rental and training purposes, vehicles, and consist of the following;

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

	2023	2022	2021
Furniture, Fixtures, and Computers	\$ 143,323	\$ 143,323	\$ 128,530
Equipment	44,292	32,872	32,872
Vehicles	564,122	415,910	343,228
	751,737	592,105	504,630
Less Accumulated Depreciation	(354,755)	(284,538)	(275,311)
Property and Equipment - Net	\$ 396,982	\$ 307,567	\$ 229,319

Depreciation is computed using the straight-line method over estimated useful lives ranging from five to seven years.

Goodwill:

Goodwill resulting from the acquisition of the business operations of Jani-King of Milwaukee, Inc. (Seller), on May 31, 2003, is not amortized but is subject to impairment testing. The test determined that the value of goodwill has not been impaired at December 31, 2023.

Accounting Pronouncement Changes:

Leases

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

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

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

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

Additional required disclosures are contained in Note 3.

Advertising:

The Company expenses advertising costs as they are incurred.

Presentation of Sales Tax:

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

Provision for Income Taxes:

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

The Company has elected to be taxed as a Subchapter “S” Corporation pursuant to the Internal Revenue Code and similar state statute. In lieu of the Company paying federal income tax on earnings, the stockholder is taxed on his proportionate share of the Company’s taxable income. Therefore, no provision for federal income taxes is included in the financial statements. In 2021 and future years, the company elected to remit taxes at the entity level to the State of Wisconsin.

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

The income tax returns filed are not subject to examination by U.S. federal tax authorities for tax years before 2020.

Date of Management’s Review:

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through April 19, 2024, the date on which the financial statements were available to be issued.

(2) INTANGIBLE ASSETS OTHER THAN GOODWILL

Master Franchise Fee:

The Regional Franchise Agreement, effective May 31, 2003, provides an initial term of 20 years, with four additional 20-year renewal options and was granted for a total cost of \$198,500. The master franchise fee is being amortized on a straight-line basis over a one hundred year period.

(3) OPERATING LEASES

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

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

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

Operating lease expense consisted of the following:

		2023
Operating Lease expense:		
Lease expense to unrelated parties	\$	109,899
Lease expense to related parties		-
Variable Lease expenses to unrelated parties		-
Variable lease expense to related parties		-
Total Lease Costs	\$	109,899

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

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

	December 31, 2023
Other Operating Lease Information	
Weighted-average remaining lease term (years)	2.1
Weighted-average discount rate	1.37%

As of December 31, 2023, future fixed minimum lease payments are as follows:

	2023
2024	\$ 103,844
2025	105,255
2026	9,598
2027	665
2028	-
Future fiscal years thereafter	-
	219,362
Less discounting impact on operating leases	3,029
Total operating lease liabilities	216,333
Less current operating lease liabilities	101,634
Non-current operating lease liabilities	\$ 114,699

(4) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

Management of the Company is not aware of any other claims or litigations against it, as of December 31, 2023.

(5) RELATED PARTY TRANSACTIONS

Royal Leasing, Inc. (Leasing), an entity which is wholly-owned by the stockholder, operates an equipment leasing program with the Company. Leasing finances and sells equipment to franchisees of the Company. The Company deducts monthly lease payments from the franchisees and remits them to Leasing. For the years ended December 31, 2023, 2022 and 2021, Leasing charged franchisees \$112,762, \$106,922, and \$109,336, in leasing fees, respectively.

The Company remits payments to franchisees for their previous month's services in the amount of their customer billings net of various fees which include royalty, advertising, accounting, technology, business protection, finder's fees and chargebacks. During the years ended December 31, 2023, 2022 and 2021, the Company incurred \$10,103,511, \$8,763,854, and \$7,648,031 of janitorial service costs to their franchisees, respectively.

The Company had receivable balances consisting of advances owed to them from their franchisees in the amount of \$129, \$2,451, and \$6,682, at December 31, 2023, 2022 and 2021.

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

The Company owed their franchisees \$860,774, \$790,447, and \$679,000, in monthly service fees and chargeback amounts at December 31, 2023, 2022, and 2021.

(6) EMPLOYEE RETIREMENT PLAN

The Company has an employee contributory retirement plan (Roth 401-K) which covers all eligible employees. Participants of the plan are allowed to contribute an annual maximum amount of \$22,500, with an additional catch-up provision of \$7,500 (for employees age 50 or over) on a post-tax basis. The Company has elected to match employee contributions up to a maximum of three percent (3%) of eligible compensation. The Company's matching contributions for the years ended December 31, 2023, 2022 and 2021, was \$29,112, \$26,311, and \$27,261, respectively.

(7) MAJOR CUSTOMER

During the year ended December 31, 2023, and 2022, the Company had one major customer that represented 13.00%, and 13.05% of its janitorial service revenue, respectively. During 2021, the Company did not have a major customer.

(8) REGIONAL FRANCHISE INFORMATION

Obligations under the regional franchise agreement include monthly royalty payments and advertising fees based on specified percentages of gross cleaning service and supply and equipment sales revenue, and a royalty based on a certain percentage of Initial Franchisee Fees, within ten days of the franchisee signing date. The Company is required to have a minimum number of active franchise units at all times and use all reasonable efforts to open a pre-determined number of new franchise units per year

Royalty and advertising fees incurred by the Company from JKI, for the years ended December 31, 2023, 2022 and 2021, amounted to \$826,527, \$730,998, and \$638,986, respectively.

The Company is also required to maintain certain minimum insurance coverage. The Agreement is personally guaranteed by the stockholder.



Jani-King International, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023, 2022, and 2021

Jani-King International, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023, 2022, and 2021

Jani-King International, Inc. and Subsidiaries

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Jani-King International, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of income and comprehensive income, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of



assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

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

BDO USA, P.C.

March 29, 2024

Consolidated Financial Statements

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets

<i>December 31,</i>	2023	2022	2021
Assets			
Current Assets			
Cash and cash equivalents	\$ 6,923,028	\$ 8,415,123	\$ 20,623,518
Short-term investments	27,160,000	19,864,490	-
Short-term investments, restricted	5,275,000	7,250,000	7,250,000
Accounts receivable, net	17,551,670	14,804,060	15,047,000
Notes receivable, current	1,298,993	819,142	1,186,080
Reinsurance premiums receivable	1,776,830	1,366,284	1,349,705
Inventory	56,375	83,317	160,582
Deferred reinsurance acquisition costs	180,341	168,461	165,376
Other assets - current	2,236,612	2,258,849	1,741,017
Total Current Assets	62,458,849	55,029,726	47,523,278
Non-Current Assets			
Property and Equipment, net	5,566,186	5,398,123	5,739,043
Operating lease right-of-use asset	3,692,432	4,586,708	-
Notes receivable, net of current	1,123,723	933,283	654,166
Intangible assets, net	-	-	46,652
Notes receivable from related party	750,000	10,837,757	11,931,950
Total Non-Current Assets	11,132,341	21,755,871	18,371,811
Total Assets	\$ 73,591,190	\$ 76,785,597	\$ 65,895,089

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets (Continued)

December 31,	2023	2022	2021
Liabilities and Shareholder's Equity			
Current Liabilities			
Due to franchisees	\$ 10,671,570	\$ 9,460,479	\$ 9,194,662
Accounts payable and accrued expenses	8,677,312	10,473,051	11,826,843
Accounts payable due to related party	7,500,000	-	-
Term notes payable, current	2,462,800	1,082,800	4,330,779
Operating lease liability, current	1,312,735	1,533,113	-
Unearned reinsurance premiums	1,475,837	1,375,540	1,351,167
Accrued income taxes	1,363,351	1,633,453	1,069,628
Legal settlements payable, current	-	3,396,472	4,854,564
Deferred franchise revenues, current	504,383	477,079	468,349
Total Current Liabilities	33,967,988	29,431,987	33,095,992
Non-Current Liabilities			
Term notes payable, net of current	2,709,333	4,213,800	5,200,235
Lease liability, net of current	2,598,881	3,255,658	-
Insurance reserves	4,353,059	5,041,697	5,181,198
Deferred franchise revenues, net of current	6,740,119	5,369,869	5,742,776
Legal settlements payable, net of current	-	-	3,263,301
Total Non-Current Liabilities	16,401,392	17,881,024	19,387,510
Total Liabilities	50,369,380	47,313,011	52,483,502
Commitments and Contingencies			
Shareholder's Equity			
Common stock, \$10 par value; 100 shares authorized, issued, and outstanding	1,000	1,000	1,000
Additional paid-in capital	9,000	9,000	9,000
Retained earnings	23,927,061	30,126,631	14,107,591
Accumulated other comprehensive loss	(715,251)	(664,045)	(706,004)
Total Shareholder's Equity	23,221,810	29,472,586	13,411,587
Total Liabilities and Shareholder's Equity	\$ 73,591,190	\$ 76,785,597	\$ 65,895,089

See accompanying notes to consolidated financial statements.

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

<i>Year ended December 31,</i>	2023	2022	2021
Revenues			
Commercial cleaning services	\$ 121,249,648	\$ 135,874,167	\$ 128,380,301
Regional franchise royalties	35,724,901	34,468,543	31,550,507
Advertising fees	7,751,334	7,676,604	6,855,299
Preopening services and franchise rights	1,239,678	1,634,323	969,871
Leasing, software, and transfer fees	1,240,725	1,108,787	2,083,146
Total Revenues	167,206,286	180,762,424	169,839,124
Cost of Revenues	94,880,876	105,062,012	99,041,802
Gross Profit	72,325,410	75,700,412	70,797,322
Operating Costs and Expenses			
Selling, general, and administrative expenses	48,896,271	43,324,443	38,819,074
Legal settlements	(1,200,000)	73,358	15,247,422
Depreciation and amortization	586,776	660,677	729,902
Total Operating Costs and Expenses	48,283,047	44,058,478	54,796,398
Operating Income	24,042,363	31,641,934	16,000,923
Other Income (Expense)			
Loss on sale of company-owned regions	(51,105)	-	-
Net realized gain / (loss) on sales of property and equipment	(206,833)	30,187	34,360
Interest expense	(428,560)	(500,322)	(384,067)
Interest income	1,432,504	383,514	233,187
Other income, net	147,058	3,116,053	17,437
Total Other Income (Expense)	893,064	3,029,432	(99,083)
Income, before income tax expense	24,935,427	34,671,366	15,901,841
Income tax expense	173,297	887,326	345,127
Net Income	24,762,130	33,784,040	15,556,714
Other Comprehensive Income (Loss)			
Foreign currency translation	(51,206)	41,959	23,962
Other Comprehensive Income (Loss)	(51,206)	41,959	23,962
Comprehensive Income	\$ 24,710,924	\$ 33,825,999	\$ 15,580,676

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Shareholder's Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholder's Equity
Balance, December 31, 2020	\$ 1,000	\$ 9,000	\$ 13,374,477	\$ (729,966)	\$ 12,654,511
Net income	-	-	15,556,714	-	15,556,714
Foreign currency translation	-	-	-	23,962	23,962
Net distributions to shareholder	-	-	(14,823,600)	-	(14,823,600)
Balance, December 31, 2021	1,000	9,000	14,107,591	(706,004)	13,411,587
Net income	-	-	33,784,040	-	33,784,040
Foreign currency translation	-	-	-	41,959	41,959
Net distributions to shareholder	-	-	(17,765,000)	-	(17,765,000)
Balance, December 31, 2022	1,000	9,000	30,126,631	(664,045)	29,472,586
Net income	-	-	24,762,130	-	24,762,130
Foreign currency translation	-	-	-	(51,206)	(51,206)
Net distributions to shareholder	-	-	(30,961,700)	-	(30,961,700)
Balance, December 31, 2023	\$ 1,000	\$ 9,000	\$ 23,927,061	\$ (715,251)	\$ 23,221,810

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2023	2022	2021
Cash Flows from Operating Activities			
Net income	\$ 24,762,130	\$ 33,784,040	\$ 15,556,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on sale of corporate owned regions	(51,105)	-	-
Net realized gain on sales of property and equipment	206,833	(30,187)	(34,360)
Depreciation and amortization	586,776	660,677	729,902
Amortization of right-of-use assets	1,508,052	1,739,142	-
PPP loan forgiveness	-	(3,089,380)	-
Bad debt expense	71,078	70,849	129,409
Changes in operating assets and liabilities:			
Accounts receivable and notes receivable, current	(2,926,224)	539,029	(2,676,983)
Inventory	26,942	77,265	92,098
Reinsurance premiums receivable	(410,546)	(16,579)	500,758
Deferred reinsurance acquisition costs	(11,880)	(3,085)	13,147
Other assets	33,107	(517,832)	149,541
Notes receivable, non-current	(190,440)	(279,117)	(316,366)
Operating lease liability	(1,490,931)	(1,731,810)	-
Due to franchisees, accounts payable and accrued expenses	(1,701,729)	(839,363)	4,500,040
Accounts payable to related party	7,500,000	-	-
Unearned reinsurance premiums	100,297	24,373	(179,901)
Accrued income taxes	(270,102)	563,825	229,710
Legal settlements payable	(3,396,472)	(4,721,393)	8,033,769
Deferred franchise revenues	1,397,554	(364,178)	(46,555)
Insurance reserves	(688,638)	(139,501)	(810,209)
Net Cash Provided by Operating Activities	25,054,703	25,726,775	25,870,714
Cash Flows from Investing Activities			
Sale (purchase) of short-term investments	(7,295,510)	(19,864,490)	5,151,614
Change in restricted short-term investments	1,975,000	-	1,250,000
Purchases of property and equipment	(969,122)	(272,846)	(535,632)
Proceeds from sale of corporate owned regions	785,000	-	-
Proceeds from sale of property and equipment	7,450	29,927	35,589
Net Cash Provided by (Used in) Investing Activities	\$ (5,497,182)	\$ (20,107,409)	\$ 5,901,571

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

<i>Year ended December 31,</i>	2023	2022	2021
Cash Flows from Financing Activities			
Receipts on notes receivable from related parties	\$ 10,087,757	\$ 1,094,193	\$ 1,578,374
Net distributions to shareholder	(30,961,700)	(17,765,000)	(14,823,600)
Proceeds from term notes	1,000,000	-	-
Payments on term notes	(1,124,467)	(1,198,913)	(1,258,882)
Net Cash Used in Financing Activities	(20,998,410)	(17,869,720)	(14,504,108)
Effect of Currency Translation on Cash and Cash Equivalents	(51,206)	41,959	23,962
Net Increase (Decrease) in Cash and Cash Equivalents	(1,492,095)	(12,208,395)	17,292,139
Cash and Cash Equivalents, beginning of year	8,415,123	20,623,518	3,331,379
Cash and Cash Equivalents, end of year	\$ 6,923,028	\$ 8,415,123	\$ 20,623,518
Supplemental Disclosures of Cash Flow Information			
Interest paid during the year	\$ 562,389	\$ 420,766	\$ 174,067
Income taxes paid during the year	278,823	922,257	175,168
Recognition of right-of-use assets obtained in exchange for new operating lease liabilities	(613,776)	(663,948)	-
Recognition of lease liability upon adoption of ASC 842	-	5,856,633	-
Derecognition of deferred rent upon adoption of ASC 842	-	(194,731)	-

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

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

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

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include \$362,048, \$1,593,568, and \$1,638,962 on December 31, 2023, 2022, and 2021, respectively, on deposit with banks outside of the United States, including foreign branches of United States financial institutions.

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Short-Term Investments

Short-term investments are comprised of funds deposited in a money market account at a major United States bank and are stated at fair value. The deposits have an aggregate fair value of \$27,160,000, \$19,864,490, and \$0 on December 31, 2023, 2022, and 2021, respectively.

Restricted Short-Term Investments

Restricted short-term investments are comprised of certificates of deposit and money market accounts the Company intends to hold for more than three months and other time deposits at a major bank and are stated at fair value. The deposits have an aggregate fair value of \$5,275,000, \$7,250,000, and \$7,250,000 on December 31, 2023, 2022, and 2021, respectively, and mature within 11 months of year end. The Company intends to hold the investments until their maturity. All of the investments are restricted and pledged as security for the issuance of irrevocable letters of credit to support liabilities under reinsurance contracts of JKI Indemnity SPC.

Accounts Receivable, Notes Receivable, and Reinsurance Premiums Receivable

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

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

Allowance for credit risk for accounts receivable and notes receivable is established based on various factors including credit profiles of our customers or regional franchisees, historical payments, and current economic trends. We review the allowance for accounts receivables and notes receivable from regional franchisees by assessing individual accounts receivable and notes receivable. We review the allowance for accounts receivables from customers by assessing individual accounts receivable over a specific aging and amount. All other balances are pooled based on historical collection experience. The estimate of expected credit losses is based on information about past events, historical loss experience, balances past due by aging category, prior payment history with affected customers, geographic conditions, current economic conditions, and forecasts of future economic conditions that affect the collectability. The Company also takes into account any known disputes or collection issues with customers. Accounts receivable and notes receivable are written-off on a case by case basis, net of any amounts that may be collected. Interest accrues on the notes receivable over the life of the notes. However, interest income is not accrued on notes that are past due. Interest income on such notes is recognized when cash is received. The Company generally does not charge interest on past due customer accounts.

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

Deferred Reinsurance Acquisition Costs

Deferred reinsurance acquisition costs consist primarily of commissions and other costs that vary with and are primarily related to the production of insurance business and are amortized over the

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

terms of the underlying policies to which they relate. The portion at the balance sheet date which will be expensed in the future is deferred and reported as deferred reinsurance acquisition costs.

Property and Equipment

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

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

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

Operating Lease Right-of-Use Assets and Lease Liabilities

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

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

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

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

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

- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all leases.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

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

Unearned Reinsurance Premiums

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

Insurance Reserves

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

Income Taxes

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

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

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

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

Because the Company is a pass-through entity for federal income tax purposes and for substantially all of the state jurisdictions in which it is required to file an income tax return, the effect of any changes in tax positions that result from an examination of its tax returns are borne principally by the Company's ultimate individual owner. The impact of any changes that may be borne by the Company would be highly unlikely to be material to the financial position or results of operations of the Company. Tax returns for 2020 and later are still subject to examination by the federal and state tax authorities.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Any penalties and interest assessed against the Company by taxing authorities are included in income tax expense. There were no such amounts included in income tax expense in the years ended December 31, 2023, 2022, and 2021.

Fair Value of Financial Instruments

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

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

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

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

The Company believes the carrying amounts of financial instruments as of December 31, 2023, 2022, and 2021 including cash equivalents, short-term investments, accounts receivable, notes receivable, notes receivable from related party, accounts payable, and accrued expenses, approximate their fair values due to their short maturities. The Company believes that the Company's debt balances approximate fair value as they bear interest at market rates.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (ASU 2018-19), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* (ASU 2019-04), which clarifies the treatment of certain credit losses. The Company adopted the standard for credit losses on January 1, 2023 using the modified retrospective approach. The adoption of ASC 326 did not have an impact on the Company's financial condition and results of operations within its consolidated financial statements.

Revenue Recognition

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

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retrospective method of adoption, which required the Company to adjust prior reporting periods presented.

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

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

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

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

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

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

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

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

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

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

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

Performance Obligations

A significant portion of the Company's performance obligations are satisfied over time. The Company satisfies performance obligations for pre-opening services over the time period that these services are provided to the franchisee. The performance obligations related to the franchise right and continuing franchise services, including the advertising, accounting, and technology services, are satisfied over time as the franchisee utilizes the franchise right and as the services are rendered

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each month. The Company satisfies the sale of product (e.g., software license) and equipment performance obligation at the point in time that the product or equipment is delivered to the franchisee.

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

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

Year ended December 31,

	2023		2022		2021	
	Amount	(%)	Amount	(%)	Amount	(%)
Deferred franchise revenues, current	\$ 504,383	7.0	\$ 477,079	8.2	\$ 468,349	7.5
Deferred franchise revenues, net of current	6,740,119	93.0	5,369,869	91.8	5,742,776	92.5
Total Deferred Franchise Revenues	\$7,244,502	100	\$5,846,948	100.0	\$6,211,125	100.0

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

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The following table summarizes deferred revenue activity:

<i>Year ended December 31,</i>	2023		2022		2021	
Balance , beginning of year	\$	5,846,948	\$	6,211,125	\$	6,257,681
Fees received from Franchise sales and transfer fees		2,672,282		1,263,895		865,075
Franchise sales and transfer fees revenue recognized		<u>(1,274,728)</u>		<u>(1,628,072)</u>		<u>(911,631)</u>
Balance , end of year		7,244,502		5,846,948		6,211,125
Less: current		<u>(504,383)</u>		<u>(477,079)</u>		<u>(468,349)</u>
Deferred Franchise Revenues , net of current	\$	<u>6,740,119</u>	\$	<u>5,369,869</u>	\$	<u>5,742,776</u>

Disaggregation of Revenue from Contracts with Customers

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

	2023		2022		2021	
	Amount	(%)	Amount	(%)	Amount	(%)
Point in time recognition	\$ 3,002,236	1.8	\$ 3,588,312	2.2	\$ 3,800,594	2.2
Over time recognition	164,204,050	98.2	177,174,112	97.8	166,038,530	97.8
Total Revenues	<u>167,206,28</u>	<u>100.0</u>	<u>\$180,762,424</u>	<u>100.0</u>	<u>\$169,839,124</u>	<u>100.0</u>

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

Taxes Collected from Customers

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

Advertising Costs

All advertising expenditures are charged to selling, general and administrative expenses as incurred. Advertising costs were \$8,721,055, \$8,521,970, and \$8,272,917 for the years ended December 31, 2023, 2022, and 2021, respectively.

Foreign Currency Transactions and Translations

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

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in United States dollars by the regional franchisee. The Company records those royalties at the amount of United States dollars received.

The Company conducts operations in Brazil, Great Britain, and Belgium through indirectly wholly-owned subsidiaries. The functional currency of the Company is the United States dollar. The functional currency of its operations in Brazil is the Brazilian real, in Great Britain the British pound and in Belgium the euro. Assets and liabilities of the Company's foreign operations are translated into United States dollars at the exchange rate at the balance sheet date. Revenues and expenses are translated at the average exchange rate during the applicable period. Adjustments resulting from the translation of foreign currencies into United States dollars are included in the foreign currency translation adjustment, which is a component of accumulated other comprehensive income (loss) in shareholder's equity. As of December 31, 2023, 2022, and 2021, and for each of the years then ended, the assets, liabilities, revenues, and expenses attributable to foreign subsidiaries were not material to the consolidated financial statements of the Company.

There has been no significant fluctuation from the exchange rates used at December 31, 2023, through the date the consolidated financial statements were available to be issued.

Reclassifications

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

3. Accounts Receivable, Net

Accounts receivable consist of the following:

<i>Year ended December 31,</i>	2023	2022	2021
Trade accounts receivable	\$ 20,526,070	\$ 17,714,660	\$ 17,698,565
Allowance for uncollectible accounts	(2,974,400)	(2,910,600)	(2,651,565)
Accounts Receivable, Net	\$ 17,551,670	\$ 14,804,060	\$ 15,047,000

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

<i>Year ended December 31,</i>	2023	2022	2021
Balance , beginning of year	\$ 2,910,600	\$ 2,651,565	\$ 2,713,638
Bad debt expense	71,078	70,849	129,409
Accounts written off	(7,278)	188,186	(191,482)
Balance , end of year	\$ 2,974,400	\$ 2,910,600	\$ 2,651,565

Approximately 22% of our accounts receivable balance on December 31, 2023 is attributable to our top customer. This concentration has arisen from normal business operations and are not the result of preferential credit terms or conditions. There were no account concentrations on December 31, 2022, and 2021.

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4. Property and Equipment, Net

Property and equipment are comprised of the following:

<i>Year ended December 31,</i>	2023	2022	2021
Land	\$ 104,116	\$ 104,116	\$ 104,116
Buildings and improvements	5,195,648	5,483,423	5,483,423
Leasehold improvements	515,420	453,789	453,789
Furniture	1,932,225	1,937,421	2,248,891
Office equipment	1,219,926	475,364	1,245,973
Automobiles	1,446,616	1,531,141	1,877,970
Aircraft	5,824,151	5,783,505	5,533,550
	16,238,102	15,768,759	16,947,712
Less: accumulated depreciation	(10,671,916)	(10,370,636)	(11,208,669)
Property and Equipment, Net	\$ 5,566,186	\$ 5,398,123	\$ 5,739,043

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was \$586,776, \$614,025, and \$683,239, respectively.

5. Intangible Assets, Net

Intangible assets are comprised of the following:

<i>Year ended December 31,</i>	2023	2022	2021
Reacquired franchise rights	\$ 466,637	\$ 1,025,827	\$ 1,025,827
Less: accumulated amortization	(466,637)	(1,025,827)	(979,175)
Reacquired Franchise Rights, Net	\$ -	\$ -	\$ 46,652

The Company recognized amortization of purchased franchise rights for the years ended December 31, 2023, 2022, and 2021 of \$0, \$46,652, and \$46,663, respectively.

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6. Debt

Debt at December 31 is summarized below:

December 31,

	Interest Rate, December 31, 2023 (%)	Maturity Date	2023	2022	2021
Term loans A and B	6.990%	March 25 and July 2027	\$ 3,636,133	\$ 3,504,600	\$ 4,428,000
Term loan secured by airplane	3.095%	October 2024	1,536,000	1,792,000	2,048,000
PPP term loan		April 2022	-	-	3,035,500
Term loans secured by automobiles		Varies through December 2022	-	-	19,514
Total Debt			5,172,133	5,296,600	9,531,014
Less: current			(2,462,800)	(1,082,800)	(4,330,779)
Term Notes Payable, net of current			\$ 2,709,333	\$ 4,213,800	\$ 5,200,235

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

The Credit Facility Revolving Loan bears interest at daily SOFR plus 1.60%, payable monthly, and matures in July 2025. No amounts were due under the Credit Facility Revolving Loan as of December 31, 2023, 2022, and 2021. The Credit Facility Revolving Loan commitment includes a \$3,000,000 letter of credit sublimit, of which \$1,000,000, \$1,000,000, and \$1,000,000 was used as of December 31, 2023, 2022, and 2021, respectively, that incurs a fee of 1.50% per annum, payable quarterly. The letters of credit issued under the facility are used to support liabilities under reinsurance contracts of the Company's insurance subsidiary.

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

The Term Loan B for \$3,360,000 was drawn in June 2019 and had a balance outstanding of \$2,268,000 at the time of the latest amendment and requires payments in monthly installments of (A) \$28,000 on the last day of each month beginning July 2019 and ending June 2021, (B) \$35,000 monthly for the period beginning July 2021 and ending June 2022, and (C) \$18,900 plus an amount

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equal to 10% of the principal amount outstanding of the Term B delayed draw divided by 12 monthly for the period beginning July 2022 and ending June 2027; of principal plus interest at daily SOFR plus 1.60%. The Term Loan B matures in June 2027, and the unpaid balance at that date is due in full. The loan can be repaid in full or in part, without penalty, at any time prior to its maturity. In 2023 the company borrowed \$1,000,000 of the available delayed draw.

No amounts had been drawn on the Franchise Advance Revolving Facility as of December 31, 2023.

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

The Credit Facility contains various restrictions and covenants, including maintaining certain minimum financial ratios. At December 31, 2023, the Company was in compliance with such requirements.

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

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

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

The Company has various other debt arrangements totaling \$0, \$0, and \$19,514, as of December 31, 2023, 2022, and 2021, respectively, for certain computer equipment and automobiles. Specific automobiles owned by the Company are pledged to secure the automobile term loans. Specific computer equipment owned by the Company is pledged to secure the computer equipment term loan.

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As of December 31, 2023, the aggregate maturities of the Company's term notes payable are as follows:

Year ending December 31,

2024	\$	2,462,800
2025		476,800
2026		326,800
2027		1,905,733
Total	\$	5,172,133

7. Commitments and Contingencies

Operating Leases

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

Leases, January 1, 2022 and After

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

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

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

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

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

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

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

The following table summarizes the operating lease ROU assets and operating lease liabilities:

December 31, 2023

Operating lease ROU assets	\$	3,692,432
Operating lease liabilities:		
Current		1,312,735
Long-term		2,598,881
Total Operating Lease Liabilities	\$	3,911,616

Below is a summary of expenses incurred pertaining to leases:

<i>Year ended December 31,</i>	2023	2022
Operating lease expense	\$ 1,619,952	\$ 1,814,420
Short-term lease expense	349,168	297,311
Variable lease expense	160,615	148,482
Total lease expense	\$ 2,129,735	\$ 2,260,213

The ROU assets and lease liabilities were calculated using a weighted average discount rate of 2.36% and 1.63% respectively, for the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the weighted average remaining lease term was 4.69 and 4.05 years, respectively. Lease expense as of December 31, 2021 was \$1,884,159.

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The table below summarizes the Company's scheduled future minimum lease payments as of December 31, 2023:

Year ending December 31,

2024	\$	1,379,172
2025		949,354
2026		692,438
2027		377,503
2028		236,003
Thereafter		557,540
Total Future Lease Payments		4,192,010
Less: amount representing interest		(280,394)
Total Lease Liabilities		3,911,616
Less: current portion included in operating lease liabilities, current		(1,312,735)
Lease Liabilities Included in Operating Lease Liabilities, net of current	\$	2,598,881

Advertising

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

Accounts payable and accrued expenses include \$2,674,283, \$3,989,579, and \$5,600,748, at December 31, 2023, 2022, and 2021, respectively, to pay for advertising expenditures to be used to promote the sale of commercial cleaning services to a variety of commercial enterprises, including services to specialized markets such as hospitals and other healthcare providers, hotels and resorts, schools and other educational institutions, and large event venues such as athletic stadiums and arenas, as well as general brand awareness.

Legal Proceedings

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

In 2022, the court ruled in favor of the Company and the Company is pursuing collection of the judgement against the former regional franchisee at this time. The remainder of the deposit was returned at the time of the ruling. The approximate value of the deposit still held by the court at

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December 31, 2023, 2022, and 2021 was \$0, \$0, and \$76,800, respectively. The Company conducts its Brazilian operations through an indirectly wholly-owned Brazilian subsidiary.

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

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

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

The Company entered into service agreements with certain legacy franchisees to continue to provide certain administrative functions related to billing and collections. Amounts recognized in revenue for 2022 related to these agreements were not significant. The settlements are being paid in annual installments through 2023. The expense of these settlements, less related imputed interest, is included in legal settlements in the 2021 consolidated statement of income and comprehensive income. During 2023, 2022, and 2021, the Company made payments (including interest) under the settlements totaling \$3,500,000, \$5,000,000 and \$7,000,000, respectively. As of December 31, 2023, there are no amounts due related to the foregoing settlement.

In 2023, 2022, and 2021, the Company settled lawsuits with various other parties for payments totaling approximately \$0, \$73,000, and \$130,000, respectively.

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

Letters of Credit and Other

The Company's insurance subsidiary has obtained \$6,275,000 of irrevocable standby letters of credit in support of its insurance reserves. Letters of credit totaling \$5,275,000 are secured by an equivalent amount of restricted short-term investments of the insurance subsidiary, and the remainder has been issued under the Company's principal credit facility. The investments pledged

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Notes to Consolidated Financial Statements

to support the letters of credit as of each year end are included in restricted short-term investments in the accompanying consolidated balance sheets.

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

8. Related Party Transactions

Note Receivable from Related Party

Notes receivable from related party at December 31, 2022 consists of \$9,487,575 term note to the owner of the Parent Company, bearing interest at 1.70% per annum, which requires monthly payments of \$55,000 (inclusive of principal and interest) through November 2023. In 2023 this note was paid in full.

In 2020, the Company made a \$3,000,000 loan to the owner of the Parent Company. The note bears interest at LIBOR plus 1.5% per annum and required an initial payment of \$500k of principal plus interest due on January 31, 2021 and monthly payments of \$50k of principal plus interest until maturity in May 2024. The remaining balance as of December 31, 2023 is \$750,000.

Leases from Related Parties

The Company leases space for certain of its regional offices from companies directly or indirectly owned by the Parent Company. Such leases have original terms of ten years, include stipulated escalations at various points in the lease term, and contain other terms and conditions typical of similar leases of office space. The Company paid rent of \$72,860, \$125,905, and \$181,510 under these leases during 2023, 2022, and 2021, respectively.

Consulting agreement with related parties

The Company entered into a consulting agreement with the Parent Company in 2023. The Company paid consulting fees of \$7,500,000 under the agreement in 2023. The full amount of these fees are included in general and administrative expenses on the face of the income statement and the related payable is presented as accounts payable to related parties on the balance sheet.

Other

The Company received royalties of \$1,023,269, \$1,023,554, and \$893,965 in 2023, 2022, and 2021, respectively, from regional franchisees owned in whole or in part by persons who were directors or officers of the Company during such periods.

9. Employee Benefit Plan

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

discretion of the Board of Directors. The Company did not make any contributions to the Plan in 2023, 2022, or 2021.

10. Subsequent Events

The Company evaluated events and transactions that occurred after December 31, 2023, through March 29, 2024, the date these consolidated financial statements were available to be issued, and determined no events had occurred that would have significantly affected these consolidated financial statements, other than those previously disclosed.

EXHIBIT VIII

LIST OF FRANCHISEES

ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST

#

A

AB ENTERPRISE, LLC
Arturo Benitez
Milwaukee, Wisconsin 53215
(414) 526-8242

ADOR SOLUTIONS, LLC.
Medlin Zhegrova
Oak Creek, Wisconsin 53154
(414) 344-8523

ANGIEL, LLC.
Enedina Juan Ramon
Milwaukee, WI 53215
(414) 429-0207

ATTAWAY INVESTMENTS, LLC
Louis and Chalai Attaway
West Bend, Wisconsin 53095
(414) 792-0852

ACOSTA SOLUTIONS, LLC.
Katherine Torres-Acosta
Milwaukee, Wisconsin 53215
(414) 788-9518

AMBAH SOLUTIONS, LLC
Charles Ambah
Brookfield, WI 53045
(414) 488-4883

ANNIE AND LALO, LLC.
Sonia Polo Zapata
Milwaukee, WI 53215
(414) 736-6656

B

B&B MANAGEMENT 17, LLC.
Davontae Burnett
Milwaukee, WI 53216
(414) 795-2247

BENITEZ, LLC
Hugo Benitez
Milwaukee, Wisconsin 53221
(414) 460-1202

BENITEZ BROTHERS ENTERPRISES LLC
Carlos Benitez
Milwaukee, Wisconsin 53204
(414) 213-7196

BROTHERS & SISTERS ENTERPRISE, LLC.
Todji Anderson
Milwaukee, Wisconsin 53209
(414) 530-6797

C

C. SALAS SOLUTIONS, LLC.
Cesar Salas
Shorewood, Wisconsin 53211
(414) 553-4139

CASTILLO & SONS, LLC.
Hector Sagrero
Milwaukee, Wisconsin 53214
(414) 629-9185

CENTRAL CITY ENTERPRISES, LLC
Maurice Shavers
Milwaukee, Wisconsin 53209
(414) 202-8664

CORONADO'S, LLC.
Alberto & Maria Coronado
Milwaukee, Wisconsin 53204
(414) 399-7753

CRAYTON ENTERPRISES, LLC.
Christopher Crayton
Pewaukee, Wisconsin 53072
(414) 234-1289

C.R. ENTERPRISES OF WISCONSIN, LLC
Corey L. Roby
Milwaukee, Wisconsin 53222
(708) 682-1827

CEBALLOS SOLUTIONS, LLC.
Adriana Ceballos
Milwaukee, Wisconsin 53215
(414) 739-4934

COLLINS FACILITY MANAGEMENT, LLC.
Joe Collins
Milwaukee, Wisconsin 53225
(414) 940-4056

CORREA ENTERPRISE, LLC.
Debora Correa
Milwaukee, Wisconsin 53209
(414) 875-7411

CW MANAGEMENT, LLC.
Calvin Washington
Milwaukee, Wisconsin 53216
(414) 241-5808

**ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST**

D

D&C CUSTOM SOLUTIONS, LLC
Dontreal Johnson & Tanya Robinson
Milwaukee, Wisconsin 53209
(414) 484-1598

DLC ENTERPRISE, LLC
Irma Dela Cruz & Diana Dela Cruz
Waterloo, Wisconsin 53594
(920) 222-3346

DOWN AND DIRTY, LLC
Alberto Ramirez
Milwaukee, Wisconsin 53221
(262) 676-3878

DSA ENTERPRISE, LLC
Maria and Bernardo Lopez
Milwaukee, Wisconsin 53215
(414) 975-7228

E

F

FABY'S MANAGEMENT, LLC.
Fabiola Lopez
Milwaukee, Wisconsin 53201
(414) 334-8214

FAMILY FIRST SOLUTIONS, LLC.
Katrina Steed
Wauwatosa, Wisconsin 53226
(414) 229-9423

G

G&M SOLUTIONS, LLC
Guadalupe Gallardo and Miriam Miranda Madrigal
Milwaukee, Wisconsin 53214
(414) 324-4510

GABRIELA'S GREAT SOLUTIONS, LLC
Irma Reyes
Sheboygan, Wisconsin 53081
(920) 377-1329

GODOY & GARIBAY, LLC.
Dora Godoy & Francisco Garibay Godoy
Milwaukee, WI 53204
(414) 732-6011

GRIND & SHINE SOLUTIONS, LLC.
Angelique & Tytianna Wells
Greenfield, Wisconsin 53220
(414) 514-5501

H

HALLELUJAH, LLC.
Jody Hice
Milwaukee, Wisconsin 53219
(414) 517-3906

HARMONY SERVICES, LLC
Maria G. Rios and Silvia V. Arredondo
Greenfield, Wisconsin 53220
(414) 795-1049

HASA ENTERPRISE, LLC
Hugo Sanchez and Roxana Herrera
Milwaukee, Wisconsin 53221
(414) 617-8963

I

IDM ENTERPRISES, LLC
Israel Garcia
Milwaukee, Wisconsin 53215
(414) 526-7995

INTERNATIONAL FACILITIES SOLUTIONS, LLC.
Denise Woods
Milwaukee, Wisconsin 53206
(414) 614-3269

ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST

J

J & M INDUSTRIES, LLC
Teresa Klyce
Racine, Wisconsin 53402
(262) 221-0952

JBROWN SOLUTIONS, LLC.
Joniesha Brown
Racine, Wisconsin 53404
(262) 234-2197

JENNIS, LLC.
Alejandra Gutierrez & Jonas Arias
Milwaukee, Wisconsin 53215
(414) 712-1612

JMP MANAGEMENT, LLC
Alejandro Marin
Waukesha, WI 53189
(262) 832-4992

JORDAN ENTERPRISE, LLC
Brian and Valerie Jordan
Waukesha, Wisconsin 53188
(414) 527-4711

JRC MANAGEMENT, LLC.
Jose Carlos Nanez Perez & Ricardo Cruz Cruz
West Allis, Wisconsin 53227
(414) 377-2293

J&A ENTERPRISE, LLC.
Flavio Fabian-Hernandez
Milwaukee, Wisconsin 53220
(414) 712-5919

JCAM, LLC
Julio C. Ayala and Lisandra Ayala
Milwaukee, Wisconsin 53221
(414) 248-7987

JL & CR, LLC
Juan Luis Sr. and Cruz Ramos
Milwaukee, Wisconsin 53215
(414) 350-1206

JOHNNY G ENTERPRISE, LLC.
Juan A. Gonzalez
Milwaukee, Wisconsin 53215
(414) 243-2436

JOSE FLORES, LLC
Jose Flores
Milwaukee, Wisconsin 53204
(414) 520-3850

K

K & E DOMINGUEZ, LLC
Karina and Eduardo Dominguez
Milwaukee, Wisconsin 53215
(414) 520-8082

KINGLINESS, LLC.
Tierra Johnson & Terrell Hall
Milwaukee, Wisconsin 53216
(414) 217-0126

KICKING THE BUCKET SOLUTIONS, LLC
Martin Thomas
Milwaukee, Wisconsin 53212
(414) 688-1649

KTS SOLUTIONS, LLC
Ken Hughes
Milwaukee, Wisconsin 53216
(414) 517-7821

L

L. DOMINGUEZ, LLC
Lorenzo Dominguez
Milwaukee, Wisconsin 53204
(414) 520-7690

LEAVE IT TO ME L.L.C.
Andre Thompson
Milwaukee, Wisconsin 53233
(863) 440-4706

LION HEART ENTERPRISES, LLC.
Joshua Young
Milwaukee, WI 53216
(414) 349-9656

LAVASSA ENTERPRISE, LLC
Darrell Anderson
Milwaukee, Wisconsin 53216
(262) 623-8187

LEEN 07, LLC
Alya Garcia
Milwaukee, Wisconsin 53215
(414) 861-8826

ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST

L

LOPEZ FACILITY SOLUTIONS, LLC.
Juana Lopez Garcia
Milwaukee, Wisconsin 53220
(262) 749-2644

LUCABRAZI, LLC.
Bernardina Beltran & Alfredo Otapa
Milwaukee, WI 53204
(414) 732-8903

M

M & R SOLUTIONS INC
Reyna Fernandez
Burlington, Wisconsin 53105
(801) 906-3176

M & T MANAGEMENT, LLC
DaMario Belcher
Racine, Wisconsin 53405
(262) 417-8104

M&L GIFTED HANDS, LLC
Michael Boyce
Brookfield, Wisconsin 53005
(262) 501-8427

M.Y. SOLUTIONS LLC
Meltonya Burt
Milwaukee, Wisconsin 53212
(414) 202-8481

MATA'S, LLC
David Mata and Rosa Peña
Milwaukee, Wisconsin 53204
(414) 795-1144

MKB BUSINESS, LLC
Marco Hurtado
Milwaukee, Wisconsin 53215
(414) 595-1763

MOON SOLUTIONS, LLC.
Genero & Maria Luna
Waukesha, WI 53188
(262) 501-5054

MYLO'S SOLUTIONS, LLC
Griselda Guevara
Milwaukee, Wisconsin 53207
(414) 915-9949

N

NAS ENTERPRISE, LLC
Luis Cabral
Oak Creek, Wisconsin 53154
(414) 719-8854

NEW LIGTH, LLC.
Nou X. Vang
Sheboygan, WI 53081
(920) 915-2317

NOBLE 24 ENTERPRISE, LLC.
Kevin Taylor
Milwaukee, Wisconsin 53209
(414) 304-9694

O

P

PAJ SOLUTIONS, LLC.
Maria Jones
Milwaukee, Wisconsin 53225
(414) 855-7277

PEREZ & KIRK MANAGEMENT SOLUTIONS, LLC.
Lesley Perez
West Allis, Wisconsin 53154
(262) 385-6427

ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST

Q

QLH, LLC
Quinncy Hinton
Wauwatosa, Wisconsin 53222
(414) 651-5778

R

REYES SOLUTION, LLC.
Maria Reyes & Martin Reyes Medina
Milwaukee, Wisconsin 53204
(414) 458-2709

RILES & RILEY LLC
Anthony and Anitra Riley
Milwaukee, Wisconsin 53205
(414) 839-7117

RODRIGUEZ SOLUTIONS, INC.
Rene Rivera & Maria Rodriguez
Franklin, Wisconsin 53132
(801) 688-0386

RUIZ SOLUTIONS, LLC.
Domingo Ruiz
Milwaukee, Wisconsin 53204
(414) 766-3952

S

S AND T INCORP., LLC
Timothy and Shaneen Turner
Milwaukee, Wisconsin 53209
(414) 659-5162

S&S MANAGEMENT SOLUTIONS, LLC.
Shaneka Sloan
Milwaukee, Wisconsin 53225
(414) 840-4060

S.A.G. & SONS, LLC
Sentell Gladney
Pleasant Prairie, Wisconsin 53158
(262) 705-8994

S.N.K. SOLUTIONS, LLC.
Shyquetta McElroy
Milwaukee, Wisconsin 53222
(262) 420-3799

SANTOS ENTEPRISE, LLC
Martha Santos
Milwaukee, Wisconsin 53215
(414) 526-4557

SAVEEN HOLDING COMPANY
Anthony Lewis
Milwaukee, Wisconsin 53218
(414) 702-6614

SERR Services, LLC.
Estefany De Jesus Morales
Milwaukee, WI 53215
(414) 324-9118

SUPER DUTY, LLC
Ana L. Cruz and Paulino Pradillo
West Allis, Wisconsin 53227
(414) 595-1644

SUPERIOR ACB, LLC
Anthony Bridges
Milwaukee, Wisconsin 53223
(414) 507-1426

T

THE ONES ENTERPRISES, L.L.C.
Anastacio Rojo
Milwaukee, Wisconsin 53221
(414) 651-2278

TMB Solutions, LLC.
Thomas Bond Jr.
Milwaukee, WI 53210
(414) 795-9454

TOMMIE KIMBROUGH ENTERPRISES, LLC
Tommie Kimbrough
Milwaukee, Wisconsin 53217
(414) 218-6610

TONE'S ENTERPRISE, LLC
Precious Thomas
Milwaukee, Wisconsin 53209
(414) 553-1163

TORREYGAL SOLUTIONS, LLC.
Mayra Torres
Milwaukee, Wisconsin 53221
(414) 429-6754

TWISTER SERVICE INC.
Victoria Peña
Milwaukee, Wisconsin 53215
(414) 331-2060

**ROYAL FRANCHISING, INC. d/b/a JANI-KING OF MILWAUKEE
FRANCHISEE LIST**

U

V

VARGAS BROTHERS, LLC
Oscar Antonio
Milwaukee, Wisconsin 53216
(414) 841-7960

VEGA SHINING SOLUTIONS, LLC.
Vanessa Vega Pabon
Milwaukee, WI 53215
(414) 544-2116

VELASCO & DOMINGUEZ MANAGEMENT LLC.
Nancy Dominguez & Eduardo Velasco
Waukesha, WI 53186
(262) 510-4419

VIP MULTIPLE, LLC.
Veronica Delgado
Milwaukee, WI 53215
(414) 949-4821

VLASKI ENTERPRISE, LLC
Snjezana and Radovan Vlaski
Milwaukee, Wisconsin 53227
(414) 364-5162

W

WILL I AMS ENTERPRISE, LLC
Joshua Williams
Racine, Wisconsin 53402
(262) 822-9001

WILYUL ENTERPRISE, LLC
Julio Fernandez
Milwaukee, Wisconsin 53219
(414) 702-0164

X

Y

YHH ENTERPRISE, LLC
Yadira Mathuzima and Hever Valencia
Milwaukee, Wisconsin 53204
(414) 732-3444

YOUNGS YIM, LLC
Youngsoo Yim
Racine, Wisconsin 53403
(262) 554-5045

Z

**THE FOLLOWING FRANCHISES HAVE BEEN CANCELLED, NON RENEWED,
REACQUIRED BY FRANCHISOR, TRANSFERRED OR CEASED TO DO
BUSINESS WITHIN THE LAST TWELVE (12) MONTHS OR HAS NOT HAD
COMMUNICATION WITH FRANCHISOR WITHIN THE PAST TEN (10) WEEKS:**

B

BALLESTER SOLUTIONS, LLC.
Nancy Ballesteros
Milwaukee, Wisconsin 53208
(414) 324-4558

BMN, LLC.
Jose Varelas
Milwaukee, Wisconsin 53204
(414) 477-4192

D

D.HERNANDEZ, LLC.
Diego Hernandez
Milwaukee, Wisconsin 53215
(414) 517-9329

DAVIS MANAGEMENT GROUP, LLC.
Shenisha Davis
Milwaukee, Wisconsin 53206
(414) 306-3263

L

LONG RUN SOLUTIONS, LLC.
Xailong Yang
Sheboygan, Wisconsin 53081
(920) 627-3423

LUXURY & ELITE, LLC.
Cordarro Harland
Milwaukee, Wisconsin 53216
(414) 241-3285

U

UNERRING, LLC.
Leslee Bufford
Milwaukee, Wisconsin 53202
(262) 914-2210

V

VALERO SOLUTIONS, LLC.
Cesar Salas & Vanessa Valero
Milwaukee, Wisconsin 53222
(414) 324-5989

EXHIBIT IX

GENERAL RELEASE

GENERAL RELEASE

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

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

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

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

EXHIBIT X

BUSINESS PROTECTION PROGRAM ELECTION FORM



BUSINESS PROTECTION PLAN

Franchisee Name: _____

Franchisee Number: _____

Region: **Milwaukee**

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

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

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

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

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

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

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

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

DATED: The _____ Day of _____ 20____

FRANCHISEE:

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

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

(If authorized officer, indicate title)

By: _____
(If third partner, sign here)

EXHIBIT XI

MAINTENANCE AGREEMENT

JANI-KING® MAINTENANCE AGREEMENT

This Maintenance Agreement ("Agreement") is made as of the Effective Date below by and between Royal Franchising, Inc d/b/a Jani-King of Milwaukee ("Jani-King") and _____ ("Client").

1. PERFORMANCE OF SERVICES

- 1.1. Performance of the services scheduled shall begin the _____ day of _____, 20_____.
- 1.2. The term of this Agreement shall be for Two (2) Years from the date services are scheduled to begin.
- 1.3. Jani-King will provide the services described in Exhibit A ("Services") to the "Named Areas" which are defined in Exhibit A.
- 1.4. The Services shall be performed at the location(s) listed on Exhibit B of this Agreement.
- 1.5. Jani-King agrees to provide the Service to the Named Areas _____ (-----) time(s) per week.
- 1.6. Jani-King agrees to furnish all equipment and tools necessary to provide the Services.
- 1.7. Client warrants that the Named Areas are free of asbestos and other hazardous materials. Client hereby agrees to hold Jani-King and its authorized franchise owners harmless from any liability resulting from any Jani-King personnel's exposure to hazardous or harmful materials located in the Named Areas.

2. PAYMENT OF SERVICES

- 2.1. Client agrees to pay to Jani-King each month the total minimum sum stated in the Pricing Schedule, attached hereto as Exhibit B, on or before the last day of each month the Services are rendered. Client also agrees to pay for any charges relating to an Initial Clean Option and any authorized additional cleans options, as described in Exhibit C, and any sales or use tax levied by a taxing authority on the value of the Services or supplies purchased. Client agrees that all payments made to Jani-King shall only be considered paid and properly credited when delivered to the address listed on the invoice.
- 2.2. Credits for holidays were pre-determined and given as part of the monthly charge herein, and no other adjustments will be made for those holidays.
- 2.3. From time to time, as the parties may agree, the monthly charge to be paid by Client may be increased or decreased to reflect an increase or decrease in the area of space serviced and the kind, amount, or frequency of the Service. Any modifications will only be binding if in writing and signed by both parties. In the event mutual agreement relating to frequency of service, type of service, space serviced, or amount to be paid cannot be reached, the frequency of service, type of service, space serviced or amount to be paid shall remain unchanged.
- 2.4. It is expressly agreed that the total minimum sum stated in the Pricing Schedule, Exhibit B, will be increased (i) annually by Jani-King by a two (2%) percent (ii) by Jani-King at any time in the event of an increase in any applicable federal, state, or local minimum wage, living wage, or other wage required by law, in an amount necessary to comply with such an increase.
- 2.5. In the event payment for Services is not received within thirty (30) days from the date such payment is due, Jani-King may suspend Services to Client until such time Client has paid for all services rendered to date. Suspension of services by Jani-King under this Section shall not deprive Jani-King of any of its remedies or actions against Client for past or future payments due under this Agreement, nor shall the bringing of any action for payment of services or other rights contained herein be construed as a waiver of any Jani-King rights. Jani-King also reserves the right to cease providing services on trade credit and require that payments be made advance if it deems Client to be a credit risk.
- 2.6. If Client pays by credit card, an additional fee of 5% of the total transaction will be charged and Client agrees to not place any hold on pledged payments without first notifying Jani-King in writing.

3. INDEPENDENT BUSINESS RELATIONSHIP

- 3.1. It is expressly agreed that the Services will be provided by an authorized Jani-King franchise owner and/or employee of the franchise owner.
- 3.2. Jani-King and all authorized representatives are not employees of Client but are independent contractors. All Jani-King authorized franchise owners and the employees of the franchise owner will not be within the protection or coverage of Client's Workers' Compensation Insurance and no withholding of Social Security, Federal or State Income Tax or other deductions shall be made from the sums agreed to be paid to Jani-King herein, the same being contract payments and not wages.
- 3.3. Client agrees that during the term of this Agreement, and within one hundred and eighty (180) days after termination, that Client will not employ or engage as a contractor, any employees, agents, representatives, franchisees, or representatives of franchisees of Jani-King without the express written consent of Jani-King. Jani-King agrees that during the term of this Agreement and within one hundred and eighty (180) days after termination, it will not employ or engage as a contractor, any employees, agents or representatives of Client without the express written consent of Client.

4. RENEWAL AND TERMINATION

- 4.1. **This Agreement shall be automatically extended and renewed every year thereafter, for an additional one (1) year term on the same terms and conditions, unless either party shall give written notice, as described herein, of termination at least thirty (30) days prior to the scheduled expiration date.** Otherwise, this Agreement may only be terminated for non-performance as set out below.

INT: _____

- 4.2. Non-performance is defined as the failure to perform any act stipulated under this Agreement. Before any termination for non-performance is effective, the terminating party must give the other party written notice, as described herein, specifying in detail the nature of any defect or failure in performance. Upon the effective date of the receipt of notice of non-performance, the non-terminating party shall have thirty (30) days in which to cure the defect in performance (the "Cure Period") to the reasonable satisfaction of the terminating party. In the event the defect is not satisfactorily cured within the required Cure Period, the terminating party shall provide written notification to the non-terminating party of the failure to satisfactorily cure the defect. In the event the second notice is not received within five (5) days from the end of the Cure Period, all deficiencies will be deemed cured. In the event the second notice is received within the required time period, this Agreement shall then terminate thirty (30) days from the date of the second written notice.

- 4.3. **All notices between Client and Jani-King shall be in writing. Any notice shall be deemed duly served if such notice is deposited, postpaid and certified, with the United States Postal Service, or a recognized common parcel courier providing express, receipted delivery to the address stated on the signature page of this Agreement for Jani-King or Client.** All other notices, including notices personally delivered to individuals performing services under this Agreement, shall be ineffective. Either party may change the address of notice by providing the other party written notice of such change. **Time is of the essence for all notices required under the terms of this Agreement.**

5. GENERAL PROVISIONS

5.1. In the event it becomes necessary for either party to institute suit against the other to secure or protect its rights under this Agreement, the prevailing party shall be entitled to all associated costs of the suit, including reasonable attorney's fees, administrative fees, court costs and damages as part of any judgment entered in its favor.

5.2. The terms of this Agreement shall be binding upon and inure to the benefit of Jani-King and Client and their respective heirs, representatives, successors and assigns, except as otherwise herein provided. This Agreement shall be binding on Jani-King and Client at the time of execution by authorized Jani-King agents. In the event this Agreement is executed by an authorized franchise owner of Jani-King, it shall not be binding on Jani-King until it has been approved and executed by an authorized Jani-King agent. Jani-King franchise owners are not authorized to bind Jani-King to this Agreement.

5.3. Any waiver by either party to this Agreement of a breach of any term or condition of this Agreement shall not constitute a waiver of any subsequent breach of the same or any other term or condition of this Agreement.

5.4. Jurisdiction and venue for any suit brought on this Agreement shall be in the governmental division of the county where the Jani-King regional office is located.

5.5. The parties acknowledge that this Agreement and the exhibits supersede all prior agreements, representations, and understandings of the parties. No changes to this Agreement will be effective unless signed by both parties and attached hereto.

5.6. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement.

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

<p>Royal Franchising, Inc.</p> <p>_____</p> <p>Signature of Royal Franchising, Inc. Authorized Agent</p> <p>AE Name</p> <p>Account Executive</p>	<p>Client Name</p> <p>_____</p> <p>Signature of Client's Authorized Agent</p> <p>_____</p> <p>Print Name/Title</p>
<p>Notice Address for Jani-King:</p>	<p>Billing and Notice Address of Client:</p>
<p>P.O. Box 1430</p>	<p>Address</p>
<p>Brookfield, WI 53008-1430</p>	<p>C/S/Z</p>
<p>262-780-0300</p>	<p>Phone Number</p>

EXHIBIT XII

RECEIPTS OF FRANCHISE DISCLOSURE DOCUMENT

Item 23

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Royal Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Royal Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Item 1.

The franchisor is Royal Franchising, Inc. located at 200 North Patrick Boulevard Suite 900, Brookfield, Wisconsin 53045. Its telephone number is (262) 780-0300.

The franchise seller for this offering is Jon McAlpine, Royal Franchising, Inc., 200 North Patrick Boulevard Suite 900, Brookfield, Wisconsin, (262) 780-0300.

Issuance date: September 5, 2024

We authorize the respective state agents identified in Item 1 to receive service of process for us in Wisconsin. I received a disclosure document from Royal Franchising, Inc. dated as of September 5, 2024 that included the following

Exhibits:

EXHIBIT I	FRANCHISE AGREEMENT
EXHIBIT II	GUARANTY
EXHIBIT III	ACCOUNT ACCEPTANCE/FINDER'S FEE AGREEMENT
EXHIBIT IV	EQUIPMENT LEASE SUMMARY AND EQUIPMENT LEASE AGREEMENT
EXHIBIT V	OFFICE SUPPLY AND ADVERTISING PACKAGE, SUPPLY AND EQUIPMENT PACKAGE, AND ADDITIONAL EQUIPMENT
EXHIBIT VI	TABLE OF CONTENTS FOR MANUALS
EXHIBIT VII	FINANCIAL STATEMENTS
EXHIBIT VIII	LIST OF FRANCHISEES
EXHIBIT IX	GENERAL RELEASE
EXHIBIT X	BUSINESS PROTECTION PROGRAM ELECTION FORM
EXHIBIT XI	MAINTENANCE AGREEMENT
EXHIBIT XII	RECEIPTS OF FRANCHISE DISCLOSURE DOCUMENTS

DATE

PROSPECTIVE FRANCHISEE (SIGNATURE)

(Date, Sign, and Return to Us)

PROSPECTIVE FRANCHISEE (PRINT NAME)

Item 23

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