



## FRANCHISE DISCLOSURE DOCUMENT

### JANI-KING FRANCHISING, INC.

A TEXAS CORPORATION

16885 Dallas Parkway

Addison, Texas 75001

(972) 991-0900

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

The total investment necessary to begin operation of a Jani-King regional franchise ranges from \$169,690 to \$2,882,440 (or greater, depending on the amount of the initial franchisee fee charged), as described further in Item 5. This includes (a) an amount which ranges from \$100,000 to \$2,700,000 (or greater depending on the initial franchise fee charged), as described further in Item 5 and Item 7, that must be paid to us or our affiliate; and (b) an amount ranging from \$69,690 and \$182,440 (which includes other initial investments costs, including those costs that may (but need not) be paid to us or our affiliates). The Initial Franchise Fee charged is not identical for all regional franchises. The minimum Initial Franchise Fee for a regional franchise is \$100,000. The formula for calculating the fee above the minimum amount is approximately U.S. \$50,000 for each 100,000 of population for the described territory, a portion of which may be financed.

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

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

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

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

Issuance Date: August 19, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Texas. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Texas than in your own state.
2. **Minimum Royalty Requirement.** You must maintain minimum gross revenue performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Sales Performance Required.** You must maintain minimum sales 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.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

## TABLE OF CONTENTS

ITEM		PAGE
1	The Franchisor, and any Parents, Predecessors and Affiliates	1
2	Business Experience	4
3	Litigation	5
4	Bankruptcy	12
5	Initial Franchisee Fee	12
6	Other Fees	13
7	Estimated Initial Investment	21
8	Restrictions on Sources of Products and Services	24
9	Franchisee's Obligations	26
10	Financing Arrangements	28
11	Franchisor's Assistance, Advertising, Computer Systems and Training	29
12	Territory	37
13	Trademarks	38
14	Patents, Copyrights and Proprietary Information	40
15	Obligation of the Regional Franchisee to Participate in the Actual Operations of the Franchise Business	41
16	Restrictions on What the Franchisee May Sell	42
17	Renewal, Termination, Transfer and Dispute Resolution	43
18	Public Figures	49
19	Financial Performance Representations	50
20	Outlets and Franchise Information	51
21	Financial Statements	57
22	Contracts	58
23	Receipt	58

### EXHIBITS:

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

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

**The Franchisor, its Parents and Predecessors**

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

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

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

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

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

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

EXHIBIT A

REGIONAL FRANCHISE AGREEMENT

# REGIONAL FRANCHISE AGREEMENT

## TABLE OF CONTENTS

<u>SECTION</u>	<u>SUB SECTION</u>		<u>PAGE</u>
		<b>IDENTIFICATION OF PARTIES</b>	1
1		<b>RECITAL</b>	1
2		<b>GRANT OF FRANCHISE</b>	
	2.1	Description of Territory	2
3		<b>REGIONAL FRANCHISEE PLEDGES</b>	
	3.1	Trade Name	2
	3.2	Devotion to Business	3
	3.3	Initial Franchise Fee	3
	3.4	Limitation on Subfranchising	4
	3.5	Market Penetration Requirements	4
	3.6	Minimum for Active Franchises	4
	3.7	Royalties	4
	3.8	Phase-in of Cumulative Minimum Royalty	7
	3.9	Advertising Fee	9
	3.10	Reporting Requirements	9
	3.11	Late Charge	9
	3.12	Prompt Payment	9
	3.13	Preparation and Maintenance of Books and Records	9
	3.14	Indemnification by Franchisee	11
	3.15	Supervision of Trademarks	11
	3.16	Enforcement of Unit Franchise Agreements	11
	3.17	Clean and Safe Place of Business	11
	3.18	Insurance	11
	3.19	Defense of Claims	13
	3.20	Taxes	13
	3.21	Attendance at Training Sessions	13
	3.22	Dealings with Unit Franchisees	13
	3.23	Training for Unit Franchisees	13
	3.24	Quantity Purchasing	14
	3.25	Franchise Offering Circular	14
	3.26	Responsibility for Prices	14
	3.27	Office Location and Decor	14
	3.28	Approval of Marketing Materials	15
	3.29	Policies and Procedures	15
	3.30	Modification of System	15
	3.31	Development of New Concepts	16
	3.32	Copyright	16
	3.33	List of Principals	16
	3.34	Bylaw Requirement	17
	3.35	Assist in National Account Bidding	17
	3.36	Jani-King Accounting Software	17
	3.37	Invoices to Customers	17



SECTION      SUB  
SECTION      SECTION

PAGE

4		<b>NONCOMPETITION</b>	
	4.1	Confidential Information	17
	4.2	Restrictive Covenant	18
	4.3	Independent Construction	19
	4.4	Reduction of Scope	19
	4.5	Ownership of Material	19
	4.6	Claims Not a Defense	20
	4.7	Consent for Application of Injunction	20
	4.8	Covenants for Key Employees	20

5		<b>CONFIDENTIAL PROPRIETARY AND TRADE SECRET INFORMATION</b>	20
---	--	--	----

6		<b>FRANCHISOR OBLIGATIONS</b>	
	6.1	Office Supply and Advertising Package	21
	6.2	Documentation for System	21
	6.3	Training of Regional Franchisee	21
	6.4	Technical Assistance	21
	6.5	Use of Jani-King Trademarks	22
	6.6	Right to Profit	22
	6.7	Promotional Developments	22
	6.8	Assumption of Accounting Systems	22

7		<b>TERMINATION BY REGIONAL FRANCHISEE</b>	23
---	--	---	----

8		<b>DEFAULT AND TERMINATION</b>	
	8.1	Events Deemed as Default	23
	8.2	Obligations Upon Termination or Non-renewal	25
	8.3	Surrender of Property	26
	8.4	Liquidated Damages	26
	8.5	Other Remedies	26
	8.6	Savings Clause	26

9		<b>TERM AND EXTENSION</b>	
	9.1	Initial Term	27
	9.2	Additional Periods	27
	9.3	Requirements of General Release	27
	9.4	Execute New Regional Franchise Agreement	27

SUB  
SECTION    SECTION

PAGE

10		<b>TRANSFER</b>	
	10.1	Right to Transfer	27
	10.2	Requirements for Transfer	27
	10.3	Death or Disability	29

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

12		<b>REGIONAL FRANCHISEE AS UNIT FRANCHISEE</b>	
	12.1	Form of Agreement/Third Party Beneficiary	31
	12.2	Modification or Amendments	31
	12.3	Supervision and Enforcement	31
	12.4	Continuing Effect of Agreements	31

13		<b>GENERAL</b>	
	13.1	Time is of the Essence	32
	13.2	Prices and Discounts	32
	13.3	Savings Clause	32
	13.4	Entire Agreement	32
	13.5	New Account Assistance	32
	13.6	Independent Contractor	33
	13.7	No Waiver of Rights or Remedies	33
	13.8	Notices	33
	13.9	Choice of Law and Venue	34
	13.10	Effective Upon Execution	34
	13.11	Accepted by Home Office	34
	13.12	Titles and Headings	34
	13.13	Warranty of Interested Parties	34
	13.14	Limitation of Damages	34
	13.15	Jury Waiver	35
	13.16	Collective Action Waiver	35

		<b>SIGNATURE PAGE</b>	36
--	--	-----------------------	----

		<b>ATTACHMENT A</b>	
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		<b>SCHEDULES OF PRINCIPALS</b>	
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		<b>SCHEDULE ONE (Office and Advertising Supplies)</b>	
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**JANI-KING FRANCHISING, INC.  
REGIONAL FRANCHISE AGREEMENT**

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

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

**SECTION 1  
RECITALS**

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

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

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

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

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

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

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

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

## **SECTION 2 GRANT OF FRANCHISE**

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

Counties of \_\_\_\_\_

in the State of \_\_\_\_\_

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

## **SECTION 3 REGIONAL FRANCHISEE OBLIGATIONS**

Regional Franchisee covenants and pledges:

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) ROYALTY FEE: A royalty fee (the "**Royalty Fee**") equal to:
  - (i) 5% of the monthly Gross Revenue from the Date of Opening through the end of Performance Year 1;
  - (ii) 5.25% of monthly Gross Revenue in Performance Year 2;
  - (iii) 5.5% of monthly Gross Revenue in Performance Year 3;
  - (iv) 5.75% of monthly Gross Revenue in Performance Year 4;
  - (v) 6% of monthly Gross Revenue in Performance Year 5 and all subsequent years.

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

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

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

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

During each Performance Year, for each month that the Regional Franchise does not produce the MMGR, Regional Franchisee agrees to pay a minimum monthly royalty equal to the Royalty Fee percentage listed in Section 3.7(a) above of the MMGR listed in the table below for the corresponding Performance Year (“**Minimum Royalty**”). For example, during Performance Year 6 in Category I, for each month that the Regional Franchise does not produce MMGR of at least \$100,000, Regional Franchisee will pay a Minimum Royalty of \$6,000 (6% of \$100,000). In the

event the Regional Franchise produces the MMGR, Regional Franchisee will pay the Royalty Fee as described above in Section 3.7(a).

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

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

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

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

Performance Year	Category I MMGR (monthly) (\$)	Category II MMGR (monthly) (\$)	Category III MMGR (monthly) (\$)	Category IV MMGR (monthly)(\$)
1	0	0	0	0
2	20,000.00	\$30,000.00	40,000.00	50,000.00
3	40,000.00	60,000.00	80,000.00	100,000.00
4	60,000.00	90,000.00	120,000.00	150,000.00
5	80,000.00	120,000.00	160,000.00	200,000.00
6	100,000.00	150,000.00	200,000.00	250,000.00
7	120,000.00	180,000.00	240,000.00	300,000.00
8	140,000.00	210,000.00	280,000.00	350,000.00
9	160,000.00	240,000.00	320,000.00	400,000.00
10	180,000.00	270,000.00	360,000.00	450,000.00
11	200,000.00	300,000.00	400,000.00	500,000.00



12	220,000.00	330,000.00	440,000.00	550,000.00
13	240,000.00	360,000.00	480,000.00	600,000.00
14	260,000.00	390,000.00	520,000.00	650,000.00
15	280,000.00	420,000.00	560,000.00	700,000.00
16	300,000.00	450,000.00	600,000.00	750,000.00
17	320,000.00	480,000.00	640,000.00	800,000.00
18	340,000.00	510,000.00	680,000.00	850,000.00
19	360,000.00	540,000.00	720,000.00	900,000.00
20	380,000.00	570,000.00	760,000.00	950,000.00

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

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

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

3.8.1. For regional franchise agreements which (i) are renewing, (ii) contain the MMGR provisions stated in Section 3.7(c) above, and (iii) at the time of renewal the average Gross Revenue of the last 3 months of the last Performance Year is less than the MMGR for the same Performance Year, the beginning MMGR (Performance Year 1) for the next term of the Agreement will be equal to the MMGR for the last Performance Year of the current franchise agreement term. For example, if the average Gross Revenue of the last three months of the last Performance Year for a Category I franchise at the time of renewal was \$350,000 (i.e. less than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$380,000.

3.8.2. For regional franchise agreements which (i) are renewing, (ii) contain the MMGR provisions stated in Section 3.7(c) above, and (iii) at the time of renewal the average Gross Revenue of the last three months of the last Performance Year is equal to or greater than the MMGR for the same Performance Year, the beginning MMGR for the next term of the Agreement will be equal to the greater of (1) 80% of the average monthly Gross Revenue of the last three months of the last Performance Year of the current franchise agreement term or (2) the MMGR for the last Performance Year of the current franchise agreement term. For example, if the average Gross Revenue of the last three months of the last Performance Year for a Category I franchise at the time of renewal was \$500,000 (i.e. more than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$400,000 (i.e. 80% of \$500,000).

3.8.3. A “**Material Account**” means any account of Regional Franchisee that (a) comprises eight percent (8%) or more of Regional Franchisee’s monthly Gross Revenue for the immediately preceding month and (b) was in existence on the Effective Date. During the term of this Agreement, in the event a Material Account is terminated, and Regional Franchisee promptly notifies Regional Franchisor of such termination, a new MMGR for each category will be established by subtracting the average monthly billing amount of such account for the three months prior to the Effective Date from the MMGR of each category. In order to receive such an adjustment to the MMGR, Regional Franchisee must notify Franchisor in writing of the termination of a Material Account within ninety (90) days of such termination and provide Franchisor with documentation substantiating that such account qualifies as a Material Account and substantiating the average monthly billing amount of such account during the three months prior to the Effective Date.

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

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

3.10. Reports and Payment of Fees:

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

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

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

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

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

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

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

(b) Regional Franchisee must, at its sole cost and expense, prepare and submit to Franchisor within 15 days after completion, a complete, audited financial statement for the preceding fiscal year. Such financial statement must be prepared in accordance with generally accepted accounting principles, and must be audited by an independent certified public accountant, within 90 days after the end of the fiscal year. Each financial statement must include a balance sheet and a profit and loss statement. If the Regional Franchisee owns, directly or beneficially, a controlling financial interest in another business, the financial statements required to be submitted must reflect the financial condition of the Regional Franchisee and its other operations on a consolidated basis.

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

power to elect a majority of the board of directors (or other governing body) or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. In any event and without limiting the generality of the foregoing, any Person owning 10% or more of the voting securities of another Person will be deemed to control that Person. “**Person**” means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, joint venture, trust, association, union, entity, or other form of business organization or any governmental entity whatsoever.

3.14. Regional Franchisee agrees to be solely responsible for the relations with any Franchisees licensed to do business as a Jani-King Franchisee within the Territory and to hold harmless and indemnify Franchisor from any and all claims arising from actions by Regional Franchisee or its Franchisees. In addition, Regional Franchisee agrees to be solely responsible for the Services and results of such Services performed by Regional Franchisee, and/or Franchisee(s); and will be responsible for all labor, equipment, materials, tools and supplies necessary to perform such Services. All of such Services will be performed in a good and workmanlike manner, to the satisfaction of the customer for whom such Services are performed. In the event Regional Franchisee fails to see to the proper performance of those obligations to the customer’s satisfaction, pursuant to the spirit and intent of this Agreement, and such complaints continue for an unreasonable period, or if the customer requests in writing that any contract be terminated or transferred, or that Franchisor intervene, Franchisor may assume the rights and obligations under the contract with said customer and service or supply such contract itself, without obligation to pay any royalties or other amounts to Regional Franchisee.

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

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

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

3.18. Regional Franchisee agrees to be solely responsible for and indemnify and hold harmless Franchisor, Jani-King International, Inc., and their officers, directors, and employees for all loss or damage originating from or in connection with, the operation of the Regional Franchise business, and for all claims or demands for damages to property or for injury or death of persons directly or indirectly resulting therefrom of whatsoever nature. Regional Franchisee agrees to carry the types and limits of insurance as set out in the table below, or as otherwise established in the Policies and Procedures manual, as well as the minimum amounts of insurance required by all appropriate federal or local governments for all purposes, including, but not limited to public

liability, employer's liability, property, bodily injury, product and automotive coverage and must provide Franchisor with proof of coverage on demand. Such insurance must have limits of liability that will be increased or have new types of coverage added at the sole discretion of Franchisor when circumstances so dictate, as will be stated in the Policies and Procedures manual. Regional Franchisee agrees to require Franchisees licensed to do business within the Territory to carry similar types and amounts of insurance, and if necessary purchase such insurance for the benefit of the Franchisee. If Regional Franchisee fails to secure such insurance to the satisfaction of Franchisor, Franchisor may, in addition to other remedies, purchase such insurance for the benefit of Regional Franchisee and seek prompt reimbursement from Regional Franchisee for all premiums and other costs incurred. Regional Franchisee agrees to indemnify and hold Franchisor harmless from any claims, loss or damage. Regional Franchisee agrees to obtain all such insurance required by this Section, naming Jani-King Franchising, Inc. and Jani-King International, Inc. and their officers, directors, and employees as Additional Insureds, in the following minimum amounts:

<i><b>TYPE</b></i>	<i><b>LIMITS</b></i>
Comprehensive General Liability General Aggregate	\$1,000,000 (per occurrence)
Products/Completed Operations Each Occurrence	\$ 2,000,000 (Aggregate) \$1,000,000
Personal & Advertising Injury Fire Damage Premises Medical Payments	\$1,000,000 \$100,000 \$10,000
General Liability Package Also Includes: Lost Key Coverage Extended Property Damage Blanket Additional Insured Blanket Waiver of Subrogation	 \$100,000 \$1,000,000  
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)
Excess or Umbrella Insurance	\$15,000,000 (Aggregate)
Workers' Compensation Part A: Statutory Part B: Employers Liability	State Limits \$1,000,000 Each Accident \$1,000,000 Disease – Policy Limit \$1,000,000 Disease – Each Employee
Employee Dishonesty (including Third Party Property)	\$500,000
Contractors Pollution Liability	\$1,000,000 Each Loss \$1,000,000 Policy Aggregate \$250,000 Emergency Response Cost

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

3.20. Regional Franchisee agrees to pay all personal property, sales, excise, use, and other taxes, regardless of type or nature, which may be imposed, levied, assessed or charged, on, against, or in connection with any products or Services sold or furnished hereunder, whether those taxes are imposed by any federal, local, municipality, county or parish, or other governmental unit or agency, which may have jurisdiction over such products or Services. It will be the sole responsibility of Regional Franchisee to ensure that any Unit Franchisee operating in the Territory also complies with this Section as it may apply to the operation of the business operations of a Unit Franchisee.

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

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

3.23. Regional Franchisee agrees to provide a comprehensive training program for each Unit Franchise sold by Regional Franchisee that will include a total of 30 hours of training and on-site assistance. The training program must include an extensive training session of approximately 15 hours duration, at a location to be established by Regional Franchisee, which will include Jani-King methods and procedures for cleaning, contract sales, as well as operations and office management, using formal instruction, self study materials and practical training. Regional Franchisee will thereafter, at Regional Franchisee's discretion, provide additional training sessions in sales and operations. Such later training sessions will total approximately 15 hours, which may

or may not be consecutive. In addition to the training program, Regional Franchisee agrees to provide support and assistance to each Unit Franchisee by:

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

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

(c) having personnel available on an ongoing basis during normal business hours to provide technical assistance, consultation, and advice on marketing and operations procedures by telephone or in person at Regional Franchisee's office, and providing additional training and support for Unit Franchisees at reasonable rates as established by Jani-King policies and procedures.

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

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

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

3.27. Regional Franchisee is solely responsible for any leases of real or personal property in connection with the operation of its business, but agrees that Franchisor must approve office location, furniture and decor thereof to protect the image and reputation of the System. Regional



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

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

3.28.1. In order to promote the System and maintain a consistent System image, Jani-King International, Inc. will maintain the official website for the System. Regional Franchisee may be permitted the use of its own landing page on the official Jani-King website with the limited ability to make customized changes to the landing page, provided such changes comply with System standards and are approved by Franchisor. Regional Franchisee shall not create or maintain its own website using the Marks or to otherwise promote its Regional Franchise or the System without Franchisor's prior written approval, which approval may be withheld in Franchisor's sole discretion.

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

3.30. Regional Franchisee understands and agrees that Franchisor may inspect any premises or to otherwise contact or send quality control information requests to clients serviced by Regional Franchisee or its Franchisees at any time to ensure that the quality of service being performed is in accordance with Jani-King standards. The Regional Franchisee acknowledges that the System must continue to evolve in order to reflect the changing market and to meet new and changing customer demands, and that accordingly, variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System and to

ensure the continuing operational efficiency of franchisees generally. Accordingly, the Regional Franchisee agrees that the Franchisor may from time to time hereafter or otherwise change the System, including, without limitation, the adoption and use of new or modified Proprietary Marks, Confidential Information, Products, Services, franchise programs, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of service and supplies. The Regional Franchisee agrees to promptly accept, implement, use and display in the operation of the business all such additions, modifications and changes at its sole cost and expense.

3.31. Regional Franchisee agrees that if it, any of its employees or any of its Unit Franchisees licensed under this Agreement develop any new concept, process or improvement in the System, the Confidential Information, including, without limitation, the operation or promotion of the franchised business, it will promptly notify Franchisor and provide Franchisor with all necessary information concerning same. Regional Franchisee further agrees that Franchisor shall have all ownership rights to such new concept, process, or improvement to the fullest extent permitted by law. Upon request from Franchisor, Regional Franchisee will execute any agreement necessary to reflect, confirm, or effectuate Franchisor's ownership of such new concept, process or improvement. Regional Franchisee acknowledges that Franchisor may utilize or disclose such new concepts, processes or improvements to other franchisees as it determines to be appropriate.

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

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

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

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

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

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

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

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

3.36. Regional Franchisee must install and use the Jani-King Accounting System in the operation of its Regional Franchise. The Jani-King Accounting System is proprietary software which Franchisor will license to Regional Franchisee pursuant to the Jani-King Software License Agreement attached as Exhibit H to Franchisor's Franchise Disclosure Document (the "**Software License**"). Regional Franchisee must also install and use any modifications, updates or upgrades to the Jani-King Accounting System which Franchisor may require in the future. Franchisor reserves the right to charge monthly, annual, maintenance, support, upgrade, or update fees or a combination of these fees for the Jani-King Accounting System in the future and to require Regional Franchisee to enter into a new software license agreement to reflect such fees. Regional Franchisee agrees that Franchisor may access the Jani-King Accounting System remotely for troubleshooting and to access data and information relating to the activity and performance of the Regional Franchise.

3.37. Regional Franchisee must ensure that the Jani-King logo prominently appears on all invoices that Regional Franchisee sends to customers.

## SECTION 4 NONCOMPETITION

4.1. Franchisor agrees to provide Regional Franchisee with valuable initial and ongoing specialized training, the Confidential Information, and the right to use the System and the Proprietary Marks pursuant to this Agreement and in connection with Regional Franchisee's duties and obligations under this Agreement. The initial specialized training provides training in Jani-King methods and practices of professional cleaning services, management, sales and promotional techniques, and includes information about production procedures and rates, marketing, and management matters. The ongoing specialized training includes updated information of the type provided in the initial training, as well as additional training and information compiled and developed over time as the System evolves. Further, such information is over and above the ordinary skills and experience possessed by Regional Franchisee, Regional Franchisee's partners, investors and employees prior to execution of this Agreement. Regional Franchisee acknowledges

that, whether or not the initial and ongoing specialized training or Confidential Information is denoted, labeled or marked as confidential, Franchisor considers such training and Confidential Information to be, and treats it as, confidential.

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

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

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

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

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

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

(c) Employ, seek to employ, or otherwise directly or indirectly induce to leave his/her

employment, any person who is employed in a managerial position by or has been employed in a managerial position within the previous 6 months by Franchisor, any of Franchisor's affiliated corporations, or any other franchisee of Franchisor, without the prior written consent of Franchisor;

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

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

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

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

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

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

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

## **SECTION 5**

### **CONFIDENTIAL PROPRIETARY AND TRADE SECRET INFORMATION**

5.1. Franchisor will furnish to Regional Franchisee Confidential Information relating to the System, including a Jani-King Policies and Procedures Manual, printed and electronically recorded information regarding operation of the Regional Franchise and Franchisor's business, computer software programs, and other information. Regional Franchisee acknowledges that said materials are part of Franchisor's Confidential Information and Regional Franchisee agrees not to make any reproductions, variations or translations thereof without the prior written permission of Franchisor. Regional Franchisee further agrees not to disclose any Confidential Information it receives from Franchisor, including, without limitation, said Policies and Procedures Manual, to any third party without the prior written approval of Franchisor and not to disclose such Confidential Information to employees of Regional Franchisee except those who have a need to know the same and who have agreed not to make any use or disclosure of the same except as authorized herein. Said manuals and other Confidential Information will at all times remain the exclusive property of

Franchisor and must be delivered to Franchisor, including all copies, variations or translations thereof in the possession of Regional Franchisee, at Franchisor's request. Regional Franchisee agrees to use the contents of said manual and all other Confidential Information disclosed to Regional Franchisee in strict confidence and only in connection with the sale or service of Unit Franchises and/or related products pursuant to this Agreement, and only during the effective term of this Agreement.

## **SECTION 6 FRANCHISOR OBLIGATIONS**

Franchisor covenants and pledges:

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

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

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

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

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

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

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

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

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

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

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

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



## **SECTION 7 TERMINATION BY REGIONAL FRANCHISEE**

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

## **SECTION 8 DEFAULT AND TERMINATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

consents) indicating that any transfer is subject to Section 10, or (ii) if Regional Franchisee is a partnership or limited liability company, fails to ensure that its partnership agreement or company agreement, as applicable, limits transfers as described in Section 10 (in a form to which Franchisor consents).

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

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

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

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

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

(d) turn over to Franchisor all files and records, computer and electronic records, franchise agreements, maintenance agreements or cleaning contracts, and any other documents or information related to the operation of the Regional Franchisee's business.

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

(f) assign to Franchisor all franchise agreements with Unit Franchisees and all contracts with customers. Upon termination or non-renewal of this Agreement, all franchise agreements with Unit Franchisees and all contracts with customers which are then in effect shall be automatically assigned to Franchisor or Franchisor's designee, provided that Franchisor elects to accept the assignment at such time. Upon request from Franchisor, Regional Franchisee will promptly execute all documents requested by Franchisor to confirm, effectuate, or document the full and complete assignment of each Unit Franchise agreement and customer contract.

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

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

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

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

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

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

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

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## **SECTION 9 TERM AND EXTENSION**

9.1. This Agreement and the franchise and license granted hereunder, unless sooner terminated, will be and remain in full force and effect for a period of 20 years from and after the Effective Date.

9.2. Upon the expiration of the term of this Agreement, and provided Regional Franchisee is not then in default thereunder, Regional Franchisee will have the right, privilege, and option to renew this Regional Franchise for an additional period of 20 years. This Agreement may be extended for three (3) additional 20-year periods following the first extension, for a total of 100 years when initial periods and renewal terms are combined.

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

9.4. Regional Franchisee agrees to execute at the time of any renewal, the Regional Franchise Agreement then being used by Franchisor to offer a similar program to current Regional Franchise prospects, which may differ substantially from the agreement under which the Regional Franchisee has operated; and will execute such other ancillary agreements and documents as Franchisor may require. Regional Franchisee understands that the newly executed agreement will govern relations between Franchisor and Regional Franchisee for the following 20 years. However, no additional franchise fee or renewal fee must be paid by Regional Franchisee at the time of renewal.

## **SECTION 10 TRANSFER**

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

10.2. This Agreement will inure to the benefit of the successors and assigns of Regional Franchisee. The interests of Regional Franchisee in this Agreement are personal and may not be sold, assigned, transferred, shared or divided in any manner by Regional Franchisee without the written consent of Franchisor, which consent will not be unreasonably withheld. Regional Franchisee must provide to Franchisor prior to the sale or transfer, a copy of any written agreements relating to the proposed sale or transfer, or any additional information which Franchisor may require in order to determine if it will grant its consent to the proposed sale or transfer. For purposes of this Agreement, any change in stock ownership, voting or other control whatsoever of a corporation or partnership which acts as a Regional Franchisee under this Agreement constitutes a transfer. Provided further, for all purposes herein, in the event that a

trust owns a beneficial interest in a Regional Franchisee which is an entity, any change in the beneficial interest of a beneficiary will constitute a “transfer” hereunder. Any transaction or series of transactions which would have such an effect must be approved by Franchisor on the same basis as any other sale or transfer as set forth herein. Regional Franchisee hereby covenants and warrants (i) that its certificate or articles of incorporation, corporate charter, by-laws, company agreement and/or partnership agreement limit transfers as described in this Section 10, and (ii) if Regional Franchisee is a corporation, that each security must bear a legend (in a form to which Franchisor consents) indicating that any transfer is subject to this Section 10, or (iii) if Regional Franchisee is a partnership or limited liability company, that its partnership agreement or company agreement, as applicable, must provide (in a form to which Franchisor consents) that all transfers are subject to this Section 10.

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

10.2.2. In the event the Regional Franchisee transfers or sells 10% or more of its stock, if it is a corporation, or a 10% or greater interest in the ownership of the Regional Franchisee, or 10% or more interest of the assets of the franchised business, Regional Franchisee agrees to pay Franchisor a transfer fee (“**Transfer Fee**”) based on all monies received, monies to be received, stock, real estate, payment for services, or any other consideration or form of redeemable or hard assets agreed to be accepted by Regional Franchisee in association or related to the transfer or sale of the Regional Franchise (excluding any interest to be earned by Regional Franchisee on any portion of the sales price financed) (the “**Sales Price**”). A Transfer Fee shall also apply if any series of transactions has the effect of transferring 10% or more of the stock of Regional Franchisee, 10% or greater interest in the ownership of Regional Franchisee, or 10% or more interest in the assets of the franchised business. The Transfer Fee shall be 20% of the amount by which the Sales Price exceeds the Basis. For a transfer of 100% of the ownership interest, the “Basis” is defined as the total of (i) the amount of the Initial Franchise Fee paid by Regional Franchisee pursuant to Section 3.3 of this Agreement and (ii) any amounts subsequently paid by Regional Franchisee to Franchisor in consideration for an amendment which adds additional counties or areas to the Territory defined in Section 2.1 of this Agreement. If less than 100% of the ownership interest is transferred, then for the purpose of calculating the Transfer Fee, the Basis shall be reduced proportionately to reflect the percentage of interest being sold or transferred for the Sales Price. The Transfer Fee is due and payable at the time of the transfer or sale.

10.2.3. Regional Franchisee also agrees to provide, as a reasonable condition of Franchisor approving the sale or transfer, a personal covenant to the purchaser, in addition to the covenant contained in this Agreement, an agreement not to compete in the cleaning and/or maintenance services industry in the Territory, which would include any type of cleaning and/or maintenance related services, including, but not limited to, commercial, industrial, institutional and residential cleaning and/or maintenance services, as well as the sale, leasing or distribution of supplies and equipment related thereto, for a period of two years after transfer or sale, nor to seek to divert

business from Franchisor or its Regional Franchisees in the Territory for a period of two years after the transfer or sale.

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

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

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

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

(c) In the event of the death or permanent disability of the Regional Franchisee, Franchisor at its option may elect to operate the Franchise during the interim six months following such death or the interim six months following such permanent disability, as applicable, until the interest of the Regional Franchisee is transferred in accordance with this Section 10 or until the applicable interim period expires, whichever comes first. Franchisor will account for all proceeds from the Regional Franchise less all costs of operation. In consideration for the services provided in managing the Regional Franchise, Franchisor will charge a reasonable monthly management fee which will be in addition to the royalty fees, advertising fees and any other fees or payments due and owing to Franchisor. Franchisor will utilize its best efforts in managing the Regional Franchise, but will not be liable for any losses incurred.

(d) Upon the death or claim of permanent disability of any person with an interest in this Agreement, the Regional Franchise or in Regional Franchisee, Regional Franchisee or a

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

## **SECTION 11 RIGHT OF FIRST REFUSAL**

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

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

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

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



## **SECTION 12**

### **UNIT FRANCHISE AGREEMENTS**

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

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

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

12.4. In the event this Agreement is terminated or expires prior to the end of the term hereof, those portions of the Agreement which pertain to and apply to any Unit Franchise agreement will continue in full force and effect, but only with regard to those franchise agreements which have been entered into and were in effect prior to the date of termination or non-renewal of this Agreement. Upon termination or non-renewal of this Agreement for any reason, Regional Franchisee agrees to execute a binding power of attorney prior to the date of termination or non-renewal which will authorize the transfer and assignment of the Unit Franchise agreements to Franchisor in the event Regional Franchisee fails to do so.

## SECTION 13 GENERAL

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

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

13.3. Limitation on effect of an invalid provision:

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

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

13.4. This Agreement is the entire Agreement between the Parties. Any amendment or modification to this Agreement is invalid unless made in writing and signed by all the Parties. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

13.5. Upon Regional Franchisee's request, Franchisor or its Affiliates may (but is not required to) provide certain advice, assistance, and/or support to Regional Franchisee in connection with responding to requests for proposal, bidding for work (including prices of services), and account start-up (collectively, "***New Account Assistance***"). Regional Franchisee acknowledges that any such New Account Assistance is provided to Regional Franchisee by Franchisor or its Affiliates solely in an advisory capacity, and Regional Franchisee may accept or

decline such New Account Assistance in its discretion. Neither Franchisor nor its Affiliates will be liable for any New Account Assistance that it or they provide to Regional Franchisee, and Regional Franchisee agrees to indemnify and hold harmless Franchisor and its Affiliates from any action, liability, costs, or expenses incurred by Franchisor or its Affiliates resulting from Franchisor providing New Account Assistance to Regional Franchisee. Regional Franchisee agrees to execute any agreement or other documentation reasonably required by Franchisor in connection with Franchisor's or its Affiliates' provision of New Account Assistance.

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

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
FAX: (\_\_\_\_) \_\_\_\_\_

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

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

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

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

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

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

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

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

(a) are listed in the attached schedule of Principals; and

(b) that all such parties will execute all Notes, Guarantees or other documents required by Jani-King.

13.14. Except for Regional Franchisee's obligation to indemnify the Franchisor for third-party claims under Sections 3.14, 3.18, and 13.5, and except for punitive, exemplary or multiple damages available to either Party under federal law, the Parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or multiple damages against the other and agree that, in the event of a dispute between the Parties, the Party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

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

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

*[Signatures appear on the following page.]*

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

JANI-KING FRANCHISING, INC.

REGIONAL FRANCHISEE

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Signature of Owner, Partner, or Authorized Officer

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature of Owner, Partner, or Authorized Officer

\_\_\_\_\_  
Print Name

COMPLETE IF CORPORATION:

\_\_\_\_\_  
Corporation Name

\_\_\_\_\_  
Title of Authorized Officer

Federal Tax I.D. Number:  
\_\_\_\_\_

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

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Print Name/Title

## ATTACHMENT "A"

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

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

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

## SCHEDULE OF PRINCIPALS

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

Relationship:	_____	Relationship:	_____
Name:	_____	Name:	_____
Taxpayer I.D.:	_____	Taxpayer I.D.:	_____
Address:	_____	Address:	_____
Telephone Number:	_____	Telephone Number:	_____
Relationship:	_____	Relationship:	_____
Name:	_____	Name:	_____
Taxpayer I.D.:	_____	Taxpayer I.D.:	_____
Address:	_____	Address:	_____
Telephone Number:	_____	Telephone Number:	_____
Relationship:	_____	Relationship:	_____
Name:	_____	Name:	_____
Taxpayer I.D.:	_____	Taxpayer I.D.:	_____
Address:	_____	Address:	_____
Telephone Number:	_____	Telephone Number:	_____



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

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

EXHIBIT B

PROMISSORY NOTE  
AND  
GUARANTEE

\$ \_\_\_\_\_

## PROMISSORY NOTE

[DATE]

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

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

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

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

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

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

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

[Signature appears on the following page.]

MAKER:

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Name of Corporation

Title: \_\_\_\_\_

## GUARANTEE

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

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

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

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

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

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

[Signatures appear on the following page.]

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**GUARANTOR(S):**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

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Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

EXHIBIT C

OFFICE AND ADVERTISING SUPPLIES

## OFFICE AND ADVERTISING SUPPLIES

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



## EXHIBIT D

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

---

## TABLE OF CONTENTS

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

---

## TABLE OF CONTENTS

**EXHIBIT I                      REGIONAL DIRECTOR'S RESPONSIBILITIES**

**EXHIBIT II                     FRANCHISE SALES**

**EXHIBIT III                    CONTRACT SALES**

**EXHIBIT IV                    MANAGING ADMINISTRATION**

**EXHIBIT V                     MANAGING OPERATIONS**

**EXHIBIT VI                    INSURANCE AND LEGAL DOCUMENTATION**

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

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

---

# TABLE OF CONTENTS

## INTRODUCTION

## SECTION 1 ..... Corporate Documentation

## SECTION 2 ..... Training, On Site Support and Annual Meeting

## SECTION 3 ..... Business Start-Up and Operational Guidelines

## SECTION 4 ..... Advertising – Restrictions, Limits on Methods, National Advertising, Advertising Fund

## SECTION 5..... Internet and Social Media

## SECTION 6 ..... Franchise and Contract Sales

## SECTION 7 ..... Accounting Requirements

SECTION 8 .....Records and Retention/Legal Requirements

SECTION 9 ..... Reporting Requirements/Audits

SECTION 10 ..... System Standards

SECTION 11 ..... National Accounts

SECTION 12 ..... Specialty Market Accounts

JANI-KING GLOSSARY OF TERMS

EXHIBIT E

FINANCIAL STATEMENTS

# **Jani-King International, Inc. and Subsidiaries**

**Consolidated Financial Statements**  
Years Ended December 31, 2024, 2023, and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Jani-King International, Inc. and Subsidiaries**

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Consolidated Financial Statements  
Years Ended December 31, 2024, 2023, and 2022



# Jani-King International, Inc. and Subsidiaries

## Contents

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<b>Independent Auditor's Report</b>	<b>3-4</b>
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets as of December 31, 2024, 2023, and 2022	6-7
Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2024, 2023, and 2022	8
Consolidated Statements of Shareholder's Equity for the Years Ended December 31, 2024, 2023, and 2022	9
Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023, and 2022	10-11
Notes to Consolidated Financial Statements	12-29



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600 North Pearl, Suite 1700  
Dallas, TX 75201

## **Independent Auditor's Report**

The Shareholder  
Jani-King International, Inc. and Subsidiaries  
Dallas, Texas

### ***Opinion***

We have audited the consolidated financial statements of Jani-King International, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024, 2023, and 2022, and the related consolidated 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, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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



### ***Auditor's Responsibilities for the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*BDO USA, P.C.*

March 31, 2025

## **Consolidated Financial Statements**

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# Jani-King International, Inc. and Subsidiaries

## Consolidated Balance Sheets

<i>December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 8,425,754	\$ 6,923,028	\$ 8,415,123
Short-term investments	27,344,677	27,160,000	19,864,490
Short-term investments, restricted	5,275,000	5,275,000	7,250,000
Accounts receivable, net	14,677,646	17,551,670	14,804,060
Notes receivable, current	1,164,557	1,298,993	819,142
Reinsurance premiums receivable	1,707,544	1,776,830	1,366,284
Inventory	-	56,375	83,317
Deferred reinsurance acquisition costs	173,733	180,341	168,461
Other assets - current	1,405,919	2,236,612	2,258,849
<b>Total Current Assets</b>	<b>60,174,830</b>	<b>62,458,849</b>	<b>55,029,726</b>
<b>Non-Current Assets</b>			
Property and equipment, net	5,632,979	5,566,186	5,398,123
Operating lease right-of-use assets	6,191,114	3,692,432	4,586,708
Notes receivable, net of current	473,576	1,123,723	933,283
Intangible assets, net	3,090,625	-	-
Notes receivable from related party	150,000	750,000	10,837,757
<b>Total Non-Current Assets</b>	<b>15,538,294</b>	<b>11,132,341</b>	<b>21,755,871</b>
<b>Total Assets</b>	<b>\$ 75,713,124</b>	<b>\$ 73,591,190</b>	<b>\$ 76,785,597</b>

# Jani-King International, Inc. and Subsidiaries

## Consolidated Balance Sheets

December 31,	2024	2023	2022
<b>Liabilities and Shareholder's Equity</b>			
<b>Current Liabilities</b>			
Due to franchisees	\$ 7,938,630	\$ 10,671,570	\$ 9,460,479
Accounts payable and accrued expenses	9,896,538	8,677,312	10,473,051
Accounts payable due to related party	-	7,500,000	-
Term notes payable, current	737,648	2,462,800	1,082,800
Operating lease liability, current	1,195,520	1,312,735	1,533,113
Unearned reinsurance premiums	1,412,817	1,475,837	1,375,540
Accrued income taxes	1,175,946	1,363,351	1,633,453
Legal settlements payable, current	-	-	3,396,472
Deferred franchise revenues, current	791,472	504,383	477,079
<b>Total Current Liabilities</b>	<b>23,148,571</b>	<b>33,967,988</b>	<b>29,431,987</b>
<b>Non-Current Liabilities</b>			
Term notes payable, net of current	3,275,927	2,709,333	4,213,800
Operating lease liability, net of current	5,192,397	2,598,881	3,255,658
Insurance reserves	3,877,561	4,353,059	5,041,697
Deferred franchise revenues, net of current	9,250,480	6,740,119	5,369,869
<b>Total Non-Current Liabilities</b>	<b>21,596,365</b>	<b>16,401,392</b>	<b>17,881,024</b>
<b>Total Liabilities</b>	<b>44,744,936</b>	<b>50,369,380</b>	<b>47,313,011</b>
<b>Commitments and Contingencies</b>			
<b>Shareholder's Equity</b>			
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	31,480,383	23,927,061	30,126,631
Accumulated other comprehensive loss	(522,195)	(715,251)	(664,045)
<b>Total Shareholder's Equity</b>	<b>30,968,188</b>	<b>23,221,810</b>	<b>29,472,586</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 75,713,124</b>	<b>\$ 73,591,190</b>	<b>\$ 76,785,597</b>

*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>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>			
Commercial cleaning services	\$ 126,699,649	\$ 121,249,648	\$ 135,874,167
Regional franchise royalties	36,661,592	35,724,901	34,468,543
Advertising fees	7,955,053	7,751,334	7,676,604
Preopening services and franchise rights	2,253,995	1,239,678	1,634,323
Leasing, software, and transfer fees	677,791	1,240,725	1,108,787
<b>Total Revenues</b>	<b>174,248,080</b>	<b>167,206,286</b>	<b>180,762,424</b>
<b>Cost of Revenues</b>	<b>99,349,469</b>	<b>94,880,876</b>	<b>105,062,012</b>
<b>Gross Profit</b>	<b>74,898,611</b>	<b>72,325,410</b>	<b>75,700,412</b>
<b>Operating Costs and Expenses</b>			
Selling, general, and administrative expenses	44,651,914	48,896,271	43,324,443
Legal settlements	500	(1,200,000)	73,358
Depreciation and amortization	755,792	586,776	660,677
<b>Total Operating Costs and Expenses</b>	<b>45,408,206</b>	<b>48,283,047</b>	<b>44,058,478</b>
<b>Operating Income</b>	<b>29,490,405</b>	<b>24,042,363</b>	<b>31,641,934</b>
<b>Other Income (Expense)</b>			
Loss on sale of company-owned regions	-	(51,105)	-
Net realized gain (loss) on sales of property and equipment	55,438	(206,833)	30,187
Interest expense	(305,096)	(428,560)	(500,322)
Interest income	1,723,708	1,432,504	383,514
Other income, net	46,500	147,058	3,116,053
<b>Total Other Income</b>	<b>1,520,550</b>	<b>893,064</b>	<b>3,029,432</b>
<b>Income, before income tax expense</b>	<b>31,010,955</b>	<b>24,935,427</b>	<b>34,671,366</b>
<b>Income tax expense</b>	<b>1,092,133</b>	<b>173,297</b>	<b>887,326</b>
<b>Net Income</b>	<b>29,918,822</b>	<b>24,762,130</b>	<b>33,784,040</b>
<b>Other Comprehensive Income (Loss)</b>			
Foreign currency translation	193,056	(51,206)	41,959
<b>Other Comprehensive Income (Loss)</b>	<b>193,056</b>	<b>(51,206)</b>	<b>41,959</b>
<b>Comprehensive Income</b>	<b>\$ 30,111,878</b>	<b>\$ 24,710,924</b>	<b>\$ 33,825,999</b>

*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 Loss	Total Shareholder's Equity
<b>Balance, December 31, 2021</b>	\$ 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)
<b>Balance, December 31, 2022</b>	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)
<b>Balance, December 31, 2023</b>	1,000	9,000	23,927,061	(715,251)	23,221,810
Net income	-	-	29,918,822	-	29,918,822
Foreign currency translation	-	-	-	193,056	193,056
Net distributions to shareholder	-	-	(22,365,500)	-	(22,365,500)
<b>Balance, December 31, 2024</b>	\$ 1,000	\$ 9,000	\$ 31,480,383	\$ (522,195)	\$ 30,968,188

*See accompanying notes to consolidated financial statements.*



# Jani-King International, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Year ended December 31,	2024	2023	2022
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 29,918,822	\$ 24,762,130	\$ 33,784,040
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on sale of corporate owned regions	-	(51,105)	-
Net realized (gain) loss on sales of property and equipment	(55,438)	206,833	(30,187)
Depreciation and amortization	755,792	586,776	660,677
Amortization of right-of-use assets	1,306,506	1,508,052	1,739,142
PPP loan forgiveness	-	-	(3,089,380)
Bad debt expense	282,403	71,078	70,849
Changes in operating assets and liabilities:			
Accounts receivable and notes receivable, current	2,853,318	(2,926,224)	539,029
Reinsurance premiums receivable	69,286	(410,546)	(16,579)
Inventory	56,375	26,942	77,265
Deferred reinsurance acquisition costs	6,608	(11,880)	(3,085)
Other assets	830,693	33,108	(517,832)
Notes receivable, non-current	650,147	(190,440)	(279,117)
Due to franchisees, accounts payable and accrued expenses	(1,513,714)	(1,701,729)	(839,363)
Accounts payable to related party	(7,500,000)	7,500,000	-
Operating lease liability	(1,328,887)	(1,490,931)	(1,731,810)
Unearned reinsurance premiums	(63,020)	100,297	24,373
Accrued income taxes	(187,405)	(270,102)	563,825
Legal settlements payable	-	(3,396,472)	(4,721,393)
Deferred franchise revenues	2,797,450	1,397,554	(364,178)
Insurance reserves	(475,498)	(688,638)	(139,501)
<b>Net Cash Provided by Operating Activities</b>	<b>28,403,438</b>	<b>25,054,703</b>	<b>25,726,775</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of short-term investments	(184,677)	(7,295,510)	(19,864,490)
Change in restricted short-term investments	-	1,975,000	-
Acquisitions, net of cash acquired	(3,509,261)	-	-
Purchases of property and equipment	(475,772)	(969,122)	(272,846)
Proceeds from sale of corporate owned regions	-	785,000	-
Proceeds from sale of property and equipment	-	7,450	29,927
<b>Net Cash Used in Investing Activities</b>	<b>(4,169,710)</b>	<b>(5,497,182)</b>	<b>(20,107,409)</b>

# Jani-King International, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Financing Activities</b>			
Receipts on notes receivable from related parties	\$ 600,000	\$ 10,087,757	\$ 1,094,193
Net distributions to shareholder	(22,365,500)	(30,961,700)	(17,765,000)
Proceeds from term notes	1,304,242	1,000,000	-
Payments on term notes	(2,462,800)	(1,124,467)	(1,198,913)
<b>Net Cash Used in Financing Activities</b>	<b>(22,924,058)</b>	<b>(20,998,410)</b>	<b>(17,869,720)</b>
<b>Effect of Currency Translation on Cash and Cash Equivalents</b>	<b>193,056</b>	<b>(51,206)</b>	<b>41,959</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,502,726</b>	<b>(1,492,095)</b>	<b>(12,208,395)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>6,923,028</b>	<b>8,415,123</b>	<b>20,623,518</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 8,425,754</b>	<b>\$ 6,923,028</b>	<b>\$ 8,415,123</b>
<b>Supplemental Disclosures of Cash Flow Information</b>			
Interest paid during the year	\$ 301,378	\$ 562,389	\$ 420,766
Income taxes paid during the year	2,111,113	278,823	922,257
Recognition of right-of-use assets obtained in exchange for new operating lease liabilities	(3,805,188)	(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

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### 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 the consolidated 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 consolidated 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 credit losses, 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 \$495,118, \$413,850, and \$1,593,568, at December 31, 2024, 2023, and 2022, 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

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### ***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 \$27,344,677, \$27,160,000, and \$19,864,490 at December 31, 2024, 2023, and 2022, 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, \$5,275,000, and \$7,250,000 at December 31, 2024, 2023, and 2022, respectively, and mature within eleven months of year end. The Company intends to hold the investments until their maturity. 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 the Company's customers or regional franchisees, historical payments, and current economic trends. The Company reviews the allowance for accounts receivable and notes receivable from regional franchisees by assessing individual accounts receivable and notes receivable. The Company reviews the allowance for accounts receivable 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

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terms of the underlying policies to which they relate. The portion at the consolidated balance sheet dates, 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 Operating Lease Liabilities***

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach.

ASU 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.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

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

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

### ***Intangible Assets***

In January 2014, the FASB issued ASU 2014-02, *Intangibles-Goodwill and Other (Topic 350)*. ASU 2014-02 allows all entities, except public business entities and not-for-profit entities, to amortize goodwill and certain other intangible assets on a straight-line basis over ten years or less than ten years if the entity demonstrates that another useful life is more appropriate.

Intangible assets consisting of franchise rights reacquired from regional franchisees, are stated at cost, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If the carrying value of the asset exceeds the expected future cash flows, impairment exists and is measured as the amount by which the carrying value exceeds the estimated fair value of the asset. No impairment was recorded for the years ended December 31, 2024, 2023, or 2022.

### ***Unearned Reinsurance Premiums***

Reinsurance premiums assumed are recognized on a pro-rata basis over the term of the policies. The unearned portion at the consolidated balance sheet dates 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.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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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 consolidated 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 consolidated 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.

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, 2024, 2023, and 2022.

### ***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, 2024, 2023, and 2022, including cash and cash equivalents, short-term investments, short-term investments, restricted, accounts receivable, notes receivable, notes receivable from related party, accounts payable and accrued expenses, and accounts payable due to related party, approximate their fair values due to their short maturities. The Company believes that its debt balances approximate fair value as they bear interest at market rates.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *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 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



# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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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, accounting, technology and advertising fees.

The Company also receives monthly variable sales-based royalty and advertising fees from regional franchisees. These variable sales-based fees range from 3% to 7% 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 statements of income and comprehensive 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.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 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 accounting, technology services, and advertising are satisfied over time as the franchisee utilizes the franchise right and as the services are rendered each month. The Company satisfies the sale of product (e.g., software license) and equipment performance obligation at the point in time that the product or equipment is delivered to the franchisee.

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

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,

	2024		2023		2022	
	Amount	(%)	Amount	(%)	Amount	(%)
Deferred franchise revenues, current	\$ 791,472	7.9	\$ 504,383	7.0	\$ 477,079	8.2
Deferred franchise revenues, net of current	9,250,480	92.1	6,740,119	93.0	5,369,869	91.8
<b>Total Deferred Franchise Revenues</b>	<b>\$10,041,952</b>	<b>100.0</b>	<b>\$ 7,244,502</b>	<b>100.0</b>	<b>\$ 5,846,948</b>	<b>100.0</b>

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.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

The following table summarizes deferred revenue activity:

<i>Year ended December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Balance</b> , beginning of year	\$ 7,244,502	\$ 5,846,948	\$ 6,211,125
Fees received from franchise sales and transfer fees	4,926,486	2,672,282	1,263,895
Franchise sales and transfer fees revenue recognized	(2,129,036)	(1,274,728)	(1,628,072)
<b>Balance</b> , end of year	10,041,952	7,244,502	5,846,948
Less: current	(791,472)	(504,383)	(477,079)
<b>Deferred Franchise Revenues</b> , net of current	\$ 9,250,480	\$ 6,740,119	\$ 5,369,869

### *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:

<i>Year ended December 31,</i>	<b>2024</b>		<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>(%)</b>	<b>Amount</b>	<b>(%)</b>	<b>Amount</b>	<b>(%)</b>
Point in time recognition	\$ 3,016,141	1.7	\$ 3,002,236	1.8	\$ 3,588,312	2.2
Over time recognition	171,231,939	98.3	164,204,050	98.2	177,174,112	97.8
<b>Total Revenues</b>	<b>\$ 174,248,080</b>	<b>100.0</b>	<b>\$ 167,206,286</b>	<b>100.0</b>	<b>\$ 180,762,424</b>	<b>100.0</b>

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 \$9,092,093, \$8,721,055, and \$8,521,970 for the years ended December 31, 2024, 2023, and 2022, 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

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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currency of the country in which the regional franchisee operates but are converted to and remitted 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 consolidated balance sheet dates. 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 loss in shareholder's equity. As of December 31, 2024, 2023, and 2022, 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, 2024, 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 shareholder's equity.

### **3. Accounts Receivable, Net**

Accounts receivable consist of the following:

<i>December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Trade accounts receivable	\$ 17,903,646	\$ 20,526,070	\$ 17,714,660
Allowance for credit losses	(3,226,000)	(2,974,400)	(2,910,600)
<b>Accounts Receivable, Net</b>	<b>\$ 14,677,646</b>	<b>\$ 17,551,670</b>	<b>\$ 14,804,060</b>

The following table summarizes the activity in the allowance for credit losses:

<i>Year ended December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Balance</b> , beginning of year	\$ 2,974,400	\$ 2,910,600	\$ 2,651,565
Bad debt expense	282,403	71,078	70,849
Accounts written off	(30,803)	(7,278)	188,186
<b>Balance</b> , end of year	<b>\$ 3,226,000</b>	<b>\$ 2,974,400</b>	<b>\$ 2,910,600</b>

There were no account concentrations on December 31, 2024, 2023, and 2022.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 4. Property and Equipment, Net

Property and equipment are comprised of the following:

<i>December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Land	\$ 104,116	\$ 104,116	\$ 104,116
Buildings and improvements	5,214,775	5,195,648	5,483,423
Leasehold improvements	610,756	515,420	453,789
Furniture	1,957,506	1,932,225	1,937,421
Office equipment	1,369,385	1,219,926	475,364
Automobiles	1,446,975	1,446,616	1,531,141
Aircraft	5,824,151	5,824,151	5,783,505
	<b>16,527,664</b>	<b>16,238,102</b>	<b>15,768,759</b>
Less: accumulated depreciation	<b>(10,894,685)</b>	<b>(10,671,916)</b>	<b>(10,370,636)</b>
<b>Property and Equipment, Net</b>	<b>\$ 5,632,979</b>	<b>\$ 5,566,186</b>	<b>\$ 5,398,123</b>

Depreciation expense for the years ended December 31, 2024, 2023, and 2022, was \$621,417, \$586,776, and \$614,025, respectively.

### 5. Intangible Assets, Net

Intangible assets are comprised of the following:

<i>December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Reacquired franchise rights	\$ 3,225,000	\$ 466,637	\$ 1,025,827
Less: accumulated amortization	<b>(134,375)</b>	<b>(466,637)</b>	<b>(1,025,827)</b>
<b>Reacquired Franchise Rights, Net</b>	<b>\$ 3,090,625</b>	<b>\$ -</b>	<b>\$ -</b>

The Company recognized amortization of purchased franchise rights for the years ended December 31, 2024, 2023, and 2022 of \$134,375, \$0, and \$46,652, respectively.

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# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 6. Debt

Debt is comprised of the following:

December 31,

	Interest Rate, December 31, 2024 (%)	Maturity Date	2024	2023	2022
Term loans A and B	6.06	March 25 and July 2027	\$ 2,709,333	\$ 3,636,133	\$ 3,504,600
Term loan secured by airplane	5.96	October 2024	1,304,242	1,536,000	1,792,000
<b>Total Debt</b>			<b>4,013,575</b>	<b>5,172,133</b>	<b>5,296,600</b>
Less: current			(737,648)	(2,462,800)	(1,082,800)
<b>Term Notes Payable, net of current</b>			<b>\$ 3,275,927</b>	<b>\$ 2,709,333</b>	<b>\$ 4,213,800</b>

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). 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.

In December 2024, the 2019 credit agreement was amended to provide for a term loan of \$2,000,000 (Term Loan C), decrease the amount provided to \$24,286,567, and change the maturity as shown below. The amended Credit Facility provided for a revolving credit facility of up to \$14,500,000 (Credit Facility Revolving Loan) and change the maturity to December 2027, a term loan of \$200,000 (Term Loan A) and change the maturity to March 2025, a term loan of \$2,586,567 (Term Loan B) and change the maturity to June 2027, a new term loan of \$2,000,000 (Term Loan C), which included a delayed draw borrowing of up to \$2,000,000, and with a maturity to December 2029, and a revolving credit facility of up to \$5,000,000 (Franchise Advance Revolving Facility) and change the maturity to December 2027.

The Credit Facility Revolving Loan bears interest at daily SOFR plus 1.60%, payable monthly. No amounts were due under the Credit Facility Revolving Loan as of December 31, 2024, 2023, and 2022. 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, 2024, 2023, and 2022, 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 \$200,000 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 \$2,586,567 at the time of the latest amendment and requires payments in monthly installments of

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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(A) \$35,000 monthly for the period beginning July 2021 and ending June 2022, and (B) \$18,900 plus an amount equal to 10% of the principal amount outstanding of the Term B delayed draw divided by 12 monthly for the period beginning July 2022 and ending June 2027 which is \$27,233 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.

The Term Loan C for \$2,000,000 was drawn in January 2025 and requires payments in monthly installments of \$23,810 on the last day of each month beginning January 2025 and ending December 2029, of principal plus interest at daily SOFR plus 1.60%. The Term Loan C matures in December 2029, and the unpaid balance at that date is due in full. The loan can be repaid in full or in part, without penalty, at any time prior to its maturity.

No amounts had been drawn on the Franchise Advance Revolving Facility as of December 31, 2024.

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, 2024, 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 required 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 was paid in full.

In November 2024, the Company entered into a credit agreement with its primary lender providing for a term loan for \$1,304,242 (Aircraft Loan) used to refinance an aircraft loan. The Aircraft Loan required payments in monthly installments of \$21,737 of principal plus interest at 1.50% over term SOFR rate beginning January 2025 and ending December 2030. The Aircraft Loan matures in December 2030, 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 health care 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 PPP 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.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

As of December 31, 2024, the aggregate maturities of the Company's term notes payable are as follows:

*Year ending December 31,*

2025	\$	737,648
2026		587,648
2027		2,166,582
2028		260,848
2029		260,849
<b>Total</b>	<b>\$</b>	<b>4,013,575</b>

## 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 that 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*

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 it is 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.

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



# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

- 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.
- 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, 2024*

Operating lease ROU assets	\$	6,191,114
Operating lease liabilities:		
Current	\$	1,195,520
Long-term		5,192,397
<b>Total Operating Lease Liabilities</b>	<b>\$</b>	<b>6,387,917</b>

Below is a summary of expenses incurred pertaining to leases:

<i>Year ended December 31,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating lease expense	\$ 1,524,512	\$ 1,619,952	\$ 1,814,420
Short-term lease expense	16,738	349,168	297,311
Variable lease expense	135,209	160,615	148,482
<b>Total Operating Lease Liabilities</b>	<b>\$ 1,676,459</b>	<b>\$ 2,129,735</b>	<b>\$ 2,260,213</b>

The ROU assets and lease liabilities were calculated using a weighted-average discount rate of 3.54%, 2.36%, and 1.63%, respectively, for the years ended December 31, 2024, 2023, and 2022. As of December 31, 2024, 2023, and 2022, the weighted-average remaining lease term was 7.11 years, 4.69 years, and 4.05 years, respectively.

*The remainder of this page intentionally left blank.*

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

The table below summarizes the Company's scheduled future minimum lease payments as of December 31, 2024:

*Year ending December 31,*

2025	\$	1,395,822
2026		1,307,649
2027		1,020,913
2028		695,976
2029		637,351
Thereafter		2,285,470
<b>Total Future Lease Payments</b>		<b>7,343,181</b>
Less: amount representing interest		(955,264)
<b>Total Lease Liabilities</b>		<b>6,387,917</b>
Less: current portion included in operating lease liabilities		(1,195,520)
<b>Lease Liabilities Included in Operating Lease Liabilities, net of current</b>	<b>\$</b>	<b>5,192,397</b>

### **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 \$3,041,398, \$2,674,283, and \$3,989,579 at December 31, 2024, 2023, and 2022, 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 health care 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 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) specify that the Company 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 2024, 2023, and 2022 related to these agreements were not significant. The settlements were 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 2024, 2023, and 2022, the Company made payments (including interest) under the settlements totaling \$0, \$3,500,000, and \$5,000,000, respectively. As of December 31, 2024, there are no amounts due related to the foregoing settlement.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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In 2024, 2023, and 2022, the Company settled lawsuits with various other parties for payments totaling approximately \$500, \$0, and \$73,000, 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 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.

### ***Cybersecurity Incident***

The Company experienced a ransomware attack in December 2024. The Company engaged professional services firms to assist with the investigation, and remediation and breach notification. We conducted a detailed review of all files and information that were potentially compromised by the attack. That review recently concluded and we have identified certain personal information that was exposed. All required notifications are being prepared and will be made. Costs incurred relating to this matter have not been material; however, we may incur additional costs in the future, which may be substantial. The Company is unable to estimate the total financial losses from this breach.

## **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 \$500,000 of principal plus interest due on January 31, 2021 and monthly payments of \$50,000 of principal plus interest until maturity in March 2025. The remaining balance as of December 31, 2024 is \$150,000.

# Jani-King International, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### ***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, \$72,860, and \$125,905 under these leases during 2024, 2023, and 2022, 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 selling, general and administrative expenses on the face of the consolidated statements of income and comprehensive income and the related payable is presented as accounts payable to related parties on the consolidated balance sheets. The fees were paid in full in 2024.

### ***Other***

The Company received royalties of \$1,037,541, \$1,023,269, and \$1,023,554 in 2024, 2023, and 2022, respectively, from regional franchisees owned in whole or in part by persons who were directors or officers of the Company during such periods.

## **9. Employee Benefit Plan**

The Company sponsors the Jani-King International, Inc., 401(k) Plan (the Plan), which covers all employees of the Company that meet the eligibility requirements. Participants in the Plan are allowed to contribute up to 15% of their pre-tax annual compensation, not to exceed the maximum allowable by IRS regulations. Contributions to the Plan by the Company may be made at the discretion of the Board of Directors. The Company did not make any contributions to the Plan in 2024, 2023, or 2022.

## **10. Subsequent Events**

The Company evaluated events and transactions that occurred after December 31, 2024, through March 31, 2025, 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 G

GUARANTEE OF PERFORMANCE

## GUARANTEE OF PERFORMANCE

For value received, Jani-King International, Inc., located at 16885 Dallas Parkway, Addison, Texas 75001, absolutely and unconditionally guarantees the performance by Jani-King Franchising, Inc. located at 16885 Dallas Parkway, Addison, Texas 75001, of all of the obligations of Jani-King of Franchising, Inc. under its franchise registration in the State of Wisconsin dated August 19, 2025 and of its Franchise Agreement. This guarantee continues until all obligations of Jani-King Franchising, Inc. under the franchise registration and franchise agreement are satisfied. Jani-King International, Inc. is not discharged from liability if a claim by the franchisee against Jani-King Franchising, Inc. remains outstanding. Notice of acceptance is not waived. Notice of default on the part of Jani-King Franchising, Inc. is not waived. The guarantee is binding on Jani-King International, Inc. and on its successors and assignees.

Jani-King International executes this guarantee at Addison, Texas on the 19th day of August, 2025.

  
\_\_\_\_\_  
Jani-King International, Inc.

By: John Crawford  
Title: COO

EXHIBIT G

LIST OF FRANCHISEES

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

<b><u>Alabama</u></b>	
DAZSER-BHM Corporation	Enmon Enterprises, LLC
Birmingham Region	Mobile Region
Steve Roesch and Dave Zillig	Tom Enmon
2027 Stonegate Trail, Suite 101	28980 U.S. Highway 98, Suite A
Birmingham, Alabama 35242	Daphne, Alabama 36526
(205) 969-0909	(251) 414-5560
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Dothan Region	Montgomery Region
Tom Enmon	Tom Enmon
6767 Taylor Circle	6767 Taylor Circle
Montgomery, Alabama 36117	Montgomery, Alabama 36117
(334) 265-9830	(334) 265-9830
Capable Enterprises, Inc.	
Huntsville Region	
Jeff Caple and Patricia Caple	
114 Arlington Drive	
Madison, Alabama 35758	
(256) 971-3451	
<b><u>Arizona</u></b>	
Related Services, Inc.	R & N Services, Inc.
Phoenix Region	Tucson Region
Julie Robinson	Julie Robinson
7740 North 16th Street, Suite 110	2525 East Broadway Boulevard, Suite 105
Phoenix, Arizona 85020	Tucson, Arizona 85716
(602) 433-0550	(520) 745-6555
<b><u>Arkansas</u></b>	
Savannah River Enterprises, Inc.	
Little Rock Region	
Rich Henderson	
8201 Cantrell Road, Suite 315	
Little Rock, Arkansas 72227	
(501) 223-3993	



<b><u>Colorado</u></b>	
S & B Confluence – Co, LLC	
Denver Region	
Cynthia Sanchez, Gilbert Sanchez and	
Victor Berrios	
12835 East Arapahoe Road, Tower 2 – Suite 650	
Centennial, Colorado 80112	
(303) 294-0200	
<b><u>Florida</u></b>	
Savannah River Enterprises, Inc.	Enmon Enterprises, LLC
Ft. Myers Region	Pensacola Region
Rich Henderson	Tom Enmon
6320 Techster Boulevard, Suite 1	4300 Bayou Boulevard, Suite 12
Fort Myers, Florida 33966	Pensacola, Florida 32503
(239) 728-5464	(850) 479-8815
First Coast Franchising, Inc.	Savannah River Enterprises, Inc.
Jacksonville Region	Tallahassee Region
Michael Kearns and Tana Kearns	Rich Henderson
5700 St. Augustine Road	544 Mulberry Street #418
Jacksonville, Florida 32207	Macon, Georgia 31201
(904) 346-3000	(850) 201-4544
DAZSER-ORL Corporation	DAZSER-TPA Corporation
Orlando Region	Tampa Bay Region
Steven Roesch and Dave Zillig	Steve Roesch and Dave Zillig
1801 Sandy Creek Lane, Suite 200	2469 Sunset Point Road, Suite 200
Orlando, Florida 32826	Clearwater, Florida 33765
(407) 275-2313	(727) 797-7744
<b><u>Georgia</u></b>	
Atlanta Opportunities, Inc.	Savannah River Enterprises, Inc.
Atlanta Region	Macon Region
Mike Barnes	Rich Henderson
6801 Governors Lake Parkway, Suite 290	544 Mulberry Street, Suite 418
Norcross, Georgia 30071	Macon, Georgia 31202
(770) 448-2221	(478) 314-3940
Savannah River Enterprises, Inc.	Savannah River Enterprises, Inc.
Augusta Region	Savannah Region
Rich Henderson	Rich Henderson
621 NW Frontage Road, Suite 105	6605 Abercorn Street, Suite 200
Augusta, Georgia 30907	Savannah, Georgia 31405
(706) 790-5977	(912) 303-9521

<b><u>Hawaii</u></b>	
Empico, Inc.	
Hawaii Region	
Carol Pennington & Mark Pennington	
94-155 Leo'ole Street, Suite A-119	
Waipahu, Hawaii 96797	
(808) 535-6100	
<b><u>Idaho</u></b>	
RT Alliance, LLC	
Boise Region	
Kimberly Ransdell & Morgan Thomas	
11851 North East Glenn Widing Drive	
Portland, Oregon 97220	
(208) 370-7377	
<b><u>Illinois</u></b>	
* Opportunity Franchising, Inc.	
Chicago Region	
John Crawford and Mary Crawford	
1901 North Roselle Road, Suite 610	
Schaumburg, Illinois 60195	
(847) 619-3800	
<b><u>Indiana</u></b>	
Schroer Service System, Inc.	
Indianapolis Region	
Daniel DeBra, Jud DeBra & Bill Schlies	
6960 Corporate Drive	
Indianapolis, Indiana 46278	
(317) 293-0200	
<b><u>Kansas</u></b>	
Arrowhead Franchising, LLC	Royal Franchising, LLC
Kansas City Region	Wichita Region
Victor Berrios	Victor Berrios
14821 West 95 <sup>th</sup> Street	2400 North Woodlawn Avenue, Suite 140
Lenexa, Kansas 66215	Wichita, Kansas 67220
(913) 385-1440	(316) 712-9617

<b><u>Kentucky</u></b>	
Wildcat Franchising, Inc.	Cardinal Franchising, Inc.
Lexington Region	Louisville Region
Tom Coke	Tom Coke
3080 Harrodsburg Road, Suite 203	9505 Williamsburg Plaza, Suite 201
Lexington, Kentucky 40504	Louisville, Kentucky 40223
(859) 523-4311	(502) 412-1900
<b><u>Louisiana</u></b>	
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Alexandria Region	Monroe Region
Tom Enmon	Tom Enmon
3600 Jackson Street, Suite 201	300 Washington Street, Suite 304
Alexandria, Louisiana 71303	Monroe, Louisiana 71201
(318) 561-6969	(318) 408-0550
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Baton Rouge Region	New Orleans Region
Tom Enmon	Tom Enmon
13702 Coursey Boulevard, Building #8, Suite B	3230 West Espanade Avenue, Suite 100
Baton Rouge, Louisiana 70817	Metairie, Louisiana 70002
(225) 273-5464	(504) 441-9700
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Lafayette/Lake Charles Region	Shreveport Region
Tom Enmon	Tom Enmon
725 Westgate Road	6425 Youree Drive, Suite 390
Lafayette, Louisiana 70506	Shreveport, Louisiana 71105
(337) 362-1234	(318) 408-0550
<b><u>Maryland</u></b>	
DAZSER-BAL Corporation	
Baltimore Region	
Steve Roesch and Dave Zillig	
7120 Minstrel Way, Suite 208	
Columbia, Maryland 21045	
(410) 381-3678	
<b><u>Mississippi</u></b>	
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Jackson Region	South East Mississippi Region
Tom Enmon	Tom Enmon
2001 Airport Road North, Suite 303	22 Millbranch Road, Suite 710
Flowood, Mississippi 39232	Hattiesburg, Mississippi 39402
(601) 968-9400	(601) 579-4984

<b><u>Missouri</u></b>	
Table Rock Franchising, LLC	
Springfield Region	
Victor Berrios	
211 North Ingram Mill Road	
Springfield, Missouri 65802	
(417) 719-3587	
<b><u>Nebraska</u></b>	
Magic City Franchising, LLC	
Omaha Region	
Victor Berrios	
5885 South 118 <sup>th</sup> Circle	
Omaha, Nebraska 68137	
(402) 932-0514	
<b><u>Nevada</u></b>	
* C&C Nevada, LLC	
Nevada Region	
John Crawford and Mary Crawford	
5828 South Pecos Road	
Las Vegas, Nevada 89120	
(702) 737-6116	
<b><u>New Mexico</u></b>	
Crataegus, LLC	
New Mexico Region	
Stephen Hagedorn	
2430 Midtown Place, North East, Suite B	
Albuquerque, New Mexico 87107	
(505) 341-1070	
<b><u>North Carolina</u></b>	
ROHLL-CLT Corporation	TapRock Enterprises, Inc.
Charlotte Region	Greensboro Region
Robbie Lewis	Steve Tapken
7132 Weddington Road	166-B Thatcher Road
Concord, North Carolina 28027	Greensboro, North Carolina 27409
(704) 782-5464	(336) 854-4475

Synergy Franchising Corp.	
Raleigh/Durham Region	
Michael Kearns and Jud DeBra	
801 Jones Franklin Road, Suite 230	
Raleigh, North Carolina 27606	
(919) 852-1555	
<b><u>Ohio</u></b>	
Trifecta Franchising, LLC	Buckeye Franchising, Inc.
Cincinnati Region	Columbus Region
James Dixon	Tom Coke
3800 Red Bank Road	2185 City Gate Drive
Cincinnati, Ohio 45227	Columbus, Ohio 43219
(513) 771-8006	(614) 476-1300
Ohio Services CLE LLC	Top Flight Franchising, Inc.
Cleveland Region	Dayton Region
Joe Carollo	Tom Coke
9075 Town Centre Drive, Suite 200	85 Rhoads Center Drive
Broadview Heights, Ohio 44147	Dayton, Ohio 45458
(440) 546-0000	(937) 438-5290
<b><u>Oklahoma:</u></b>	
Peak JK, LLC	
Native American Indian Territory	
Sean Boyd	
3201 South Berry Road, Suite 100	
Norman, Oklahoma 73072	
(405) 353-0306	
<b><u>Oregon</u></b>	
Freeman Northwest, Inc.	Invictus Franchising, Inc.
Eugene/Salem Region	Portland Region
Kimberly Ransdell & Guy Celeste	Kimberly Ransdell & Guy Celeste
1500 Valley River Drive, Suite 205	11851 North East Glenn Widing Drive
Eugene, Oregon 97401	Portland, Oregon 97220
(541) 868-8080	(503) 778-7777
<b><u>Rhode Island</u></b>	
JVC Franchising, LLC	
Greater Rhode Island Region	
Victor Berrios, Juan Carlos & Cristina Estrada	
20 Alteiri Way, Unit 3	
Warwick, Rhode Island 02886	
(401) 438-6100	

<b><u>South Carolina</u></b>	
Synergy Franchising Corp.	R. Young, Inc.
Charleston Region	Greenville/Spartanburg Region
Michael Kearns, Tana Kearns and Jud DeBra	Richard Young and Gwen Young
4401 Piggly Wiggly Drive, Suite 102	498-A Garlington Road
North Charleston, South Carolina 29405	Greenville, South Carolina 29615
(843) 824-5388	(864) 213-9544
Synergy Franchising Corp.	Synergy Franchising Corp.
Columbia Region	Myrtle Beach Region
Michael Kearns, Tana Kearns and Jud DeBra	Michael Kearns, Tana Kearns and Jud DeBra
720 Gracern Road, Suite 116	2411 North Oak Street, Suite 109
Columbia, South Carolina 29210	Myrtle Beach, South Carolina 29577
(803) 748-8611	(843) 294-5264
<b><u>Tennessee</u></b>	
Autumn Wind Franchising, Inc.	Titan Franchising, Inc.
Chattanooga Region	Nashville Region
Tom Coke	Victor Berrios
7610 Hamilton Park Drive, Suite 3 & 4	5560 Franklin Pike Circle, Suite 100
Chattanooga, Tennessee 37421	Brentwood, Tennessee 37027
(423) 648-3101	(615) 445-7979
Rocky Mountain Franchising, Inc.	Tri Cities Franchising, Inc.
Knoxville Region	Tri Cities Region
Tom Coke	Tom Coke
609 Reliability Circle	1907 North Roan Street, Suite 402, Box 10
Knoxville, Tennessee 37932	Johnson City, Tennessee 37601
(865) 671-5464	(423) 328-0437
Savannah River Enterprises, Inc.	
Memphis Region	
Rich Henderson	
1805 Moriah Woods Boulevard, Suite #7	
Memphis, Tennessee 38119	
(901) 362-5464	
<b><u>Texas</u></b>	
Stoker Management, Inc.	Alpha Services Corporation
Austin Region	Dallas Region
Dennis and Christine Shortt	Jane Tapken
2523 South Lakeline Boulevard	4535 Sunbelt Drive
Cedar Park, Texas 78613	Addison, Texas 75001
(512) 335-9888	(972) 380-0800

Paramount Services, Inc.	CBT Partners Ltd.
Fort Worth Region	San Antonio Region
Jane Tapken	Todd Murphy& Susan Murphy
1000 Ballpark Way, Suite 208	21210 Market Ridge
Arlington, Texas 76011	San Antonio, Texas 78258
(817) 284-5600	(210) 495-5359
Rocket Franchising, Inc.	
Houston Region	
Jane Tapken and Steve Tapken	
21388 Provincial Boulevard	
Katy, Texas 77450	
(281) 240-6455	
<b><u>Utah</u></b>	
Wilcom, Inc.	
Salt Lake City Region	
Sydnee Evans	
111 East Broadway, Suite 300	
Salt Lake City, Utah 84111	
(801) 359-1500	
<b><u>Virginia</u></b>	
Legacy Franchising of Virginia, Inc.	Batford Franchising I, LLC
Hampton Roads	Roanoke/Lynchburg Region
Ray Batton	Ray Batton
3290 Airline Boulevard	5068 South Amherst Highway, Suite 102
Portsmouth, Virginia 23701	Madison Heights, Virginia 24572
(757) 424-7701	(434) 528-8546
Legacy Franchising of Virginia, Inc.	
Richmond Region	
Ray Batton	
9701 A Metropolitan Court	
Richmond, Virginia 23226	
(804) 320-4030	
<b><u>Washington</u></b>	
Performance Franchising, Inc.	
Seattle Region	
Garry Clark and Victoria Clark	
7064 South 220th Street, Building #9	
Kent, Washington 98032	
(253) 277-2601	

<b><u>Wisconsin</u></b>	
Forward Franchising, Inc.	Royal Franchising, Inc.
Green Bay Region	Milwaukee Region
Jeffrey Weyker	Jon McAlpine
520 North Broadway, Suite 160	200 North Patrick Boulevard, Suite 900
Green Bay, Wisconsin 54303	Brookfield, Wisconsin 53045
(920) 884-9900	(262) 780-0300
Focus Franchising, Inc.	
Madison Region	
Jeffrey Weyker	
6472 Ronald Reagan Avenue	
Madison, Wisconsin 53704	
(608) 661-1990	

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



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

<b><u>Kansas</u></b>	
Majestic Franchising, Inc.	Elite Franchising, Inc.
Kansas City Region	Wichita Region
Debbie Sinopoli	Debbie Sinopoli
14821 West 95 <sup>th</sup> Street	2400 North Woodlawn Avenue, Suite 140
Lenexa, Kansas 66215	Wichita, Kansas 67220
(913) 385-1440	(316) 260-4661
<b><u>Michigan</u></b>	
K.E. Michigan I, LLC	
Grand Rapids Region	
Mark Regna	
250 Monroe NW, Suite 422	
Grand Rapids, Michigan 49503	
(616) 222-0175	
<b><u>Mississippi</u></b>	
Enmon Enterprises, LLC	
Mississippi Gulf Coast Region	
Tom Enmon	
12207 Highway 49, Suite 49	
Gulfport, Mississippi 39503	
(228) 276-2890	
<b><u>Missouri</u></b>	
Infinity Opportunity, Inc.	K.E. Missouri I, LLC
Springfield Region	St. Louis Region
Debbie Sinopoli	Mark Regna
211 North Ingram Mill Road	11960 Westline Industrial Drive, Suite 363
Springfield, Missouri 65802	Maryland Heights, Missouri 63146
(417) 719-3587	(314) 576-4330
<b><u>Nebraska</u></b>	
Unlimited Opportunity, Inc.	
Omaha Region	
Debbie Sinopoli	
5885 South 118th Circle	
Omaha, Nebraska 68137	
(402) 932-0514	

EXHIBIT H

LIST OF STATE ADMINISTRATORS

## LIST OF ADMINISTRATORS

### CALIFORNIA

Department of Financial Protection  
and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344

### MARYLAND

Office of the Attorney General  
Division of Securities  
200 St. Paul Place, 25<sup>th</sup> Floor  
Baltimore, Maryland 21202-2020

### CONNECTICUT

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

### MICHIGAN

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

### FLORIDA

Department of Agriculture and Consumer  
Services  
The Holland Building  
600 South Calhoun Street  
Tallahassee, Florida 32399

### MINNESOTA

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

### HAWAII

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

### NEBRASKA

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

### ILLINOIS

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

### NEW YORK

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

### INDIANA

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

### NORTH DAKOTA

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

OREGON

Department of Consumer and  
Business Services  
Division of Finance and  
Corporate Securities  
350 Winter Street North East, Room 410  
Salem, Oregon 97309-0405

RHODE ISLAND

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

SOUTH DAKOTA

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

TEXAS

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

UTAH

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

VIRGINIA

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

WASHINGTON

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

WISCONSIN

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

EXHIBIT I

SOFTWARE LICENSE AGREEMENT

# **JANI-KING® SOFTWARE LICENSE AGREEMENT**

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

## **Recitals**

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

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

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

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

## **Section 1 Grant of License**

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

## **Section 2 Maintenance Services**

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

## **Section 3 Modules**

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

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

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

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

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

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

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

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

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

## **Section 4 Warranty**

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

## **Section 5**

### **Term**

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

## **Section 6**

### **Ownership and Confidentiality**

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

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

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

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

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



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

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

## **Section 7**

### **Use and Operation**

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

## **Section 8**

### **General**

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

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

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

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

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

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

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

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

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

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

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

JANI-KING FRANCHISING, INC. \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

EXHIBIT J

NET WORTH ACKNOWLEDGMENT

## NET WORTH OR INCOME CERTIFICATION

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

### **For an individual:**

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

### **For a business entity:**

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

### **Acknowledgment**

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

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

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature (spouse, if applicable)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Business Entity Name (if applicable)

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

EXHIBIT K

GENERAL RELEASE

## GENERAL RELEASE

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

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

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

Releasor:

Releasor:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name/Date

\_\_\_\_\_  
Print Name/Date

Releasor:

Releasor:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name/Date

\_\_\_\_\_  
Print Name/Date

EXHIBIT L

STATE EFFECTIVE DATES PAGE



## STATE EFFECTIVE DATES

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

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

California	Not Effective
Hawaii	Not Effective
Illinois	Not Effective
Indiana	Not Effective
Maryland	Not Effective
Michigan	Not Effective
Minnesota	Not Effective
New York	Not Effective
North Dakota	Not Effective
Rhode Island	Not Effective
South Dakota	Not Effective
Virginia	Not Effective
Washington	Not Effective
Wisconsin	August 19, 2025

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

EXHIBIT M

RECEIPTS OF FRANCHISE DISCLOSURE DOCUMENT

**ITEM 23**  
**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

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

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

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

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

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

Issuance Date: August 19, 2025

I received a disclosure document dated August 19, 2025. The disclosure document included the following Exhibits:

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

Dated: \_\_\_\_\_

Complete if a corporation, partnership, or  
limited liability company

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

**[Sign and return this page]**

**ITEM 23**  
**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

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Principal Business Address: 16885 Dallas Parkway, Addison, Texas 75001
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D	Table of Contents for Manuals	K	General Release
E	Financial Statements	L	States Effective Page
F	Guarantee of Performance	M	Receipts of Franchise Disclosure Document

Dated: \_\_\_\_\_

Complete if a corporation, partnership, or  
limited liability company

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

**[Keep this page for your records]**