

## FRANCHISE DISCLOSURE DOCUMENT



WaveMAX Franchise LLC  
d/b/a WaveMAX Laundry  
A Florida Limited Liability Company  
929 McDuff Ave. S., Suite 107  
Jacksonville, FL 32065  
[www.wavemaxlaundry.com](http://www.wavemaxlaundry.com)  
(904) 880-2522  
[franchise@wavemaxlaundry.com](mailto:franchise@wavemaxlaundry.com)

We offer franchises for the operation of a laundromat business under the name WaveMAX Laundry. Your business will consist of a retail outlet which will contain all of the equipment necessary for customers to wash and dry their laundry, as well as the ability to provide wash-dry-fold services. You may elect to add Mobile pickup and delivery services upon our approval.

**Standard.** The total investment necessary to begin operation of a standard WaveMAX franchised business is between ~~\$351,356~~,455 – \$ ~~1,515,556~~,350. This includes ~~\$495,495~~,950 that must be paid to the franchisor or affiliate.

**Standard plus Mobile.** The total investment necessary to begin operation of a WaveMAX franchised business that also includes a Mobile service is between ~~\$371,305~~~~376,405~~ - \$~~1,548,100~~~~604,700~~. This includes ~~\$54,590~~,900 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Roberts, at 929 McDuff Ave. S., Suite 107, Jacksonville, FL 32065. Telephone: 904-880-2522.

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:** April ~~10, 2024~~ as amended ~~July 29, 2024~~~~25, 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 or Exhibits G and H.
<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 I 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 WaveMAX Laundry business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a WaveMAX Laundry franchisee?</b>	Item 20 or Exhibits G and H 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 B.

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 mediation, arbitration, and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Unopened Franchisees.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

**MICHIGAN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor;
  - (iii) The unwillingness of the proposed transferee to agree in writing

to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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Attachment 5: Franchisee Disclosure Acknowledgment Statement

Attachment 6: Rider to Lease Agreement; Landlord’s Agreement (Laundrylux), Franchisor Waiver and Subordination Agreement with Landlord Consent (Laundrylux)

Attachment 7: State Addenda to the Franchise Agreement

Exhibit D Employee Confidentiality Agreement

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Exhibit I Financial Statements

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

To simplify the language in this disclosure document, "we," "us," "WaveMAX" and "WaveMAX ~~Laundry~~Laundry" mean WaveMAX Franchise LLC, a Florida limited liability company, the franchisor. "You" means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other entity, "you" includes your guarantors.

**The Franchisor**

WaveMAX Franchise LLC is a Florida limited liability company formed on April 4, 2016. Our principal business address is 929 McDuff Ave. S., Suite 107, Jacksonville, FL 32065.

**Parents and Predecessors**

We have no parents or predecessors.

**Affiliates**

We have an affiliate, AU Hydro LLC, a Florida limited liability company with its principal place of business is 929 McDuff Ave. S., Suite 107, Jacksonville, FL 32065.

Our affiliate, AU Hydro LLC, has operated since 2012 a laundromat outlet offering the same products and services as you would offer through this franchise. However, AU Hydro does not provide franchise-related services or assistance to you, nor has it ever offered franchises in any line of business.

**Business Name**

We do business under the name WaveMAX Laundry.

**Registered Agents**

Exhibit B contains the names and addresses of our agents for service of process.

**The Franchised Business**

We offer franchises for the operation of a business that consists of a retail outlet operated from a fixed location. Your business will contain all of the equipment necessary for customers to wash and dry their laundry, as well as the ability to provide wash-dry-fold services. You may elect to add Mobile pickup and delivery services to your business upon our approval.

We have created a comprehensive program for the operation of these locations (the "Program") which utilizes our confidential and proprietary methods, technology, equipment, operating procedures, business techniques, and manuals in connection with each Franchised

Business (the “Confidential and Proprietary Material”) as well as the use of our trademarks, service marks, trade names, logos, brands, copyrights and other intellectual property used in connection with your Franchised Business (“the Intellectual Property”).

### **Market, Industry Specific Regulations, and Competition**

**The Market:** The laundry industry is established and will be competitive in terms of pricing, service, location, and product quality. You will primarily seek to serve customers that do not have laundry services available to them in their homes. Sales are year-round.

**Industry Specific Regulations:** You must comply with federal and state laws that apply to your business. You must comply with Federal OSHA laws requiring that washers and dryers have a means for holding the doors open while being loaded and unloaded and that all employees of a laundromat are properly instructed as to the hazards of the laundromat workplace.

Some states and municipalities have zoning ordinances and regulations that you must comply with which limit the hours of operation, the number of washing machines and dryers that may be on the premises, mandate a certain minimum number of parking spaces required, and possibly other issues. Certain states also impose environmental regulations on laundromats, specifically in regards to wastewater. These regulations may require the laundromats to obtain a wastewater discharge permit. In order to obtain the permit, the laundromat may be required to have certain filtration systems treat its wastewater. You should investigate the application of these laws further.

**The Competition:** You should expect to compete with other businesses that provide laundry services. These could include coin-op facilities as well as full-service laundry service companies. Future competitors may include national and regional chains and locally owned independent businesses.

### **Prior Business Experience**

We do not conduct business of the type to be operated by the franchisee.

We have offered unit franchises since October 2016.

We previously offered, pursuant to a separate Franchise Disclosure Document, Area Representative franchises from 2016 - 2020. Area Representatives offer and sell franchises on our behalf in designated geographic areas, but do not have management responsibility related to the franchise. Nonetheless, we include a List of Area Representatives in Exhibit J to this disclosure document. As of December 31, 2023, we had nineteen (19) Area Representatives.

Other than the foregoing, we have not conducted business in any other line of business nor offered franchises in any other line of business.

### **Referral Program**

We encourage existing franchisees to refer new franchisees to us and answer any questions they may have. To compensate for time expended, we offer a referral fee up to 20% of the amount of initial franchise fee paid to an existing franchisee who refers a new franchisee to us.

**ITEM 2  
BUSINESS EXPERIENCE**

Michael Roberts: CEO

Michael Roberts has served as our CEO since April 2016. From 2012 to the present, Mr. Roberts has also served as the CEO of AU Hydro LLC d/b/a WaveMAX Laundry in Orange Park, Florida. From February 2012 until April 2021, Mr. Roberts served as Regional Manager for Allanson Int'l out of Toronto, Canada.

Sheila Calivoso-Roberts: COO

Sheila Calivoso-Roberts has served as our COO since April 2016. From 2012 to the present, Ms. Roberts has also served as the COO for AU Hydro LLC d/b/a WaveMAX Laundry in Orange Park, Florida.

Dennis Mulgannon: Franchise Development Consultant

Mr. Mulgannon has served as a Franchise Development Consultant for us since April 2016. Mr. Mulgannon has served as Director of Franchising for Surface Experts Franchising LLC based in Spokane, WA since July 2019. Mr. Mulgannon has served as Director of Franchising for GTN Capital Group in Guilford, Connecticut since February 2017. Mr. Mulgannon has served as Director of Franchising for TFL Franchise Systems, LLC based in Boston, MA since April 2015. Mr. Mulgannon has been President of Franchise Scale in El Dorado Hills, California January 1993.

Geoff Batchelder: Franchise Development Consultant

Mr. Batchelder has served as a Franchise Development Consultant for us since April 2016. Mr. Batchelder serves as Franchise Development Consultant for TFL Franchise Systems, LLC based in Boston, MA since April 2015. Mr. Batchelder has owned Compass Franchise Group since May 2010 to the present in Livermore, CA.

Sean Hansen: Director of Operations

Sean Hansen has served as our Director of Operations since January 2020 and has also served as an Area Representative for us through Stropheum, Inc. in California since November 2016. Sean Hansen has also served as a Franchise Development Manager for Vertica Fitness Franchising in Tucson, Arizona since May 2022; Franchise Development Manager for CAC Franchising in El Dorado Hills, CA since 2010; and Franchise Development Manager for Surface Experts Franchising LLC based in Spokane, WA since July 2018.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

~~On August 8, 2014, Michael and Sheila Calivoso Roberts, our CEO and COO, respectively, filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Middle District of Florida, Case No. 3:14-bk-04220-PMG. Mr. and Mrs. Roberts received a discharge of debts on December 2, 2014.~~

~~Other than this action,~~ no bankruptcy is required to be disclosed in this item.

**ITEM 5  
INITIAL FEES**

The initial franchise fee for a single-unit Franchised Business is \$~~49~~<sup>54</sup>,950. The franchise fee for a second unit is \$24,950 and the franchise fee for a third unit is \$19,950. To qualify for multi-unit discounts, you must make all franchise purchases at the same time.

We offer a 5% discount on the initial franchise fee for an honorably discharged U.S. veteran.

Mobile Initial Training. If you will be offering Mobile service, you must pay a Mobile Initial Training Fee of \$4,950.

The initial fees are collected by us in a lump sum when you sign the Franchise Agreement.

The initial fees are not refundable.

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**ITEM 6  
OTHER FEES**

Type of Fee (1)	Amount	Due Date	Remarks
Royalty  (Notes 2 and 3)	6% of Gross Revenue	Due between the 8th and 10th of the month of billing.	Paid by electronic transfer.  Includes self-service laundry. Drop-off and Pickup/Delivery, and Wash-Dry-Fold service offered by you.
Late Fee (Note 3)	10% interest per annum and \$500 administrative fee	Will be charged on the 15 <sup>th</sup> of the month in which the payment is late	Assessed if you fail to pay a Royalty payment on time.
POS and Payment Systems Fees (Note 4)	Wash Dry Fold POS- initial cost <del>\$4,800</del> <u>\$3,899</u> plus <del>\$95</del> <u>\$85</u> /month <u>for Year 1; \$115 per month after Year 1</u> ; or Cents- initial cost \$2,500 plus \$215/month.  LaundroWorks- \$500 per year. Only applicable with card reader/ App payment system.  LaundryPay \$2,000 per year. Only applicable with phone app payment system.	One time and Monthly, as indicated	You agree to use our designated POS System, presently Wash Dry Fold POS or Cents. If you plan on offering Mobile pickup and delivery services within the first year of operations, we require Cents. If you elect to accept credit cards or App-Based payments, you will incur the LaundroWorks charges.
Mobile Support Fee <del>(Note 5)</del>	4% of Mobile Gross Revenue subject to a \$300 per month minimum	Due between the 8th and 10th of the month of billing.	Paid only if you offer Mobile Services for mobile support, including operations, marketing and other activities in place to support your pickup and delivery

Type of Fee (1)	Amount	Due Date	Remarks
			services. We can increase the Mobile Support Fee in our reasonable discretion.
Grand Opening Marketing	\$20,000	Before opening	You agree to pay \$20,000 to our designated marketing firm a minimum of 30 days prior to opening your WaveMAX store to spend to promote the opening of your franchise during its first six (6) months of operation. You are required to maintain at least the minimum package which includes the franchise location website
Local Marketing (Note 6)	<del>\$300</del> <u>Minimum of \$500</u> per month <del>depending on the advertising package selected</del>	Monthly	Begins month seven (7) of operation. <del>You are required to maintain at least the minimum package which includes the franchise location website.</del>
<u>Mobile Local Marketing</u>	<u>Minimum of \$500 per month</u>	<u>Monthly</u>	<u>If you add the mobile option, you must spend these further sums in addition to the Local Marketing spend requirement.</u>
National Advertising and Marketing	Up to 1% of Gross Revenue	Due between the 8th and 10th of the month.	We are not currently implementing the National Advertising fund.
Supplier payments	Amount unpaid plus accrued interest and penalties	At time of payment	If you do not pay suppliers, we have the right but not the duty to make such payments then charge you for the expense.
Audit Expenses	Actual Cost of Audit	Upon finding a discrepancy of more than 3%	We have the right to audit your books to determine if you are paying us the correct amounts.
Retraining and Subsequent Training	\$300 per person per day for additional training or retraining	Within 30 days of billing by us	

<b>Type of Fee (1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Damages Based Upon Material Default	Actual loss of royalties and other damages	At time of material default	If we terminate the Franchise Agreement due to material default, we may recover our lost royalties and other damages through the remainder of the term of the Franchise Agreement, up to \$50,000.
Renewal Fee	\$5,000	Within 30 days before expiration of current term	This fee is intended to defray legal and administrative costs incurred by us when you renew your franchise agreement.
Transfer Fee	\$5,000 Plus, on the purchase or sale of an existing franchise, you must pay a franchise broker's commission of 10% of the sales price, subject to a \$20,000 minimum.	\$2,500 upon announcing your intention to sell; balance at transfer	No charge if transferred to an entity you control or to an immediate family member. Check with franchisor to see if the franchisor broker commission will apply.
Indemnification	Will vary under circumstances	Upon request	You must reimburse us for damages we incur on claims that arise from your operation of the Franchised Business.
Interest on Overdue Payments	10% per annum	On date of payment of overdue amount	
Costs and Attorney Fees	Will vary under circumstances	Upon request	If we are the prevailing party in any litigation with you, or you sue an Area Representative, you must reimburse our costs and attorney fees.

Note 1. All fees are uniformly imposed by, payable to, or collected by us, and are nonrefundable.

Note 2. " **Gross Revenue**" means the aggregate sales price of all washing machine, dryer machine, and Wash-Dry-Fold service revenue earned by the Franchisee, in connection with or arising out of the operation of the Franchised Business. It also includes the retail value of all products and sales generated from services donated, given away or bartered by the Franchisee or any of its Affiliates, in connection with or arising out of the operation of the Franchised Business excluding only (1) revenue derived by franchisee through vending machines or ATM machines; (2) the amount of any refund or credit given in respect of WDF services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given in the ordinary course of business and (3) any amounts collected by Franchisee for any governmental authority and paid out by Franchisee to that governmental authority on account of sales taxes or other taxes imposed upon the sale of goods or services by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to subsequently recover. If you provide Mobile services, Gross Revenues includes gross revenue derived from Mobile services as defined in the "**Mobile Gross Revenue**" section below.

**Mobile Gross Revenue** refers to just the portion of Gross Revenues from any Mobile pick-up and delivery laundry services you may offer including revenues from pickup and delivery charges.

Note 3. Payments are processed through the Automated Clearing House ("ACH") electronic network. ACH rules and regulations apply. See Attachment 3 to the Franchise Agreement.

Note 4: **Mobile Gross Revenue** refers to just the portion of Gross Revenues from any Mobile pick-up and delivery laundry services you may offer including pickup and delivery charges.

~~Note 5. Commencing your 7<sup>th</sup> month of operations, you are required to spend a minimum of \$300 per month marketing your business. If you choose to offer Mobile services, your minimum monthly marketing spend will be \$600.~~

~~Note 6.~~ A portion of the initial franchise fees collected by us may be passed through to area representatives, in-house brokers, outside brokers, existing franchisees (as a referral fee), or others. Similarly, a portion of royalties collected by us may be passed through to area representatives.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

**Standard WaveMAX (without Mobile)**

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	\$ <del>4954</del> ,950	\$ <del>4954</del> ,950	Check or electronic transfer	At signing of Franchise Agreement	Us
Training-Related Expenses (Note 2)	\$1,500	\$2,000	Cash, check, or credit card	Before opening	Third party hotel, restaurant and transportation vendors
Grand Opening Marketing (Note 3)	\$20,000	\$20,000	Check or Credit Card	Before opening	Paid to our designated agency
Computer Equipment & Software	\$1,000	\$1,500	Check or Credit Card	Before Opening	Third party vendors
Laundry Machines & Equipment (Note 4)	\$157,000	\$ <del>799825</del> ,000	Check or Credit Card	Before Opening	Third party vendors
Tenant Improvements (Note 5)	\$50,000	\$499,000	Check or electronic transfer	Before opening	Third party vendors
Location Lease (Note 6)	\$4,000	\$9,500	Check	Before Opening	Third party vendors
Safes	\$550	\$3,500	Check or credit card	Before Opening	Third party vendors
Containers	\$175	\$200	Check or credit card	Before Opening	Third party vendors

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Misc. Supplies	\$75	\$200	Check or credit card	Before Opening	Third party vendors
Camera & Security System	\$900	\$4,500	Check or credit card	Before Opening	Third party vendors
Office Equipment	\$150	\$300	Check or credit card	Before Opening	Third party vendors
Signage	\$9,000	\$23,000	Check or credit card	Before Opening	Third party vendors
Vending Machines & ATM	\$0	\$3,500	Check or credit card	Before Opening	Third party vendors
Televisions	\$175	\$450	Check or credit card	Before Opening	Third party vendors
Furniture	\$400	\$600	Check or credit card	Before Opening	Third party vendors
UV Sanitization System (Note 7)	\$20,000	\$29,000	Check or credit card	Before opening	Third party vendor
Insurance- <u>1 month</u> (Note 8)	\$400	<del>\$600</del> <u>1,0600</u>	Check, credit card or electronic transfer	Before opening	Third party vendors
Uniforms (Note 9)	\$80	\$150	Check or credit card	Before opening	Third party vendors
Legal Fees (Note 10)	\$1,000	\$3,000	Check or credit card	As incurred	Attorney
Business License(s) (Note 11)	\$100	\$400	Cash or check	Before opening	Government Agencies
Additional Funds – 3 Months	\$35,000	\$65,000	Check, credit card, or	As incurred	Employees, suppliers, utilities, third

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
(Note 12)			electronic transfer		party vendors, etc.
<b>TOTAL</b>	<del>\$351,356</del> ,455	\$1, <del>515,556</del> ,350			

\*Payments to us are not refundable. Whether payments to third parties are refundable depends on the policies of the third parties.

Notes:

Note 1- Initial Franchise Fee. The initial franchise fee for a single-unit Franchised Business is \$49,950, which is collected by the franchisor and distributed in part by the franchisor to various third parties in connection with the grant of a franchise. The franchise fee for a second unit is \$24,950 and the franchise fee for a third unit is \$19,950. To qualify for multi-unit discounts, you must make all franchise purchases at the same time. We offer a 5% discount on the initial franchise fee for an honorably discharged U.S. veteran. Neither we nor an affiliate finances part of the initial investment.

Note 2- Training-Related Expenses. The training expenses are incurred by you for your employees' travel, accommodations and meals while attending our training facility. You should be aware that training may take place in Florida, so travel, lodging and food costs may be significantly more than in many other locations.

Note 3- Grand Opening Marketing. You agree to pay \$20,000 to our designated marketing firm a minimum of 30 days prior to opening your WaveMAX store to spend to promote the opening of your franchise during its first six (6) months of operation. At present, our designated laundry equipment supplier, Laundrylux, issues a rebate to the Franchisee for \$15,000 of the equipment package that the Franchisee purchases from them. Franchisee can use that rebate amount towards the Grand Opening Marketing spend requirement.

Note 4-Laundry Machines and Equipment. The low amount assumes that you will finance your laundry machine and equipment purchase through the third party, Laundrylux, available to qualified applicants. (This includes tankless water heaters, carts, changers, folding tables, Etc. All items purchased from the distributor). The high end assumes that you purchase the laundry machines and equipment outright.

Note 5- Tenant Improvements. Costs will vary greatly depending on the condition of the franchise location. These costs do not include the possible local state/county/city costs which could include fees for water and gas meters, tap fees, impact fees, etc. If the building is heated with gas, there will need to be a separate gas meter installed which meters the usage of the washer/dryer equipment.

Note 6- Location Lease. You are required to have a fixed retail location. Our sites will range from

2,000 to 3,500 square feet. Typically, you want an initial lease of 10 years with a minimum of two five-year options. Make sure to check with your local municipality and comply with all local requirements for your retail location.

Note 7- UV Sanitation System. You must install the UV sanitation system from our preferred vendor.

Note 8- Insurance-1 month. This estimate is for one month of insurance deposits. It is not your annual cost for insurance. We are assuming that you will pay 25% of your insurance costs in advance.

Note 9- Uniforms. Uniform costs will be approximately \$25 per employee. You will have approximately 3 to 4 employees.

Note 10- Legal Fees. These are estimated legal fees for basic business set up. Your costs could vary.

Note 11- Business License. You may be required to obtain a business license and/or meet similar requirements in your location. You may be required to obtain a laundry license in your state.

Note 12- Additional Funds- 3 Months. This estimates your initial operating expenses, including working capital, marketing fees, and website fees, during the initial start-up months. We base our estimates upon our prior experience operating a similar outlet as a company store.

**Standard WaveMAX - Plus Mobile**

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	\$ <del>49</del> 54,950	\$ <del>49</del> 54,950	Check or electronic transfer	At signing of Franchise Agreement	Us
Training-Related Expenses (Note 2)	\$1,500	\$2,000	Cash, check, or credit card	Before opening	Third party vendors
Grand Opening Marketing (Note 3)	\$20,000	\$20,000	Check or Credit Card	Before opening	Paid to our designated agency
Computer Equipment & Software	\$1,000	\$1,500	Check or Credit Card	Before Opening	Third party vendors

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Laundry Machines & Equipment (Note 4)	\$157,000	<del>\$799</del> 850,000	Check or Credit Card	Before Opening	Third party vendors
Tenant Improvements (Note 5)	\$50,000	\$499,000	Check or electronic transfer	Before opening	Third party vendors
Location Lease (Note 6)	\$4,000	\$9,500	Check	Before Opening	Third party vendors
Safes	\$550	\$3,500	Check or credit card	Before Opening	Third party vendors
Containers	\$175	\$200	Check or credit card	Before Opening	Third party vendors
Misc. Supplies	\$75	\$200	Check or credit card	Before Opening	Third party vendors
Camera & Security System	\$900	\$4,500	Check or credit card	Before Opening	Third party vendors
Office Equipment	\$150	\$300	Check or credit card	Before Opening	Third party vendors
Signage	\$9,000	\$23,000	Check or credit card	Before Opening	Third party vendors
Vending Machines & ATM	\$0	\$3,500	Check or credit card	Before Opening	Third party vendors
Televisions	\$175	\$450	Check or credit card	Before Opening	Third party vendors
Furniture	\$400	\$600	Check or credit card	Before Opening	Third party vendors
UV Sanitization System (Note 7)	\$20,000	\$29,000	Check or credit card	Before opening	Third party vendor

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Insurance- <u>1 month</u> (Note 8)	<del>\$400</del> 500	<del>\$600</del> 1,200	Check, credit card or electronic transfer	Before opening	Third party vendors
Uniforms (Note 9)	\$80	\$150	Check or credit card	Before opening	Third party vendors
Legal Fees (Note 10)	\$1,000	\$3,000	Check or credit card	As incurred	Attorney
Business License(s) (Note 11)	\$100	\$400	Cash or check	Before opening	Government Agencies
Mobile Training Fee (Note 12)	\$4,950	\$4,950	Check or electronic transfer	Before commencing Mobile services	Us
Mobile Training-Related Expenses (Note 13)	\$1,500	\$2,000	Cash, check, or credit card	Before commencing Mobile services	Third party vendors
Mobile Vehicle Lease for 1 Van (Note 14)	\$1,000	\$1,500	Check or debit	Upon purchase	Vendors
Mobile Equipment, Tools & Systems for 1 Van (Note 15)	\$1,000	\$1,500	Check, debit, and/or credit	As incurred	Vendor
Mobile Vehicle Wrap for 1 Van (Note 16)	\$3,400	\$4,000	Check, debit, and/or credit	As incurred	Vendor
Mobile Technology Upgrade (Note 17)	\$500	\$3,800	Credit card or electronic Transfer	As incurred	Vendor

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Mobile Grand Opening (Note 18)	\$5,000	\$10,000	Check, debit, and/or credit	As incurred or when billed	Paid to our designated agency
Mobile Marketing Materials and Uniforms (Note 19)	\$2,500	\$5,000	Check, debit, and/or credit	Upon ordering	Vendors and suppliers
Additional Funds – 3 Months (Note 20)	\$35,000	\$65,000	Varies	Varies	Employees, Suppliers,
<b>TOTAL</b>	<del>\$371,305</del> <b>376,405.00</b>	<del>\$1,548,100</del> <b>604,700.00</b>			

Notes 1-11. See first Item 7 table.

Note 12-Mobile Training Fee: A one-time training fee for Mobile pickup and delivery services will be incurred. This includes all costs paid by us to suppliers for on-site training delivery and initial WaveMAX operational setup/support activities.

Note 13-Mobile Training-Related Expenses. The training expenses are incurred by you for your employees' travel, accommodations and meals while attending our training facility. You should be aware that training may take place in California, so travel, lodging and food costs may be significantly more than in many other locations.

Note 14- Mobile Vehicle Leases. You will begin your Mobile services with at least one van. The low-end estimate assumes you lease one cargo van before opening for \$1,000 initial payment. The high-end estimate assumes you start the business with a larger van with additional height and length for larger capacity.

Note 15- Mobile Equipment, Tools and Systems for Van. This reflects the amount you pay for the shelving and rack systems that you will need for each van to service your Mobile area. We estimate the cost of these items at \$1,000 - \$1,500, including local installation by authorized suppliers.

Note 16- Mobile Vehicle Graphics. Your vehicles must have our required vehicle graphics. You will purchase the vehicle wrap either through us or directly from our approved vendor. The vendor will have the vehicle wrap mailed to your local installer.

Note 17- Mobile Technology Upgrade. Currently, Curbside is the only approved vendor for Mobile software. If you use Curbside to process Wash-Dry-Fold, then a \$500 upgrade cost will be incurred. If you change from another platform, the cost may be as high as \$3,800 for hardware and software.

Note 18- Mobile Grand Opening. This reflects the amount you will spend for advertising and marketing for the initial launch of your Mobile services. Our Mobile service clients include business customers and consumer opportunities beyond the scope of your initial Laundromat business, thus warranting an additional marketing budget to attract this clientele. We require you to spend at least \$5,000 on advertising and marketing in this period.

Note 19- Mobile Marketing Material and Uniforms. This is an estimate for marketing related expenses for brochures, handouts, direct mail, sponsorships and promotional material and uniforms for your staff members including shirts, jackets, t-shirts and wearable items to promote the Mobile service.

Note 12- Additional Funds- 3 Months. This estimates your initial operating expenses, including working capital, marketing fees, and website fees, during the initial start-up months. We base our estimates upon our prior experience operating a similar outlet as a company store.

The figures in these tables are estimates, and we cannot guarantee that you will not have additional, or higher, expenses.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **The Goods or Services Required to be Purchased or Leased:**

#### Advertising Material

We provide to you advertising templates at no charge. You may use additional advertising provided that we first approve it.

#### Computer Hardware, Software, Payment Systems and Point of Sale (POS) System

You shall use the computer hardware, software, payment systems, and Point of Sale (POS) Systems that we specify, which may include vendor designations.

#### Insurance

We require you to purchase:

- (a) reasonable comprehensive public liability and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractors' protective insurance coverage with respect to the activities conducted by Franchisee and any employee, agent or other person performing work on behalf of Franchisee with respect to the Franchised Business, with a policy limit of not less than \$2,000,000 general liability coverage (including personal injury) or such greater amount

as may be specified in writing by Franchisor from time to time and not less than \$1,000,000 per occurrence for personal and bodily injury liability and not less than \$100,000 per occurrence for damage to rental premises or such greater amount as may be specified in writing by Franchisor from time to time, and not less than \$5,000 medical coverage for any one person or such greater amount as may be specified in writing by Franchisor from time to time;

- (b) reasonable products liability/completed operations insurance with a policy limit of not less than \$2,000,000; and
- (c) reasonable business interruption insurance in respect of the Franchised Business with a policy limit not less than that which may be prescribed by Franchisor from time to time.
- (d) if Mobile Services are provided, the Franchisee must obtain Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (e) workers' compensation as required by local law.

#### Safes, Scale & Containers, Supplies, Camera and Security System, Office Equipment

We require you to purchase these items from our designated vendor or pursuant to our specifications.

#### Laundromat Equipment

We require you to purchase all laundry equipment from our designated vendor or pursuant to our specifications.

#### Leased Location/ Site Selection Assistance

You will need a site in which to operate the franchised business. You must locate a site pursuant to our guidelines and approval, but may lease from any landlord.

#### Leasehold Improvements

You may purchase leasehold improvements from any supplier but must build out your location pursuant to our specifications.

#### Remodeling

After seven (7) years of operation, you must remodel the store pursuant to our specifications. The remodeling specifications may vary over time but presently include: re-skin the washers and dryers, new washer stainless steel tops, new interior and exterior paint, remodel/replace signage, new floor or floor refresh, replace or refresh ceiling tiles, remodel bathroom, and other items. Certain items may be inspected annually and replaced when no longer up to standards. After 10 years, the washers and dryers will be inspected on a yearly basis. They will need to be replaced once they are no longer up to our standards.

### Signage

You must purchase the WaveMAX business sign that you affix to your business and all interior signage from our designated vendor or sign must be designed according to our specifications.

### Staff

We require you to maintain staff in your laundromat at all times.

### Televisions and Furniture

You must purchase televisions and furniture pursuant to our specifications, which may include a vendor designation.

### Uniforms

You must purchase uniforms from an approved vendor.

### UV Sanitation System

You must purchase a UV sanitation system from our designated vendor.

### Vehicles

If you elect to provide Mobile pickup and delivery services, you must use either a Ford Transit-150 Cargo or Mercedes Sprinter Cargo Van. The vehicle must be wrapped with our required graphics. The cargo van size is required to process consumer and commercial volumes. Upon specific approval from WaveMAX, you may select a vehicle that is in good condition and no more than four (4) years old. You will purchase your vehicle wraps through our approved vendor; we will have them mailed to your local installer. You will open your business with at least one vehicle.

### Vending and ATM Machines

We require you to purchase all vending and ATM machines from our designated vendor or pursuant to our approval and specifications.

### Website Management

You must use our preferred vendor for website management, search engine optimization, and search engine marketing.

### **Whether we or our Affiliates are Approved Suppliers:**

We are an approved supplier of advertising material, but not the sole supplier.

Our affiliate is not an approved supplier of any products or services to franchisees.

**Officer Interest in Suppliers:**

Our officers, Michael Roberts, Sheila Calivoso-Roberts, Dennis Mulgannon, and Geoff Batchelder, own an interest in us.

**How we grant and revoke approval of alternative suppliers:**

We do not maintain written criteria for approving suppliers and thus these criteria are not available to you or your proposed supplier. We do permit you to contract with alternative suppliers if they meet our criteria. We do not charge you any fee to propose another supplier. If you wish to propose to us another supplier, you may submit the proposed supplier that you wish for us to consider in writing. We will examine the quality of the items and the supplier's ability to supply a sufficient quantity in a timely way with good customer service to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within 60 days if we approve or disapprove of an alternative supplier. If we revoke approval for a supplier, we will provide written notice to you.

**Issuance and Modification of Specifications:**

We issue and modify specifications through the Operations Manual or through informational bulletins issued from time to time.

**Revenue Derived from Products, Services:**

We may derive revenue or other material consideration from required purchases or leases by you.

For the fiscal year ended December 31, ~~2023~~2024, we derived \$~~35,142,000~~35,142,000 in revenue from required purchases or leases by franchisees, representing 16.~~432~~% of our total revenue of \$~~2,172,106,628,466~~2,172,106,628,466 for the fiscal year ended December 31, ~~2024~~2023.

Our affiliate does not derive revenue from the sale of products or services to franchisees.

**Required Purchases and Leases as a Percent of Your Costs:**

The purchase and lease of items from approved suppliers or that meet our specifications represent approximately 50-70% of your total expenses in connection with the establishment of the Franchised Business and approximately 5% of your total expenses in connection with the ongoing operation of the Franchised Business.

**Designated Supplier Payments to Us:**

In the past we have relied on our designated laundry equipment supplier, Laundrylux, and their national distributor relationships to provide equipment, site selection, store design, architectural plan review, construction overview, installation, etc. on a local level. At present, we

are purchasing our equipment packages directly from Laundrylux and manage the related requirements for our franchisees. For these management services, Laundrylux provides corporate WaveMAX a project fee of \$39,000 of each equipment package purchased.

**Purchasing or Distribution Cooperatives:**

We do not currently have purchasing or distribution cooperatives, but reserve the right to enter into such agreements.

**Purchase Arrangements:**

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

**Material Benefits to You:**

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5.1, 5.2	Item 11
b. Pre-opening purchases/leases	7.3	Items 8 and 11
c. Site development and other pre-opening requirements	2.4	Item 11
d. Initial and ongoing training	14	Item 11
e. Opening	2.4, 13.15	Item 11
f. Fees	4.1, 4.2, 4.3, 6.1, 8.1(v), 9.2, 10.4, 16.6, 19(b), 20.3(b), 23.1, 23.2, 23.22, 23.25	Items 5, 6, 7, 11
g. Compliance with standards and policies/operating manual	7, 8, 13	Items 8 and 11

h. Trademarks and proprietary information	2.1, 12	Items 13 and 14
i. Restrictions on products/services offered	7, 8.2	Item 16
j. Warranty and customer service requirements	8.1	Item 11
k. Territorial development and sales quotas	2.2	Item 12
l. Ongoing product/service purchases	7, 8, 13	Items 5, 6, 7 and 8
m. Maintenance, appearance and remodeling requirements	8.1(f), 8.1(t), 8.6	Items 8 and 11
n. Insurance	8.1(n), 13.10	Item 7 and 8
o. Advertising	6	Items 6 and 11
p. Indemnification	23.1	Item 6
q. Owner's participation/management/ staffing	8.1(h), 8.1(i), 8.1(j), 11	Item 15
r. Records/reports	10	Item 11
s. Inspections/audits	10.4, 13.7	Items 6 and 11
t. Transfer	20	Item 17
u. Renewal	19	Item 17
v. Post-termination obligations	18	Item 17
w. Non-competition covenants	21	Item 17
x. Dispute resolution	23	Item 17

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

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

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

**Pre-Opening Obligations:**

Before you open your business, we will:

1. Provide an initial on-boarding training session for you (or, if you are not an individual, your owner) at no cost, which you must complete to our satisfaction. (Franchise Agreement, Section 14.1).
2. Loan you or provide you with online access to our copyrighted Operations Manual, as revised periodically (the "Operations Manual") (Franchise Agreement Sections 2.1 and 14.3).
4. Offer site selection assistance (at no charge) (Franchise Agreement, Section 5.1).
5. Provide marketing materials (for store opening) and other sales aids developed by us and promotional assistance (see Franchise Agreement, Section 14.3).

**Site Selection and Build Out.** We provide to you criteria in a site selection manual to help you select a site and must approve any site you select before you sign a lease for that location. We do not generally own the premises and lease it to you. We do not select the site. We consider the following factors in approving your site selection: proximity to parking, street visibility, the demographics of nearby population centers, and other pertinent criteria. We will typically approve or disapprove a proposed site within 14 days of your submission to us of the pertinent information on the proposed site. In the unlikely event that you and we cannot agree on a site, then we can terminate the franchise agreement, or allow you more time to search for a site that we can agree upon.

It is your responsibility to conform the premises to local ordinances and building codes and obtain any required permits.

It is your responsibility to remodel the premises accordingly. (Franchise Agreement, Section 5).

**Assistance to obtain equipment, signs, fixtures, opening inventory, and supplies.** We provide to you written specifications (in a manual) to obtain equipment, signs, fixtures, and supplies through third party vendors that we designate, but do not deliver or install these items. (Franchise Agreement, Sections 13.11 and 13.12).

**Length of Time Before Opening of Franchised Business:**

The expected typical length of time between the signing of the Franchise Agreement and the operation of the Franchised Business is six to eighteen months. See section 2.4 of the Franchise Agreement. Factors affecting this length of time include the time it takes it takes for selecting a suitable location, delivery of the equipment, the time it takes to find and hire suitable employees, your availability for attending the training session, and the time required to obtain all necessary permits and licenses.

**Obligations During Operation of Franchise:**

During the operation of the Franchised Business, we will:

1. Make periodic changes and updates to our Operations Manual (see Franchise Agreement 7.2 and 8.1).

2. Make recommended pricing suggestions (see Franchise Agreement 8.3).
3. Maintain a WaveMAX website that includes franchisee locations (see Franchise Agreement 14.3(e)).
4. Provide access to our proprietary Program (see Franchise Agreement 2.1).
5. Provide you with general advice, assistance and field support as we deem helpful to you in the ongoing operation, advertising and promotion of the Franchised Business (see Franchise Agreement, Sections 14.3 and 14.4).
6. Coordinate and conduct periodic training programs for franchisees as we, in our sole discretion, deem necessary (see Franchise Agreement, Section 14).
7. Take initiatives and steps to protect the integrity of the brand (see Franchise Agreement, Section 12).
8. Potentially hold annual franchisee meetings at such time as we determine that we have sufficient franchisees to make the meetings worthwhile and cost-effective (see Franchise Agreement 14.4(d)).
9. Inspect your Franchised Business, at our option, to ensure compliance with our standards. This could be accomplished using a “mystery shopper” or other persons acting on our behalf (see Franchise Agreement 14.4(c)).

### **Advertising, Marketing and Promotion**

**Our Obligation to Conduct Advertising.** We may develop promotional programs, marketing materials and sales aids for our or your use in marketing your franchise. We may use print, electronic, or other media in which to market on a local, regional, or national level. We may produce advertising in-house or through a national, regional, or local advertising agency.

We are not required to spend any amount on advertising in the area or territory where the franchise is located.

**Use of Your Own Advertising Material.** You are permitted to use your own advertising material provided that you either use a template that we provide, or we approve your material and it adheres to federal, state and local law.

**Website.** You are not allowed to maintain your own WaveMAX website.

**Advertising Council.** We do not have an advertising council composed of franchisees that advises us on advertising policy.

**Advertising Cooperative.** You do not have to participate in a local or regional advertising cooperative.

**Advertising Fund.** We reserve the right to require up to 1% of Gross Revenue be paid to us to set up a National Advertising Fund. We have not done so at this time.

If we require franchisees to contribute 1% of Gross Revenue to the National Advertising Fund, we will do so on a uniform basis. Franchisor owned outlets will not be required to contribute. We will administer the Fund. The Fund is not audited but we will make financial statements of the Fund available for review by franchisees upon written request.

In our last fiscal year, we did not raise or spend Advertising Fund monies, including monies to solicit new franchise sales.

**Grand Opening Marketing.** You agree to pay \$20,000 to our designated marketing firm a minimum of 30 days prior to opening your WaveMAX store to spend to promote the opening of your franchise during its first six (6) months of operation. At present, our designated laundry equipment supplier, Laundrylux, issues a rebate to the Franchisee for \$15,000 of the equipment package that the Franchisee purchases from them. Franchisee can use that rebate amount towards the Grand Opening Marketing spend requirement.

**Mobile Grand Opening Marketing.** If you elect and we approve you to offer Mobile services, you will incur another \$5,000 - \$10,000 of Grand Opening Marketing expense.

**Local Marketing.** Beginning the seventh (7<sup>th</sup>) month after you open, you agree to spend a minimum of ~~\$300~~ \$500 per month, ~~depending upon the package selected,~~ on local advertising and marketing. You are expected to develop a marketing plan for your local market. In order for your store to reach the maximum potential which your market allows, you must have an ongoing set of marketing activities designed to generate demand within your local market. We will provide you with initial training to help you implement a local marketing program effectively and in a cost-effective manner.

**Mobile Local Marketing.** If you add Mobile services, you agree to spend a minimum of ~~\$300~~ \$500 per month in additional marketing budget dedicated solely to the Mobile service, pursuant to our guidelines.

#### **Hardware, Software and Internet Connectivity**

You must install and maintain a computer system according to our specifications as listed in the Operations Manual.

You will need a desktop or laptop computer that meets our current specifications and has Microsoft Office 365 installed.

The cost of purchasing the computer equipment and software is estimated to be approximately \$1,000 - \$1,500. The estimated annual cost for maintenance, updating, upgrading and support contracts related to the computer equipment is \$250. In addition, you will pay approximately \$100 per month for broadband internet service if you do not already have it and approximately \$39.95/month for Quickbooks, which you must keep up to date, and the cost of updates is included in the monthly fee.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You are not under any obligation to upgrade or update any computer system during the term of the franchise agreement, but you must maintain your computer systems in good working order. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is approximately \$1,000.

- You must keep your computer hardware and software up to date based on our specifications. There are no limitations on the frequency and cost of computer hardware and software upgrades.
- We will have independent access to your utility bills as well as information you enter into QuickBooks will collect sales data associated with the business and provide reports to the both of us so that we may more efficiently manage the business. There are no contractual restrictions on our access to this data.
- Compiled sales data regarding all franchised businesses in QuickBooks will be made available to other franchisees to help manage numbers on a national, regional, and local level.

**Operations Manual**

Exhibit F contains the Table of Contents of the Operations Manual with the page count devoted to each subject. The Operations Manual contains 150 pages (the main part is 66 pages; Site Selection Process-18 pages; Store Design, Construction, Specifications-70 pages). The Mobile pickup and delivery supplement to our Operations Manual contains 87 pages.

**Training Program**

An outline of the Business Operations training is as follows:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
Introduction to WaveMAX	.5 hours		Note 1
Store maintenance/appearance	1 hour		
Store Operations	2 hours		
Cash Handling	1 hour		
Accounting & Reporting	1 hour		

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
Sales and Marketing	1 hour		
Social Media	1 hour		
Machine Maintenance	2 hours		
Additional Services	1 hour		
Questions and Answers	1 hour		
On The Job Training (by Laundrylux)		8 hours	
<b>Total</b>	<b>11.5 hours</b>	<b>8 hours</b>	

Note 1- The Classroom Training is conducted in Jacksonville, Florida at our company store, run by our affiliate AU Hydro LLC. The On The Job Training is conducted by Laundrylux at your franchise location.

We will generally conduct the initial training program monthly or as often as the number of new franchisees requires.

We use the Operations Manual, PowerPoints, handouts, and hands-on demonstrations to teach the initial training.

The courses are taught by Michael Roberts and Sheila Calivoso-Roberts or other employees of ours or our affiliate with at least one year of experience in the field. Item 2 contains the nature of the Instructors' experience.

The Instructors' length of experience in the field and with us is shown in the following chart:

<b><u>Instructor</u></b>	<b><u>Years of Experience in the Field</u></b>	<b><u>Years of Experience with the Franchisor*</u></b>
Michael Roberts	<del>12</del>	<del>12</del>
Sheila Calivoso- Roberts	<del>12</del>	<del>12</del>

\*Includes years of experience with our affiliate, AU Hydro LLC.

There is no training fee for the initial training and certification for you. We will provide materials and instructors. You will be responsible for all other expenses including travel, meals, transportation, lodging, incidental expenses, and any wages incurred for your staff to attend. Since

the training may take place in Florida, travel, lodging and food costs may be significantly higher than in many other locations.

Initial training must be successfully completed to our satisfaction at least one week before the commencement of the Franchised Business's operations.

Within 90 days of signing the Franchise Agreement, you must provide to us in writing the names of each person who will attend our training process. The list of trainees must include your key managers and owner/operators. We may allow other employees to attend as well in our sole discretion. The majority of the training will be held in the state of Florida or at another location we select. We may choose to include additional training on site at your location during the week prior to opening. The schedule of the actual training will be done so as to occur within 30 days of your planned opening.

#### **Mobile Training**

If you will be offering Mobile service, you will be required to attend comprehensive on-site training at our designated training location, presently in Jacksonville, Florida at our company store, run by our affiliate AU Hydro LLC. We will provide materials and instructors. You must pay a \$4,950 fee and will be responsible for all other expenses including travel, meals, lodging, and any wages incurred for your staff to attend.

#### **Retraining and Subsequent Training**

If we believe that you are not operating the Franchised Business in full accordance with the Franchise Agreement, we have the right to require retraining of you or your representatives and employees. We charge \$300 per day per person for this retraining. Any manager that you subsequently hire must also satisfactorily complete all or part the training and certification program. You can send others on a space availability basis when new managers or key employees join your organization. You must pay \$300 per day per person for tuition and training materials. You are responsible for all out-of-pocket costs incurred in connection with such retraining, including all transportation, lodging and meal expenses. If provided at your location, you must reimburse us for all reasonable travel and living expenses.

#### **Annual Meetings**

We may also conduct an annual meeting at a location that we select (the "Annual Meeting") to address recently-implemented changes in the System and other topics of common interest to franchisees. Any Annual Meeting shall not exceed 3 days in any 12 Calendar Month period. We may require the attendance of your key personnel at one or more Annual Meetings, provided, however, we shall not require that more than 2 persons attend the Annual Meeting. Franchisee shall pay the transportation, lodging, personal expenses and salary for each employee who attends an Annual Meeting.

## **ITEM 12 TERRITORY**

Your territory will typically include an area bounded by a 2-mile radius from your location. There may be some exceptions to this in areas that have very high population densities or areas that are separated by geographical features. We will do an analysis that considers average household income and density of rental properties and multi-family housing in the area.

First, we will grant to you a non-exclusive Search Area, as defined on Attachment 1 to your Franchise Agreement, in which to search for a site.

Your territory will then be determined once a site has been selected for your outlet.

**Non-Exclusive Territory.** You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Specifically, we may offer a Mobile service in your Territory. You may also participate in a Mobile service under the terms and conditions that we set.

However, you will receive a territory in which we promise not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as we license you to use here.

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises.

We will approve the relocation of the franchised business or your establishment of additional franchised outlets if we feel there is a reasonable business justification to do so and the new location meets our site selection criteria.

Continuation of territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency. We do not reserve the right to modify your territorial rights, even if there is an increase in population in your territory.

We may establish franchisor-owned locations, other franchises or sub-franchises outside your territory, regardless of proximity to the boundaries of your territory.

We may also establish other franchises or company-owned outlets or other channels of distribution offering similar services under names and trademarks which are not the same or similar to the Marks, within or without your territory, provided they are not in direct competition with you.

Neither we nor an affiliate has used or reserves the right to use other channels of distribution to make sales within your territory using our principal trademarks, except we reserve the right to run a website or use sales methods to direct customers gained in this way in your territory to your outlet, and we may run a mobile wash, dry, fold service in your territory.


We reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within your territory of products or services under trademarks different from the ones you will use under the franchise agreement. We do not pay compensation to you for soliciting or accepting orders from inside your territory.

Except as to a Mobile service which we authorize you to undertake, you are prohibited from soliciting or providing services to customers outside of your territory, including the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing without our prior approval. Except as to Mobile service which we authorize you to undertake, you are prohibited from soliciting customers from the territory of another franchisee. We realize certain types of digital marketing can not be limited to an individual territory. Those types of advertising will be allowed but must be approved by franchisor.

Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

**ITEM 13  
TRADEMARKS**

At present, we have filed for or registered the following trademarks with the United States Patent and Trademark Office (“USPTO”):

Description of Mark	Registration or Serial Number	Principal or Supplemental Register of the USPTO	Registration Date
<b>WAVEMAX</b>	5215356	Principal	May 30, 2017
	6401692	Principal	June 29, 2021

We have filed all required affidavits and renewals.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding.

There are no pending material federal or state court litigation regarding our use or ownership rights in the trademark.

There are no agreements currently in effect which significantly limit our rights to use or license the use of such trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Franchised Business.

We are not required to protect your right to use the principal trademarks listed in this section, but intend to do so. We are not required to protect you against claims of infringement or unfair competition arising out of your use of the trademarks.

You must notify us immediately if you learn about a claim against your use of our trademarks (see Franchise Agreement Section 12.4). We will take whatever action, if any, we deem appropriate. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

We have no obligation to defend you or to take any legal action against others with respect to any claim related to your use of our trademark, but we will indemnify you against any loss or damage incurred by you as a result of a successful claim of infringement brought by a third party and related to your use of the Marks in accordance with the terms of the Franchise Agreement.

If we discontinue or modify our Marks, you must adopt and use any new marks as required by us. Any expenses you incur because of adopting and using these marks are your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

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**ITEM 14**  
**PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

At this time, we do not hold any patents.

We claim proprietary rights and copyrights to the confidential information contained in the Operations Manuals. We also claim copyrights on operational materials specifically associated with the Program, including the proprietary advertisements, all materials presented to prospective customers, printed materials and forms associated with the operation of a Franchised Business, and on all materials used in our training program. We have not presently filed a registration of any of these copyrights. We believe the copyrights last 120 years after creation or 95 years after publication, whichever endpoint is earlier. There is no current material determination of the US Copyright Office or a court regarding the copyrights. You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but will respond to this information as we deem appropriate. Our interests are to protect the integrity of the brand. We will not indemnify you for losses claimed by a third party concerning your use of this information.

We are not aware of any copyright infringement that could materially affect you.

We also claim proprietary rights in our business format, trade dress, and business methods. You are permitted to use these proprietary items in accord with your franchise agreement and the Operations Manual.

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

We require that your Franchised Business be under the direct supervision at all times of at least one full-time General Manager approved by us. Supervision of the location does not mean that the General Manager will be in the location at all times but will be available to respond to employees and customer needs on a daily basis. If you provide Mobile pickup and delivery services, you will be required to devote full-time efforts to the business (unless we permit you to hire a full-time General Manager instead).

We base approval upon the General Manager's prior business experience, and management and business acumen as demonstrated at initial training. If you are an individual, you will generally be the person who acts as General Manager, but the General Manager can be any person so long as they have been trained and approved by us. We also require that each General Manager of the Franchised Business service an area with no more than 5 locations. So, if your territory includes more than 5 locations, then you must have at least one other General Manager for every additional 5 locations (or fraction thereof) persons in the Territory. In certain circumstances, we may relax this requirement. In deciding whether or not to relax this requirement, we may take into account such factors as we deem relevant, including the total number of persons in, and geographic layout of, the territory, the total volume of business handled by you, and any management issues that we may have become aware of.

If you acquire a territory that is not contiguous with the territory you currently service, then we may require you to sign a separate franchise agreement for that territory, in which case it would be treated as a separate franchise requiring its own General Manager. All General Managers must successfully complete our initial training program, work full time and reside within 20 miles of the Territory, and be personally approved by us. We may waive this residence requirement, however, if a General Manager resides in the Territory for at least 3 days per week on average, and your Franchised Business is under the supervision by other management personnel approved by us at those times when the General Manager is absent. We may revoke this waiver at any time if we believe your Franchised Business is underperforming.

If you are an entity, the direct, on-site supervision must be done by a person who owns at least 75% of the voting equity, or by a manager who meets our approval.

There is no requirement that a General Manager own equity in you or the Franchised Business. We may request that you cause your employees to sign a form of confidentiality agreement approved or provided by us.

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

For the duration of your agreement, you cannot offer products or services through the franchise other than the unit franchise services, unless you receive our prior written consent.

You must operate the Franchised Business and perform all services in accordance with the operating guidelines and quality standards that we establish. You must operate your business during hours set by us, which may vary from territory to territory.

We do not impose restrictions that limit your access to customers except you may not solicit customers outside of your territory.

You must offer all of the products and services that we designate.

We may change the types of authorized goods or services provided that we do not unreasonably alter the unit franchise programs.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	2.6	10 years
b. Renewal or extension of the term	19	You may renew for additional terms.
c. Requirements for franchisee to renew or extend	19	Extension or renewal is permitted only if you are in full compliance with the Franchise Agreement. To renew, you must give notice, sign the then current form of franchise agreement, execute a general release and pay a renewal fee. Franchisees may be asked to sign a new franchise agreement with materially different terms than the original Franchise Agreement.
d. Termination by franchisee	15.1	You may terminate the Franchise Agreement by selling the franchise or upon any grounds permitted by applicable law.
e. Termination by franchisor without cause	2.6	If you do not renew, your franchise will terminate at the expiration of the term.
f. Termination by franchisor with cause	16.3	We may terminate by giving you written notice of a Material Default.
g. "Cause" defined — curable defaults	16.1	Defaults are curable except those listed in the row below.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined — non-curable defaults	16.1	"Material Default" includes failure to pay amounts due after 30-days written notice, failure to comply with Franchise Agreement or other agreements; failure to commence operations or abandonment of store; default in lease; insolvency; attempted assignment or transfer without consent; misuse or failure to protect Intellectual Property and/or Confidential and Proprietary Material; failure to offer only authorized products and services; false reports; illegal or misleading advertising or business acts; failure to comply with laws and regulations, criminal conviction of you, your owners, officers or directors; repeated notices of default; or for any other reason permitted by law.
i. Franchisee's obligations on termination/non-renewal	12,18, 21	Cease operations and stop using our marks; pay debts due to us; cancel or assign telephone numbers to us; assist in lease transfer and our purchase of your assets, at our option; return Manual and Confidential Information to us; cancel fictitious names; adhere to other post term duties; execute any necessary documents.
j. Assignment of contract by franchisor	20.8	We may assign or delegate all or part of our rights under the Franchise Agreement and related agreements and documents.
k. "Transfer" by franchisee – defined	20.2	Material change in ownership is more than 20% of voting units.
l. Franchisor approval of transfer by franchisee	20.1	You must obtain our written approval before any transfer.
m. Conditions for franchisor approval of transfer	20.3	Advertisement approved; transfer fee paid; transferee approved; new franchise agreement signed; comply with post-term duties; releases signed; completion of training; all agreements in good standing; and assignment of Lease.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
n. Franchisor's right of first refusal to acquire franchisee's business	20.7	We have a right to buy your business if you decide to sell and we may buy your inventory.
o. Franchisor's option to purchase franchisee's business	20.7	We have the right to buy your business if you decide to sell.
p. Franchisee's death or disability	20.6	Estate has 6 months to assign to qualified person.
q. Non-competition covenants during the term of the franchise	21.1	No competition permitted (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	21.2	No direct or indirect competition allowed for 2 years within the territory or within 25 miles of the boundaries of the territory (subject to applicable state law).
s. Modification of the agreement	23.9	The franchise agreement can only be modified by a writing signed by you and us.
t. Integration/merger clause	23.8	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	23.21; Ex. B, Attachment 7	You must mediate claims before filing suit. Arbitration applies as to IL, MD, and WA State franchisees.
v. Choice of forum	23.13	All legal proceedings must take place in the city or county of our home office, presently Jacksonville, Florida (subject to applicable state law).
w. Choice of law	23.12	Florida law applies (subject to applicable state law).

**ITEM 18  
PUBLIC FIGURES**

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

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**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**\*FPR#1- Franchisee Gross Revenue 2024:**

Here, we set forth the Gross Revenue for the time period January – December 2024 as to the franchised outlets we had open on December 31, 2024 who operated the entire 2024 calendar year. As of December 31, 2024, we had 56 franchised outlets, 50 of which met the criteria for inclusion the Financial Performance Representation stated below:

Not all franchise outlets report their Wash Dry Fold revenue, so for the outlets that do, we have included that revenue as a separate column and have then added a column to show the revised total revenue which included Self Service revenue plus the Wash-Dry-Fold revenue.

<u>Outlet</u>	<u>Gross Revenue in 2024 (excluding Wash Dry Fold)</u>	<u>Wash Dry Fold Revenue</u>	<u>Total Gross Revenues</u>
<u>Outlet 1</u>	<u>\$690,111.59</u>	<u>\$23,822.43</u>	<u>\$713,934.02</u>
<u>Outlet 2</u>	<u>\$543,050.36</u>	<u>\$152,555.07</u>	<u>\$695,605.43</u>
<u>Outlet 3</u>	<u>\$500,413.64</u>	<u>\$172,482.21</u>	<u>\$672,895.85</u>
<u>Outlet 4</u>	<u>\$585,802.26</u>	<u>\$54,785.30</u>	<u>\$640,587.56</u>
<u>Outlet 5</u>	<u>\$579,811.15</u>	<u>\$32,331.67</u>	<u>\$612,142.82</u>
<u>Outlet 6</u>	<u>\$599,059.64</u>	<u>\$6,548.54</u>	<u>\$605,608.18</u>
<u>Outlet 7</u>	<u>\$549,906.79</u>	<u>\$52,453.10</u>	<u>\$602,359.89</u>
<u>Outlet 8</u>	<u>\$452,471.32</u>	<u>\$134,623.81</u>	<u>\$587,095.13</u>
<u>Outlet 9</u>	<u>\$479,931.62</u>	<u>\$96,164.80</u>	<u>\$576,096.42</u>
<u>Outlet 10</u>	<u>\$515,895.38</u>	<u>\$46,653.47</u>	<u>\$562,548.85</u>
<u>Outlet 11</u>	<u>\$522,895.36</u>	<u>\$27,239.22</u>	<u>\$550,134.58</u>
<u>Outlet 12</u>	<u>\$542,384.69</u>	<u>\$7,531.38</u>	<u>\$549,916.07</u>
<u>Outlet 13</u>	<u>\$467,930.63</u>	<u>\$73,485.70</u>	<u>\$541,416.33</u>
<u>Outlet 14</u>	<u>\$499,129.25</u>	<u>\$14,722.00</u>	<u>\$513,851.25</u>
<u>Outlet 15</u>	<u>\$352,171.64</u>	<u>\$118,896.48</u>	<u>\$471,068.12</u>
<u>Outlet 16</u>	<u>\$404,260.77</u>	<u>\$56,395.54</u>	<u>\$460,656.31</u>
<u>Outlet 17</u>	<u>\$454,361.38</u>	<u>Note 5</u>	<u>\$454,361.38</u>

Outlet 18	<u>\$430,481.29</u>	<u>\$17,495.56</u>	<u>\$447,976.85</u>
Outlet 19	<u>\$367,808.75</u>	<u>\$71,504.75</u>	<u>\$439,313.50</u>
Outlet 20	<u>\$438,351.09</u>	<u>Note 5</u>	<u>\$438,351.09</u>
Outlet 21	<u>\$433,877.00</u>	<u>Note 5</u>	<u>\$433,877.00</u>
Outlet 22	<u>\$348,624.30</u>	<u>\$80,904.80</u>	<u>\$429,529.10</u>
Outlet 23	<u>\$395,763.60</u>	<u>\$31,615.88</u>	<u>\$427,379.48</u>
Outlet 24	<u>\$372,071.85</u>	<u>\$46,772.62</u>	<u>\$418,844.47</u>
Outlet 25	<u>\$389,971.89</u>	<u>\$24,070.21</u>	<u>\$414,042.10</u>
Outlet 26	<u>\$387,366.40</u>	<u>\$23,227.38</u>	<u>\$410,593.78</u>
Outlet 27	<u>\$369,288.25</u>	<u>\$40,830.76</u>	<u>\$410,119.01</u>
Outlet 28	<u>\$407,809.76</u>	<u>Note 5</u>	<u>\$407,809.76</u>
Outlet 29	<u>\$406,148.75</u>	<u>Note 5</u>	<u>\$406,148.75</u>
Outlet 30	<u>\$379,082.50</u>	<u>\$22,272.80</u>	<u>\$401,355.30</u>
Outlet 31	<u>\$367,208.27</u>	<u>\$31,120.56</u>	<u>\$398,328.83</u>
Outlet 32	<u>\$376,485.65</u>	<u>\$20,013.20</u>	<u>\$396,498.85</u>
Outlet 33	<u>\$340,085.00</u>	<u>\$52,509.54</u>	<u>\$392,594.54</u>
Outlet 34	<u>\$251,094.13</u>	<u>\$116,946.89</u>	<u>\$368,041.02</u>
Outlet 35	<u>\$273,638.96</u>	<u>\$75,892.60</u>	<u>\$349,531.56</u>
Outlet 36	<u>\$340,406.78</u>	<u>Note 5</u>	<u>\$340,406.78</u>
Outlet 37	<u>\$296,625.92</u>	<u>\$43,308.99</u>	<u>\$339,934.91</u>
Outlet 38	<u>\$334,567.57</u>	<u>Note 5</u>	<u>\$334,567.57</u>
Outlet 39	<u>\$316,666.14</u>	<u>\$5,268.30</u>	<u>\$321,934.44</u>
Outlet 40	<u>\$270,884.82</u>	<u>\$39,715.23</u>	<u>\$310,600.05</u>
Outlet 41	<u>\$254,737.20</u>	<u>\$54,255.50</u>	<u>\$308,992.70</u>
Outlet 42	<u>\$304,303.99</u>	<u>Note 5</u>	<u>\$304,303.99</u>
Outlet 43	<u>\$165,934.00</u>	<u>\$130,306.79</u>	<u>\$296,240.79</u>
Outlet 44	<u>\$291,838.43</u>	<u>Note 5</u>	<u>\$291,838.43</u>
Outlet 45	<u>\$235,385.92</u>	<u>\$45,284.60</u>	<u>\$280,670.52</u>
Outlet 46	<u>\$236,745.31</u>	<u>\$22,994.18</u>	<u>\$259,739.49</u>
Outlet 47	<u>\$193,660.47</u>	<u>\$57,384.24</u>	<u>\$251,044.71</u>
Outlet 48	<u>\$205,808.04</u>	<u>\$19,253.23</u>	<u>\$225,061.27</u>
Outlet 49	<u>\$172,596.44</u>	<u>\$31,057.43</u>	<u>\$203,653.87</u>
Outlet 50	<u>\$170,347.40</u>	<u>\$13,108.46</u>	<u>\$183,455.86</u>

As to the data in FPR #1, we make the further following disclosures:

Average	<u>\$471,201.42</u>
Median	<u>\$436,114.05</u>

High	\$713,934.02
Low	\$183,455.86

**\*FPR#2- Franchisee Gross Revenue 2023:**

Here, we set forth the Gross Revenue for the time period January – December 2023 as to the franchised outlets we had open on December 31, 2023 who operated the entire 2023 calendar year. As of December 31, 2023, we had 50 franchised outlets, 40 of which met the criteria for inclusion the Financial Performance Representation stated below:

Not all franchise outlets report their Wash Dry Fold revenue, so for the outlets that do, we have included that revenue as a separate column and have then added a column to show the revised total revenue which included Self Service revenue plus the Wash-Dry-Fold revenue.

Outlet	Gross Revenue in 2023 (excluding Wash Dry Fold)	Wash Dry Fold Revenue	Total Gross Revenues
Outlet 1	<del>\$694,180.36</del> <u>59,802.31</u>	\$134,378.05	<del>\$828,558.41</del> <u>694,180.36</u>
Outlet 2	<del>\$654,431.48</del> <u>603,589.04</u>	\$50,842.44	<del>\$705,273.92</del> <u>654,431.48</u>
Outlet 3	<del>\$599,402.51</del> <u>589,804.37</u>	<del>\$87,743.12</del> <u>11,373.45</u>	<del>\$687,145.63</del> <u>601,177.82</u>
Outlet 4	<del>\$601,177.82</del> <u>511,659.40</u>	<del>\$11,373.45</del> <u>87,743.12</u>	<del>\$612,551.27</del> <u>599,402.52</u>
Outlet 5	<del>\$546,062.01</del> <u>530,747.18</u>	\$15,314.83	<del>\$561,376.84</del> <u>546,062.01</u>
Outlet 6	<del>\$531,471.48</del> <u>96.81</u>	<del>\$29,592.75</del> <u>11,225.02</u>	<del>\$560,764.23</del> <u>542,321.83</u>
Outlet 7	<del>\$542,321.94</del> <u>501,578.73</u>	<del>\$11,225.02</del> <u>29,592.75</u>	<del>\$553,546.96</del> <u>531,171.48</u>
Outlet 8	<del>\$517,429.97</del> <u>482,134.50</u>	\$35,295.47	<del>\$552,725.44</del> <u>517,429.97</u>
Outlet 9	<del>\$500,852.15</del> <u>472,132.96</u>	\$28,719.53	<del>\$529,571.68</del> <u>500,852.49</u>
Outlet 10	<del>\$489,073.34</del> <u>461,525.44</u>	\$27,547.90	<del>\$516,621.24</del> <u>489,073.34</u>
Outlet 11	<del>\$452,875.23</del> <u>394,666.41</u>	\$58,208.40	<del>\$511,083.63</del> <u>452,874.81</u>
Outlet 12	<del>\$393,177.29</del> <u>441,219.51</u>	<del>\$91,453.17</del>	<del>\$484,630.46</del> <u>441,219.51</u>
Outlet 13	<del>\$441,219.51</del> <u>430,130.65</u>	Note 5	<del>\$441,219.51</del> <u>430,130.65</u>
Outlet 14	<del>\$387,456.60</del> <u>421,800.00</u>	<del>\$45,963.31</del>	<del>\$433,419.91</del> <u>421,800.00</u>
Outlet 15	<del>\$430,130.65</del> <u>336,798.59</u>	<del>Note 5</del> <u>\$62,020.10</u>	<del>\$430,130.65</del> <u>398,818.69</u>
Outlet 16	<del>\$421,800.00</del> <u>301,724.12</u>	<del>Note 5</del> <u>\$91,453.17</u>	<del>\$421,800.00</del> <u>393,177.29</u>
Outlet 17	<del>\$336,798.59</del> <u>392,301.50</u>	<del>\$62,020.10</del>	<del>\$398,818.69</del> <u>392,301.50</u>
Outlet 18	<del>\$312,244.25</del> <u>341,493.19</u>	<del>\$84,470.63</del> <u>45,963.31</u>	<del>\$396,714.88</del> <u>387,456.50</u>
Outlet 19	<del>\$392,301.50</del> <u>385,149.64</u>	Note 5	<del>\$392,301.50</del> <u>385,149.64</u>
Outlet 20	<del>\$385,149.64</del> <u>352,947.55</u>	<del>Note 5</del> <u>\$12,630.00</u>	<del>\$385,149.64</del> <u>365,577.55</u>
Outlet 21	<del>\$365,577.55</del> <u>333,103.20</u>	<del>\$12,630.00</del> <u>2,456.05</u>	<del>\$378,207.55</del> <u>355,559.25</u>

Outlet 22	<u>\$355,559.25</u> <u>321,372.75</u>	<u>\$22,456.05</u> <u>20,739.09</u>	<u>\$378,015.30</u> <u>342,111.84</u>
Outlet 23	<u>\$342,088.34</u> <u>329,804.05</u>	<u>\$20,739.09</u> <u>11,719.95</u>	<u>\$362,827.43</u> <u>341,524.00</u>
Outlet 24	<u>\$340,438.01</u> <u>323,479.50</u>	\$16,958.50	<u>\$357,396.51</u> <u>340,438.00</u>
Outlet 25	<u>\$341,524.00</u> <u>314,704.50</u>	<u>\$11,719.95</u> <u>18,260.73</u>	<u>\$353,243.95</u> <u>332,965.23</u>
Outlet 26	<u>\$332,964.73</u> <u>229,465.00</u>	<u>\$18,260.73</u> <u>85,744.10</u>	<u>\$351,225.46</u> <u>315,209.10</u>
Outlet 27	<u>\$229,465.00</u> <u>227,773.62</u>	<u>\$85,744.10</u> <u>84,470.63</u>	<u>\$315,209.10</u> <u>312,244.25</u>
Outlet 28	<u>\$276,442.47</u> <u>282,872.42</u>	<u>\$29,650.55</u> <u>19,801.10</u>	<u>\$306,093.02</u> <u>302,673.52</u>
Outlet 29	<u>\$267,999.09</u> <u>285,654.78</u>	<u>\$38,006.39</u>	<u>\$306,005.48</u> <u>285,654.78</u>
Outlet 30	<u>\$282,872.42</u> <u>275,967.35</u>	<u>\$19,801.10</u> <u>6,003.05</u>	<u>\$302,673.52</u> <u>281,970.40</u>
Outlet 31	<u>\$281,970.40</u> <u>246,791.89</u>	<u>\$6,003.05</u> <u>29,650.55</u>	<u>\$287,973.45</u> <u>276,442.44</u>
Outlet 32	<u>\$285,654.78</u> <u>160,361.30</u>	<u>-Note 5</u> <u>\$114,293.85</u>	<u>\$285,654.78</u> <u>274,655.15</u>
Outlet 33	<u>\$258,807.18</u> <u>268,556.70</u>	<u>\$16,363.68</u>	<u>\$275,170.86</u> <u>268,556.70</u>
Outlet 34	<u>\$160,361.30</u> <u>229,992.70</u>	<u>\$114,293.85</u> <u>38,006.39</u>	<u>\$274,655.15</u> <u>267,999.09</u>
Outlet 35	<u>\$242,955.59</u> <u>243,005.19</u>	<u>\$31,415.75</u> <u>16,363.68</u>	<u>\$274,371.34</u> <u>259,368.87</u>
Outlet 36	<u>\$268,556.70</u> <u>252,808.87</u>	<u>-Note 5</u>	<u>\$268,556.70</u> <u>252,808.87</u>
Outlet 37	<u>\$234,759.94</u> <u>211,539.34</u>	<u>\$22,193.84</u> <u>31,415.75</u>	<u>\$256,953.78</u> <u>242,955.09</u>
Outlet 38	<u>\$252,808.87</u> <u>212,566.10</u>	<u>-Note 5</u> <u>\$22,193.84</u>	<u>\$252,808.87</u> <u>234,759.94</u>
Outlet 39	<u>\$224,158.01</u> <u>205,222.66</u>	\$20,845.09	<u>\$245,003.10</u> <u>226,067.75</u>
Outlet 40	<u>\$190,084.29</u> <u>176,107.09</u>	\$13,977.20	<u>\$204,061.49</u> <u>190,084.29</u>

-	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Outlet 1	1	2.5%
Outlet 2	2	5.0%
Outlet 3	3	7.5%
Outlet 4	4	10.0%
Outlet 5	5	12.5%
Outlet 6	6	15.0%
Outlet 7	7	17.5%

Outlet 8	8	20.0%
Outlet 9	9	22.5%
Outlet 10	10	25.0%
Outlet 11	11	27.5%
Outlet 12	12	30.0%
Outlet 13	13	32.5%
Outlet 14	14	35.0%
Outlet 15	15	37.5%
Outlet 16	16	40.0%
Outlet 17	17	42.5%
Outlet 18	18	45.0%
Outlet 19	19	47.5%
Outlet 20	20	50.0%
Outlet 21	21	52.5%
Outlet 22	22	55.0%
Outlet 23	23	57.5%
Outlet 24	24	60.0%
Outlet 25	25	62.5%
Outlet 26	26	65.0%

Outlet 27	27	67.5%
Outlet 28	28	70.0%
Outlet 29	29	72.5%
Outlet 30	30	75.0%
Outlet 31	31	77.5%
Outlet 32	32	80.0%
Outlet 33	33	82.5%
Outlet 34	34	85.0%
Outlet 35	35	87.5%
Outlet 36	36	90.0%
Outlet 37	37	92.5%
Outlet 38	38	95.0%
Outlet 39	39	97.5%
Outlet 40	40	100.0%

~~As to the data in FPR #1, we make the further following disclosures:~~

<del>Average</del>	<del>\$410,987.78</del>
<del>Median</del>	<del>\$381,678.60</del>
<del>High</del>	<del>\$828,558.41</del>
<del>Low</del>	<del>\$204,061.49</del>

As to the data in FPR #2, we make the further following disclosures:

<u>Average</u>	<u>\$386,216.45</u>
<u>Median</u>	<u>\$360,568.40</u>
<u>High</u>	<u>\$694,180.36</u>
<u>Low</u>	<u>\$190,084.29</u>

**\*FPR#23- Franchisee Gross Revenue 2022:**

Here, we set forth the Gross Revenue for the time period January – December 2022 as to the franchised outlets we had open on December 31, 2022 who operated the entire 2022 calendar year. As of December 31, 2022, we had 43 franchised outlets, 28 of which met the criteria for inclusion the Financial Performance Representation stated below:

Not all franchise outlets report their Wash Dry Fold revenue, so for the outlets that do, we have included that revenue as a separate column and have then added a column to show the revised total revenue which included Self Service revenue plus the Wash-Dry-Fold revenue..

<b>Outlet</b>	<b>Gross Revenue in 2022 (excluding Wash Dry Fold)</b>	<b>Wash Dry Fold Revenue</b>	<b>Total Gross Revenues</b>
Outlet 1	\$599,249.92	\$35,483.51	\$634,733.43
Outlet 2	\$581,910.69	\$51,812.58	\$633,723.27
Outlet 3	\$546,324.56	\$67,311.30	\$613,635.86
Outlet 4	\$550,520.42	\$11,555.61	\$562,076.03
Outlet 5	\$531,207.27	\$10,892.11	\$542,099.38
Outlet 6	\$515,931.40	\$22,227.02	\$538,158.42
Outlet 7	\$460,105.08	\$35,129.90	\$495,234.98
Outlet 8	\$445,457.82	\$40,430.12	\$485,887.94
Outlet 9	\$423,952.94	Note 5	\$423,952.94
Outlet 10	\$403,789.85	Note 5	\$403,789.85
Outlet 11	\$371,315.50	Note 5	\$371,315.50
Outlet 12	\$366,778.75	Note 5	\$366,778.75
Outlet 13	\$309,165.65	\$20,303.75	\$329,469.40
Outlet 14	\$250,134.17	\$74,753.30	\$324,887.47
Outlet 15	\$324,260.20	Note 5	\$324,260.20
Outlet 16	\$300,624.35	\$15,909.45	\$316,533.80
Outlet 17	\$292,245.84	\$13,391.75	\$305,637.59
Outlet 18	\$240,711.00	\$57,256.34	\$297,967.34
Outlet 19	\$293,040.29	Note 5	\$293,040.29
Outlet 20	\$244,356.45	\$41,519.25	\$285,875.70
Outlet 21	\$172,547.10	\$73,498.53	\$246,045.63
Outlet 22	\$240,944.63	Note 5	\$240,944.63
Outlet 23	\$222,551.15	Note 5	\$222,551.15
Outlet 24	\$212,604.80	\$8,420.75	\$221,025.55
Outlet 25	\$217,883.90	Note 5	\$217,883.90

Outlet 26	\$212,005.02	Note 5	\$212,005.02
Outlet 27	\$181,677.60	Note 5	\$181,677.60
Outlet 28	\$137,917.35	\$3,910.50	\$141,827.85

-	<b># of outlets that attained or surpassed the stated result</b>	<b>% of outlets that attained or surpassed the stated result</b>
Outlet 1	1	4%
Outlet 2	2	7%
Outlet 3	3	11%
Outlet 4	4	14%
Outlet 5	5	18%
Outlet 6	6	21%
Outlet 7	7	25%
Outlet 8	8	29%
Outlet 9	9	32%
Outlet 10	10	36%
Outlet 11	11	39%
Outlet 12	12	43%
Outlet 13	13	46%
Outlet 14	14	50%
Outlet 15	15	54%
Outlet 16	16	57%
Outlet 17	17	61%
Outlet 18	18	64%
Outlet 19	19	68%
Outlet 20	20	71%
Outlet 21	21	75%
Outlet 22	22	79%
Outlet 23	23	82%
Outlet 24	24	86%
Outlet 25	25	89%
Outlet 26	26	93%
Outlet 27	27	96%
Outlet 28	28	100%

As to the data in FPR #3, we make the further following disclosures:

As to the data in FPR #2, we make the further following disclosures:

Average	\$365,464.98
Median	\$324,573.84
High	\$634,733.43
Low	\$141,827.85

**\*FPR#34- Franchisee Gross Revenue 2021:**

Here, we set forth the Gross Revenue for the time period January – December 2021 as to the franchised outlets we had open on December 31, 2021 who operated the entire 2021 calendar year. As of December 31, 2021, we had 28 franchised outlets, 20 of which met the criteria for inclusion the Financial Performance Representation stated below:

Outlet	Gross Revenue in 2021 (Excluding Wash Dry Fold)	Wash Dry Fold Revenue	Total Gross Revenues
Outlet 1	\$518,121.57	Note 5	\$518,121.57
Outlet 2	\$490,994.65	Note 5	\$490,994.65
Outlet 3	\$466,369.62	Note 5	\$466,369.62
Outlet 4	\$406,807.67	Note 5	\$406,807.67
Outlet 5	\$377,443.37	Note 5	\$377,443.37
Outlet 6	\$366,903.98	Note 5	\$366,903.98
Outlet 7	\$312,004.25	Note 5	\$312,004.25
Outlet 8	\$243,986.00	\$64,110.76	308,096.76
Outlet 9	\$306,904.75	Note 5	\$306,904.75
Outlet 10	\$301,799.52	Note 5	\$301,799.52
Outlet 11	\$271,123.19	Note 5	\$271,123.19
Outlet 12	\$171,619.90	\$83,950.25	\$255,570.15
Outlet 13	\$254,555.75	Note 5	\$254,555.75
Outlet 14	\$241,841.95	Note 5	\$241,841.95
Outlet 15	\$233,097.50	Note 5	\$233,097.50
Outlet 16	\$207,342.87	Note 5	\$207,342.87
Outlet 17	\$203,367.96	Note 5	\$203,367.96
Outlet 18	\$194,997.06	Note 5	\$194,997.06
Outlet 19	\$193,212.57	Note 5	\$193,212.57
Outlet 20	\$162,657.25	Note 5	\$162,657.25

-	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Outlet 1	1	5%
Outlet 2	2	10%
Outlet 3	3	15%
Outlet 4	4	20%
Outlet 5	5	25%
Outlet 6	6	30%
Outlet 7	7	35%
Outlet 8	8	40%
Outlet 9	9	45%
Outlet 10	10	50%
Outlet 11	11	55%
Outlet 12	12	60%
Outlet 13	13	65%
Outlet 14	14	70%
Outlet 15	15	75%
Outlet 16	16	80%
Outlet 17	17	85%
Outlet 18	18	90%
Outlet 19	19	95%
Outlet 20	20	100%

As to the data in FPR #4, we make the further following disclosures:

~~As to the data in FPR #3, we make the further following disclosures:~~

Average	\$303,660.62
Median	\$286,461.36
High	\$518,121.57
Low	\$162,657.25

**\*FPR#45- Franchisee Gross Revenue 2020:**

Here, we set forth the Gross Revenue for the time period January – December 2020 as to the franchised outlets we had open on December 31, 2020 who operated the entire 2020 calendar year. None of the franchisees listed in the table below were required to report Wash-Dry-Fold revenue. As of December 31, 2020, we had 18 franchised outlets, 14 of which met the criteria for inclusion the Financial Performance Representation stated below:

Outlet	Gross Revenue in 2020
Outlet 1	\$338,827.85
Outlet 2	\$329,856.03
Outlet 3	\$266,427.55
Outlet 4	\$265,121.98
Outlet 5	\$263,925.80
Outlet 6	\$258,112.55
Outlet 7	\$225,399.75
Outlet 8	\$198,530.60
Outlet 9	\$196,305.00
Outlet 10	\$183,437.00
Outlet 11	\$155,336.43
Outlet 12	\$133,920.10
Outlet 13	\$132,998.04
Outlet 14	\$123,664.93

	<del># of outlets that attained or surpassed the stated result</del>	<del>% of outlets that attained or surpassed the stated result</del>
Outlet 1	1	7%
Outlet 2	2	14%
Outlet 3	3	21%
Outlet 4	4	28%
Outlet 5	5	35%
Outlet 6	6	42%
Outlet 7	7	49%
Outlet 8	8	56%
Outlet 9	9	63%
Outlet 10	10	70%
Outlet 11	11	77%
Outlet 12	12	85%
Outlet 13	13	92%
Outlet 14	14	100%

As to the data in FPR #45, we make the further following disclosures:

Average	\$219,418.82
Median	\$211,965.17
High	\$338,827.85
Low	\$123,664.93

**FPR#56- Franchisee Gross Revenue 2019:**

Here, we set forth the Gross Revenue for the time period January – December 2019 as to the franchised outlets we had open on December 31, 2019 who operated the entire 2019 calendar year. As of December 31, 2019, we had 10 franchised outlets, 4 of which met the criteria for inclusion the Financial Performance Representation stated below:

Month	Outlet 1	Outlet 2 (Note 3)	Outlet 3	Outlet 4
January	\$15,220.80	\$13,838.80	\$8,615.00	\$8,237.59
February	\$14,447.85	\$14,496.00	\$15,753.00	\$12,461.20
March	\$18,073.70	\$17,426.80	\$13,412.75	\$16,504.34
April	\$16,476.00	\$17,033.47	\$20,499.75	\$18,038.23
May	\$13,145.50	\$19,093.60	\$20,299.50	\$20,271.50
June	\$11,560.00	\$16,818.40	\$18,371.75	\$19,728.25
July	\$14,039.03	\$19,427.40	\$23,189.75	\$20,674.94
August	\$15,385.18	\$19,749.60	\$20,883.75	\$23,565.78
September	\$14,276.00	\$19,106.20	\$22,785.75	\$24,897.35
October	\$16,852.00	\$18,344.00	\$21,221.75	\$24,721.45
November	\$17,338.75	\$18,234.60	\$22,047.25	\$25,645.30
December	\$19,591.15	\$14,538.80	\$21,733.25	\$26,588.19
Total	\$186,405.96	\$208,107.67	\$228,813.25	\$241,334.14

As to the data in FPR #6, we make the further following disclosures:

	Outlet 1	Outlet 2	Outlet 3	Outlet 4
# of outlets who attained or surpassed the stated result	4	3	2	1
% of outlets who attained or surpassed the stated result	100%	75%	50%	\$216,165.25%
Average				
Median				\$218,460.46
High				\$241,334.14
Low				\$186,405.96

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As to the data in FPR #5, we make the further following disclosures:

Average	\$216,165.25
Median	\$218,460.46
High	\$241,334.14
Low	\$186,405.96

**Notes Applicable to all tables above:**

**Note 1-Gross Revenue** means the aggregate sales price of all washing machine and dryer machine revenue earned by the Franchisee, in connection with or arising out of the operation of the Franchised Business, excluding only (1) revenue derived by franchisee through vending machines or ATM machines; (2) revenue derived from the Wash-Dry-Fold service offering; (3) the amount of any refund or credit given in respect of any services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given in the ordinary course of business, and (4) any amounts collected by Franchisee for any governmental authority and paid out by Franchisee to that governmental authority on account of sales taxes or other taxes imposed upon the sale of goods or services by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to subsequently recover.

**Note 2-** The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

**Note 3** – Outlet #1 was an existing laundromat location that was converted to a WaveMAX franchise location.

**Note 4** - The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

**Note 5** - Franchisees that executed franchise agreements before May 1, 2020 were not required to report Wash-Dry-Fold revenue.

**\*FPR #67- Jacksonville, FL Company Outlet:**

The following table presents an historic financial performance representation of the gross revenue and net profit that AU Hydro LLC realized in operating a laundromat business in Jacksonville, Florida for 2015, 2016, 2017, 2018, 2019 and 2020. AU Hydro LLC has been in business in this location since 2012 and operates substantially the same laundromat services as described in this Disclosure Document. However, AU Hydro LLC does not operate a franchised unit. It is a separate company that is owned by the same persons who own a majority interest in the Franchisor.

	Gross Revenue (Note 1)	Net Profit (Note 2)	Less Royalties, Grand Opening and Local Marketing, and POS System to Adjust Net Profit as if a franchise unit (Note 3)	**Adjusted Net Profit as if a franchise unit
2015	\$346,904.10	\$197,036.05	\$32,605.03	\$164,431.02
2016	\$377,736.07	\$218,783.89	\$34,472.72	\$184,311.17
2017	\$409,047.57	\$236,570.87	\$36,158.14	\$200,412.73
2018	\$412,173.17	\$226,112.31	\$36,422.75	\$189,689.56
2019	\$428,959	\$207,354	\$37,507.30	\$169,846.70
2020	\$436,632.28	\$219,119.26	\$31,197.94	\$187,921.32
2021	\$489,385.97	\$254,511.47	\$33,911.87	\$220,599.60
2022	\$541,700.59	\$245,600.04	\$30,550.12	\$215,049.92
2023	548,179.69	\$250,151.12	\$32,890.78	\$217,260.34
2024	\$528,250.89	\$249,457.36	\$31,695.05	\$217,762.31

**Note 1- "Gross Revenue"** means the aggregate sales price of all washing machine, dryer machine, and Wash-Dry-Fold service revenue earned by the Franchisee, in connection with or arising out of the operation of the Franchised Business. It also includes the retail value of all products and sales generated from services donated, given away or bartered by the Franchisee or any of its Affiliates, in connection with or arising out of the operation of the Franchised Business excluding only (1) revenue derived by franchisee through vending machines or ATM machines; (2) the amount of any refund or credit given in respect of WDF services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given in the ordinary course of business and (3) any amounts collected by Franchisee for any governmental authority and paid out by Franchisee to that governmental authority on account of sales taxes or other taxes imposed upon the sale of goods or services by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to subsequently recover. If you provide Mobile services, Gross Revenues includes gross revenue derived from Mobile services as defined in the "Mobile Gross Revenue" section below.

**Mobile Gross Revenue** refers to just the portion of Gross Revenues from any Mobile pick-up and delivery laundry services you may offer including revenues from pickup and delivery charges.

**Note 2-Net Profit** means Gross Revenue less total expenses, except for the cost of equipment financing, as we explain in Note 4 below.

In 2022, the Jacksonville location was over 10 years old and did have non typical onetime expenses related to having air conditioning units repaired and one washing machine had to be rebuilt.

**Note 3-Less Royalties to Adjust as if Franchised Unit-** We apply reductions to show additional costs that would be incurred if the outlet were a franchised outlet as follows:

-a royalty reduction of 6% of Gross Revenue;

-Prior to 2021, a \$4,800 reduction for Local Marketing (however, you can select a Local Marketing spend level at either \$3,600, \$4,800 or \$6,000). In 2021 we had local advertising spend included in the expense example below; and

-Prior to 2021 we deducted \$600 for the monthly charges for your POS System (you would normally finance the upfront cost portion). In 2021 this line item was included in the store operation .

- In 2022, 2023 & 2024 the actual spend for Local Marketing and a POS System met the requirements for a new franchise location, so the only adjustment made to the Net Profit number was to reduce it by the 6% Royalty requirement.

**Note 4-Adjusted Net Profit as if a Franchised Unit-** These figures represent the Net Profit as if the company store outlet was a franchised outlet, by subtracting out additional costs, per Note 3 above, that a franchisee would incur. We do not subtract out the cost of equipment financing in the table which we present above, but show you the additional subtraction of \$5,189 per month, or \$62,268 per year that you would make in the detailed listing of income and expenses below.

Note 5-Expenses- If other expenses are added into the business, the net profit could be significantly reduced. Examples of expenses that are sometimes included in a small business in order to reduce tax liability include but are not limited to: meals, travel and entertainment expenses; additional people on the payroll.

In the time period set forth above, we had 1 affiliate outlet. The number and percent of affiliate outlets who attained or surpassed the stated result in each 2015, 2016, 2017, 2018, 2019 and 2020 was one or 100%.

Below, we set forth a detailed breakdown of the revenue and expenses for the line items in the table in FPR #6 above:

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2024

<u>Income</u>	
<u>Sales</u>	
<u>Self Serve Income</u>	<u>409,993.86</u>
<u>Vending Item Sales</u>	<u>5,841.43</u>
<u>Wash, Dry, Fold Income</u>	<u>112,415.60</u>
<u>Total Income</u>	<u>\$ 528,250.89</u>
<u>Expenses</u>	
<u>Advertising and Marketing</u>	<u>6,000.00</u>
<u>Bank Service Charges</u>	<u>5.00</u>
<u>Computer and Internet Expenses</u>	
<u>Software Subscription</u>	<u>2,365.00</u>
<u>Total Computer and Internet Expenses</u>	<u>\$ 2,365.00</u>
<u>Dues Expense</u>	<u>349.00</u>
<u>Insurance Expense</u>	<u>703.32</u>
<u>WC-Premium</u>	<u>5,488.12</u>
<u>Total Insurance Expense</u>	<u>\$ 6,191.44</u>
<u>Interest Expense</u>	
<u>Licenses &amp; Permits</u>	<u>583.81</u>
<u>Merchant Fees</u>	<u>13,541.89</u>
<u>Office Supplies</u>	<u>99.90</u>
<u>Payroll Expense</u>	<u>0.00</u>
<u>Employee Compensation</u>	<u>90,688.17</u>
<u>Payroll Taxes</u>	<u>7,587.00</u>
<u>Total Payroll Expense</u>	<u>\$ 98,275.17</u>
<u>Postage and Delivery</u>	<u>183.03</u>
<u>Professional Fees</u>	
<u>Accounting Fees</u>	<u>2,000.00</u>
<u>Payroll Processing Fees</u>	<u>3,810.07</u>
<u>Total Professional Fees</u>	<u>\$ 5,810.07</u>
<u>Rent Expense</u>	<u>58,327.36</u>
<u>Repairs and Maintenance</u>	<u>10,449.72</u>
<u>Parts</u>	<u>1,844.43</u>
<u>Total Repairs and Maintenance</u>	<u>\$ 12,294.15</u>
<u>Security Expense</u>	<u>1,127.74</u>
<u>Supplies Expense</u>	<u>19,162.07</u>

<u>Utilities</u>	
<u>Cable/Phone/Internet</u>	<u>3,219.64</u>
<u>Electricity &amp; Water</u>	<u>36,298.68</u>
<u>Gas</u>	<u>14,965.77</u>
<u>Total Utilities</u>	<u>\$ 54,484.09</u>
<u>Total Expenses</u>	<u>\$ 278,799.72</u>
<u>Net Operating Income</u>	<u>\$ 249,451.17</u>
<u>Other Income</u>	
<u>Interest Income</u>	<u>6.19</u>
<u>Total Other Income</u>	<u>\$ 6.19</u>
<u>Net Other Income</u>	<u>\$ 6.19</u>
<u>Net Income</u>	<u>\$ 249,457.36</u>

2023

Ordinary Income/Expense

Income

Interest Income	42.36
Revenue/Income	0.00
Self-Serve Income	423,060.78
Vending Item Sales	8,042.85
Wash, Dry, Fold Income	<u>417,063.70</u>

Total Income 548,179.69

Expense

Advertising and Marketing	5,078.89
Automobile Expense	504.34
Bank Service Charges	1.60
Computer and Internet Expenses	<u>1,119.99</u>
	<u>938.87</u>

Total Computer and Internet Expenses 2,058.86

Dues Expense	504.00
Equipment Expense	777.23
Gasoline	44.55
Insurance Expense	<u>5,428.78</u>
	<u>7,068.85</u>

Total Insurance Expense 12,497.63

Licenses & Permits 498.75

Merchant Fees 13,605.15

	<u>294.26</u>
Total Merchant Fees	13,899.41
Office Supplies	449.67
Payroll Expense	84,990.30
	<u>2,877.92</u>
	<u>29,091.30</u>
Total Payroll Expense	116,959.52
Postage and Delivery	315.90
Professional Fees	65.04
	<u>1,000.00</u>
Total Professional Fees	1,065.04
Rent Expense	55,990.68
Repairs and Maintenance	15,157.15
Security Expense	1,031.71
Supplies Expense	17,637.31
Tax Expense	745.84
Utilities	<u>53,140.49</u>
Total Expense	<u>298,028.57</u>
Net Ordinary Income	250,151.12

Net Cash Flow before Adjustments \$250,151.12 ~~\$249,457.36~~

As if a Franchised Unit (see Notes 3 and 4 above)

\*Less Adjustments per Notes 3 and 4 above \$32,890.78 ~~31,695.05~~

\*\*Net Cash Flow- no financing \$217,260.34 ~~762.31~~

\*\*\* Cost if 100% financing of Equipment- approx. \$8,724/ month \$104,688

\*\*\*\*Net Cash Flow with 100% Equipment Financing \$ 112,572.34 ~~113,074.31~~

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Roberts, at 929 McDuff Ave S, Suite 107, Jacksonville, FL 32065. Telephone: 904-880-2522, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

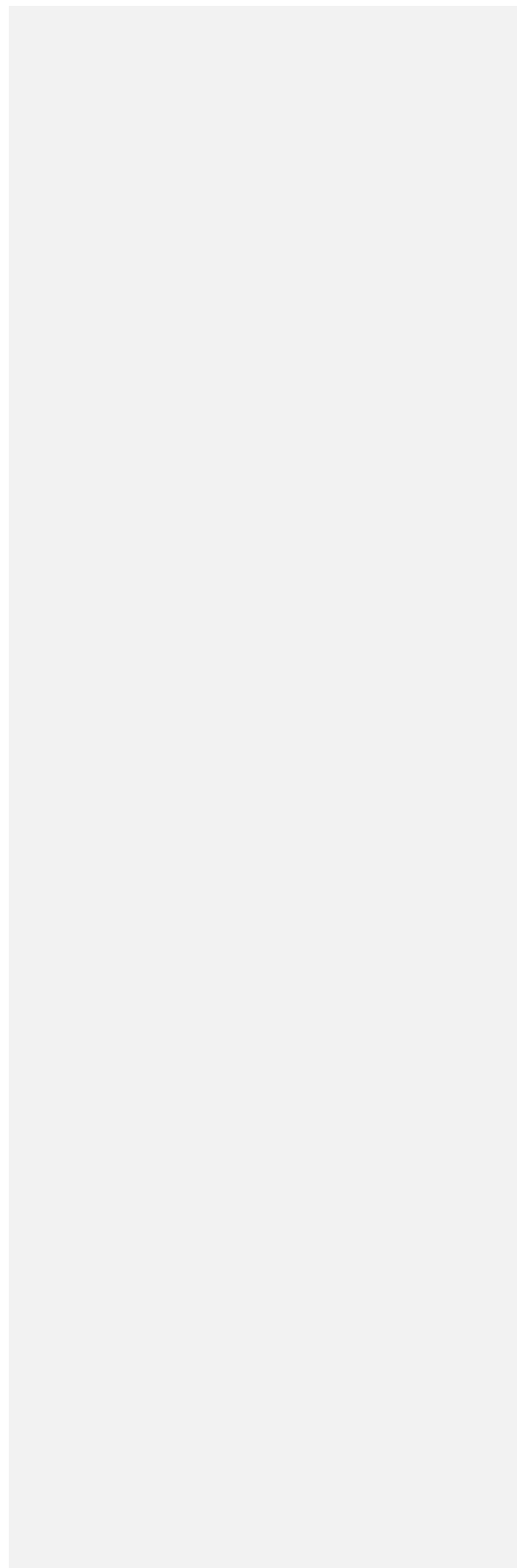
**Table No. 1  
System Wide Outlet Summary  
For Years ~~2021~~2022 to ~~2024~~2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2022</del> 2021	<del>1828</del>	<del>2843</del>	<del>+1015</del>
	<del>2022</del> 2023	<del>2843</del>	<del>4351</del>	<del>+158</del>
	<del>2024</del> 2023	<del>4351</del>	<del>5056</del>	<del>+75</del>
Company-Owned	<del>2022</del> 2021	<del>1</del>	<del>1</del>	<del>0</del>
	<del>2023</del> 2022	<del>1</del>	<del>1</del>	<del>0</del>
	<del>2024</del> 2023	<del>1</del>	<del>1</del>	<del>0</del>
Total Outlets	<del>2022</del> 2021	<del>1929</del>	<del>2944</del>	<del>+1015</del>
	<del>2023</del> 2022	<del>2944</del>	<del>4452</del>	<del>+158</del>
	<del>2024</del> 2023	<del>4452</del>	<del>5157</del>	<del>+75</del>

**Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years ~~2021~~2022 to ~~2024~~2023**

State	Year	Number of Transfers
Arizona	<del>2022</del> 2021	<del>0</del> 1
	<del>2023</del>	<del>0</del>
	<del>2024</del>	<del>0</del>
California	<del>2022</del>	<del>1</del> 0
	<del>2023</del>	<del>0</del>
	<del>2024</del>	<del>1</del>
North Carolina	<del>2022</del> 2021	<del>0</del> 1
	<del>2022</del>	<del>1</del>
	<del>2023</del>	<del>1</del>
<del>Texas</del>	<del>2021</del> 2024	<del>0</del>
<del>Texas</del>	<del>2022</del>	<del>0</del>
	<del>2023</del>	<del>1</del>
<b>Total</b>	<del>2021</del> 2024	<del>0</del> 1
<b>Total</b>	<del>2022</del>	<del>2</del>
	<del>2023</del>	<del>2</del>
	<del>2024</del>	<del>2</del>

|



**Table No. 3**  
**Status of Franchised Outlets**  
**For Years ~~2021~~2022 to ~~2024~~2023\***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Franchised Stores Operating at Year End
Arizona	<del>2022</del> 202	<u>35</u>	<u>20</u>	0	0	0	0	5
	<del>2022</del> 202	5	<u>03</u>	0	0	0	0	<u>58</u>
	<del>2023</del> 202	<u>58</u>	<u>31</u>	0	0	0	0	<u>89</u>
California	<del>2022</del> 202	0	<u>02</u>	0	0	0	0	<u>02</u>
	<del>2022</del>	0	<u>2</u>	0	0	0	0	<u>2</u>
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>1</u>	0	0	0	0	<u>3</u>
Colorado	<del>2022</del> 202	4	<u>01</u>	0	0	0	0	<u>45</u>
	<del>2022</del>	4	<u>1</u>	0	0	0	0	<u>5</u>
	2023	5	1	0	0	0	0	6
	2024	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Connecticut	<del>2022</del> 202	0	0	0	0	0	0	0
	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	<del>2021</del> 202	<u>01</u>	<u>10</u>	0	0	0	0	1
	4							
Florida	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Georgia	<del>2022</del> 202	0	0	0	0	0	0	0
	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Illinois	<del>2021</del> 202	0	1	0	0	0	0	1
	4							
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Indiana	<del>2022</del> 202	0	0	0	0	0	0	0
	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Louisiana	<del>2022</del> 202	0	0	0	0	0	0	0
	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Maryland	<del>2022</del> 202	<u>12</u>	<u>12</u>	0	0	0	0	<u>24</u>
	<del>2022</del>							

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Franchised Stores Operating at Year End
	<del>2022</del>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2023	4	0	1	0	0	0	3
	2024	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>
Michigan	<del>2022</del> 202	1	<u>0</u> <u>2</u>	0	0	0	0	<u>1</u> <u>3</u>
	<u>+</u>							
	<del>2022</del>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2023	3	1	0	0	0	0	4
	2024	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Minnesota	<del>2022</del> 202	<u>0</u> <u>1</u>	<u>1</u> <u>0</u>	0	0	0	0	1
	<u>+</u>							
	<del>2022</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Nebraska	<del>2022</del> 202	0	<u>0</u> <u>1</u>	0	0	0	0	<u>0</u> <u>1</u>
	<u>+</u>							
	<del>2022</del>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Jersey	<del>2022</del> 202	0	0	0	0	0	0	0
	<u>+</u>							
	<del>2022</del>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	0	0	0	0	0	0	0
	2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
North Carolina	<del>2021</del> 202	2	<u>0</u> <u>1</u>	0	0	0	0	<u>2</u> <u>3</u>
	<u>+</u>							
	2023	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2024	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
North Dakota	2022	<u>2</u> <u>0</u>	<u>1</u> <u>0</u>	0	0	0	0	<u>2</u> <u>3</u> <u>0</u>
	2023	<u>3</u> <u>0</u>	<u>0</u>	0	0	0	0	<u>3</u> <u>0</u> <u>3</u> <u>0</u>
Ohio	<del>2021</del> 202	0	<u>0</u> <u>1</u>	0	0	0	0	<u>0</u> <u>1</u>
	<u>+</u>							
Ohio	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Tennessee	<del>2021</del> 202	1	0	0	0	0	0	1
	<u>+</u>							
	<del>2022</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	1	0	0	0	0	0	1
Texas	<del>2021</del> 202	<u>6</u> <u>1</u>	<u>3</u> <u>0</u>	0	0	0	0	<u>6</u> <u>1</u> <u>9</u> <u>1</u>
	<u>+</u>							
Texas	2022	9	4	0	0	0	0	13
	2023	13	1	0	0	0	0	14
Utah	<del>2021</del> 202	<u>0</u> <u>1</u> <u>4</u>	1	0	0	0	0	<u>1</u> <u>4</u> <u>1</u> <u>5</u>
	<u>+</u>							
Utah	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Washington	<del>2021</del> 202	0	<u>0</u> <u>1</u>	0	0	0	0	<u>0</u> <u>1</u>
	<u>+</u>							
	2022	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Franchised Stores Operating at Year End
	<del>2022</del>	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Total</b>	<del>2021</del> 4	<del>18</del> 1	<del>10</del> 0	0	0	0	0	<del>28</del> 1
<b>Total</b>	2022	28	15	0	0	0	0	43
	2023	43	89	1	0	0	0	5051
	2024	50	7	0	0	0	1	56

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

**Table No. 4**  
**Status of Company-Owned Outlets\***  
**For Years ~~2021~~2022 to ~~2023~~2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	<del>2021</del> 2022	1	0	0	0	0	1
	<del>2023</del> <del>2022</del>	1	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	1
Total	<del>2021</del> 2022	1	0	0	0	0	1
	<del>2023</del> <del>2022</del>	1	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	1

\*Company-owned outlets refers to outlets run by our affiliate AU Hydro LLC.

**Table No. 5**  
**Projected Openings as of December 31, ~~2023~~2024**

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	<del>56</del>	<del>01</del>	0
Arkansas	1	<del>40</del>	0
California	<del>56</del>	1	0
Colorado	<del>35</del>	<del>01</del>	0
Florida	4	1	0
<del>Georgia</del> Illinois	1	<del>01</del>	0
Indiana	2	1	0
Maryland	<del>23</del>	0	0
Michigan	2	<del>01</del>	0
Minnesota	2	0	0
New Jersey	2	<del>40</del>	0
<del>New York</del>	<del>0</del>	<del>1</del>	<del>0</del>
North Carolina	1	0	0
Ohio	<del>21</del>	<del>20</del>	0
Oklahoma	1	<del>40</del>	0
Pennsylvania	1	<del>01</del>	0
South Carolina	2	<del>40</del>	0
Tennessee	1	<del>40</del>	0
Texas	11	<del>43</del>	0
<del>Utah</del>	<del>1</del>	<del>1</del>	<del>0</del>
<del>Virginia</del>	<del>1</del>	<del>0</del>	<del>0</del>
<del>Washington</del>	<del>1</del>	<del>1</del>	<del>0</del>
<b>TOTALS</b>	<del>4855</del>	14	0

Exhibit G contains a list of the list of names of all franchisees and the addresses and telephone numbers of their outlets as of the end of our last fiscal year.

Exhibit H contains a list of the names of all Franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date of the disclosure document issuance date.

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

Restrictions on Ability to Speak. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system.

**ITEM 21  
FINANCIAL STATEMENTS**

Exhibit I contains our audited financial statements for our fiscal years ending December 31, ~~2023, 2024, 2023, and 2022~~2022, and 2021 as well as our unaudited Balance Sheet as of June 30, 2024 and our unaudited Income Statement for the time period January 1, 2024—June 30, 2024.

**ITEM 22  
CONTRACTS**

The following proposed agreements are attached as exhibits to this Disclosure Document:

- Exhibit C      Franchise Agreement
  - Attachment 1: Franchised Business – Particulars
  - Attachment 2: Holders of Ownership Interest in the Franchisee
  - Attachment 3: Automatic Bank Draft Authorization
  - Attachment 4: Personal Guaranty
  - Attachment 5: Franchisee Disclosure Acknowledgment Statement
  - Attachment 6: Rider to Lease Agreement; Landlord’s Agreement (Laundrylux), Franchisor Waiver and Subordination Agreement with Landlord Consent (Laundrylux)
  - Attachment 7: State Addenda to the Franchise Agreement
- Exhibit D      Employee Confidentiality Agreement
- Exhibit E      General Release and Waiver of Claims

**ITEM 23  
RECEIPTS**

Exhibit L contains two copies of a Receipt of this Disclosure Document.

**EXHIBIT A**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

**CALIFORNIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF

FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [www.WaveMAXLaundry.com](http://www.WaveMAXLaundry.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Item 2 of the Disclosure Document is amended to also indicate that Michael Roberts, CEO, and Sheila Calivoso-Roberts, COO, are spouses, but this is not a family-owned business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

**HAWAII ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the stat authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813

The Special Risks page of the FDD is amended to also include the following:

1. **Negative Equity.** The franchisor has a Members' Deficit of (\$1,~~434,804~~395,775) as reflected in its financial statements (Item 21). This might make this investment riskier than a franchisor without a negative Members' Equity.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Initial Fee Deferral:

Item 5 of the FDD is amended to also include the following: “We defer the payment of all initial fees paid by you to us until we have performed all pre-opening obligations and you are open for business.”

**ILLINOIS ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Surety Bond. Item 5 is supplemented with the following: “Based on our current financial condition, the Illinois Attorney General’s Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General’s Office.”

**MARYLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, “This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Surety Bond. Item 5 is supplemented with the following: “Based on our current financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Commissioner.”

**MINNESOTA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Minnesota franchise laws, If any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**NEW YORK ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**,” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**NORTH DAKOTA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the franchise agreement.

**Jurisdiction and Venue:** The provisions concerning choice of law and jurisdiction and venue are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Financial Assurance/ Surety Bond:**

Item 5 of the Disclosure Document is amended to include the following:

Pursuant to the North Dakota Franchise Investment Law, we are furnishing a surety bond as provided by rule of the North Dakota Securities Department. The North Dakota Securities Department has found that such requirement is necessary and appropriate to protect prospective franchisees. The surety bond is being provided to the State of North Dakota instead of requiring

us to place the Initial Franchise Fee in an escrow account or having us defer the payment of the Initial Franchise Fee until the opening of the franchise business. The North Dakota Securities Department has imposed the surety bond requirement as an alternative to escrow or fee deferral because of our financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

**VIRGINIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from ~~\$351,356,455~~ – \$ 1,515,556,350 (Standard) or ~~\$276,305,376,405~~ - \$1,528,100,604,700 (Standard plus mobile). This amount exceeds the franchisor’s stockholder’s equity as of December 31, ~~2023~~2024, which is (\$1,434,804,395,775).

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. **Financial Assurance:** Item 5 of the Disclosure Document is amended to also state:

Due to our financial condition, the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to establish an escrow account for all initial franchise fees that we charge. You shall make your check for franchise fees or other payments to the depository (Bank of America) and send the check to us. Within two business days of our receipt of the check, we will deposit the check into an escrow account that we have established with Bank of America.

When we complete all of our pre-opening obligations to you (listed in Item 11 of this Disclosure Document), we will request that you affirm, in writing, that we have completed those obligations and that you assent to release of the funds held in escrow. After receipt of authorization from the Commission, the depository shall release the funds held in escrow by the depository to us to be applied to your account with us.

## WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

~~As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.~~

~~The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.~~

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~Chapter~~chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the areas of termination~~Franchise Disclosure Document, are subject to state law.~~

3. Site of Arbitration, Mediation, and~~renewal of your franchise.~~

/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights ~~executed by in the franchise agreement or related agreements purporting to bind the~~ franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any ~~rule~~rules or ~~order~~orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable,~~ in accordance with

RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise

agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

**6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

**7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

**8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition

covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any ~~provisions~~ provision contained in the franchise agreement or elsewhere that ~~conflict~~ conflicts with these limitations ~~are~~ is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**16. Questionnaires and Acknowledgments.** ~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~ Washington Franchise Broker Disclosure

~~Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.~~

~~**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises.~~

**17. Prohibitions on Communicating with Regulators.** ~~Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).~~

**18. Advisory Regarding Franchise Brokers.** ~~Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.~~

~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

| **Surety Bond-**

Item 5 and 7 are modified to also provide:

Pursuant to Washington Administrative Code (WAC) Section 480-60-480, we are furnishing a surety bond as provided by rule of the Washington Department of Financial Institutions - Securities Division. The Washington Department of Financial Institutions - Securities Division has found that such requirement is necessary and appropriate to protect prospective franchisees. The surety bond is being provided to the State of Washington instead of requiring us to place the Initial Franchise Fee in an escrow account or having us defer the payment of the Initial Franchise Fee until the opening of the franchise business. The Washington Department of Financial Institutions - Securities Division has imposed the surety bond requirement as an alternative to escrow or fee deferral because of our financial condition.

**WISCONSIN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**EXHIBIT B**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
<b>California</b>	<p>The Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p> <p><del>2101 Arena Blvd</del> <u>651 Bannon Street, Suite 300</u> Sacramento, CA <del>95834</del> <u>95811</u> 1-866-275-2677 www.dfpi.ca.gov <a href="mailto:Ask.DFPI@dfpi.ca.gov">Ask.DFPI@dfpi.ca.gov</a></p>	<p>Commissioner of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p>
<b>Connecticut</b>	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299</p>	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299</p>
<b>Hawaii</b>	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813</p>
<b>Illinois</b>	<p>Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706</p>
<b>Indiana</b>	<p>Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p>Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204</p>
<b>Kentucky</b>	<p>Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449</p>	

	(502) 696-5300	
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
<b>Minnesota</b>	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
<b>Nebraska</b>	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492 Phone
<b>North Dakota</b>	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510
<b>Rhode Island</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
<b>South Dakota</b>	Division of Insurance Securities Regulation	Division of Insurance Securities Regulation

	124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	124 South Euclid, Suite 104 Pierre, SD 57501
<b>Texas</b>	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
<b>Washington</b>	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
<b>Wisconsin</b>	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

**EXHIBIT C**

**WaveMAX Franchise, LLC**



**FRANCHISE AGREEMENT**

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ATTACHMENTS

- Attachment 1: Franchised Business – Particulars
- Attachment 2: Holders of Ownership Interest in the Franchisee
- Attachment 3: Automatic Bank Draft Authorization
- Attachment 4: Personal Guaranty
- Attachment 5: Franchisee Disclosure Acknowledgment Statement
- Attachment 6: Rider to Lease Agreement; Landlord’s Agreement (Laundrylux), Franchisor  
Waiver and Subordination Agreement with Landlord Consent (Laundrylux)
- Attachment 7: State Addenda to the Franchise Agreement

THIS FRANCHISE AGREEMENT ("Agreement"), dated \_\_\_\_\_ (the "Effective Date"), is entered into by and between WaveMAX Franchise LLC, a Florida limited liability company ("Franchisor," "we," "us," or "our,") and \_\_\_\_\_ ("Franchisee," "you," or "Your").

**RECITALS**

**WHEREAS**, Franchisor has created a comprehensive program (the "Program") for the operation of a business that provides laundromats under the name of WaveMAX Laundry (the "Franchised Business").

**WHEREAS**, the Program involves the use of Franchisor's confidential and proprietary methods, equipment, operating procedures, business techniques, and manuals in connection with each Franchised Business (the "Confidential and Proprietary Material") as well as the use of Franchisor's trademarks, service marks, trade names, logos, brands, copyrights and other intellectual property in connection with each Franchised Business ("Intellectual Property");

**WHEREAS**, Franchisee wishes to establish and operate a Franchised Business pursuant to this Agreement using the Program and the Confidential and Proprietary Material in the Territory (as defined in the Agreement), and to derive the benefits of the Program, the Confidential and Proprietary Material, and Franchisor's experience, name, reputation and guidance;

**WHEREAS**, Franchisor wishes to grant Franchisee the right and license to establish and operate one Franchised Business pursuant to this Agreement using the Program and the Confidential and Proprietary Material in the Territory (as defined in the Agreement), and to derive the benefits of the Program, the Confidential and Proprietary Material, and Franchisor's experience, name, reputation and guidance;

**NOW THEREFORE** in consideration of the foregoing, the covenants and agreements herein contained, and other good and valuable consideration, the receipt, and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

## AGREEMENT

### 1. DEFINITIONS AND INTERPRETATION

1.1 **Defined Terms.** In addition to the terms defined above, which are incorporated herein by this reference, the following terms have the meanings set forth below:

- (a) **"Affiliate"** of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first entity.
- (b) **"Gross Revenue"** means the aggregate sales price of all washing machine, dryer machine, and Wash-Dry-Fold service revenue earned by the Franchisee, in connection with or arising out of the operation of the Franchised Business. It also includes the retail value of all products and sales generated from services donated, given away or bartered by the Franchisee or any of its Affiliates, in connection with or arising out of the operation of the Franchised Business excluding only (1) revenue derived by franchisee through vending machines or ATM machines; (2) the amount of any refund or credit given in respect of WDF services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given in the ordinary course of business and (3) any amounts collected by Franchisee for any governmental authority and paid out by Franchisee to that governmental authority on account of sales taxes or other taxes imposed upon the sale of goods or services by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to subsequently recover. If you provide Mobile services, Gross Revenues includes gross revenue derived from Mobile services as defined in the 'Mobile' section below.

**Mobile Gross Revenue** refers to just the portion of Gross Revenues from any Mobile pick-up and delivery laundry services you may offer including revenues from pickup and delivery charges.

- (c) **"Mobile Service" or "Mobile Pickup and Delivery Service"** means the ability to provide wash-dry-fold laundry services plus pickup and delivery.
- (d) **"Marks"** means the mark "WaveMAX" and such other registered or common law trademarks, service marks, and trade names that we permit or authorize you to use as part of this franchise. Such marks may be changed from time to time. The Marks are one component of the Intellectual Property.
- (e) **"Operations Manual"** means the manual entitled "'WaveMAX Operations Manual,'" including hard copy and online materials, developed and owned by Franchisor, as revised by Franchisor from time to time.
- (f) **"Program"** means the Franchisor's best practices that have been developed and combined into a comprehensive process for operating a Franchised Business. It includes, but is not

limited to, franchisee training, marketing, and sales assistance in opening and operating your Franchised Business.

- (g) “**Franchised Business**” means the WaveMAX business you will operate in accordance with the terms of this Agreement.

1.2 **Interpretation.** For purposes of this Agreement:

The singular number shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa.

The article, section and subsection headings are for convenience of reference only and shall not for the purpose of interpretation be deemed a part of this Agreement.

All grammatical variations of defined terms in this Agreement shall have the meaning corresponding to the grammatical variation.

## 2. GRANT OF FRANCHISE AND TERM

2.1 **Grant of License to Operate Franchised Business.** Upon the terms and conditions set forth herein, Franchisor grants to Franchisee, and Franchisee accepts, the right and license, for the Term and any Renewal Term-

- (a) to establish and operate one Franchised Business; and
- (b) to use the Program, the Intellectual Property, and the Confidential and Proprietary Material in connection with the operation of the Franchised Business in accordance with this Agreement, the Software License Agreement and the Operations Manual.

2.2 **Territory.** Your territory will typically include an area bounded by a 2-mile radius from your location. There may be some exceptions to this in areas that have very high population densities or areas that are separated by geographical features. We will do an analysis that considers average household income and density of rental properties in the area.

First, we will grant to you a non-exclusive Search Area, as defined on Attachment 1 to your Franchise Agreement, in which to search for a site.

Your territory will then be determined once a site has been selected for your outlet, as described in Attachment 1 to the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Specifically, we may offer a Mobile service in your Territory. You may also participate in a Mobile service under the terms and conditions that we set.

However, you will receive a territory in which we promise not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as we license you to use here.

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises.

We will approve the relocation of the franchised business or your establishment of additional franchised outlets if we feel there is a reasonable business justification to do so and the new location meets our site selection criteria.

Continuation of territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency. We do not reserve the right to modify your territorial rights, even if there is an increase in population in your territory.

We may establish franchisor-owned locations, other franchises or sub-franchises outside your territory, regardless of proximity to the boundaries of your territory.

We may also establish other franchises or company-owned outlets or other channels of distribution offering similar services under names and trademarks which are not the same or similar to the Marks, within or without your territory, provided they are not in direct competition with you.

Neither we nor an affiliate has used or reserves the right to use other channels of distribution to make sales within your territory using our principal trademarks, except we reserve the right to run a website or use sales methods to direct customers gained in this way in your territory to your outlet, and we may run a mobile wash, dry, fold service in your territory.

We reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within your territory of products or services under trademarks different from the ones you will use under the franchise agreement. We do not pay compensation to you for soliciting or accepting orders from inside your territory.

Except as to a Mobile service which we authorize you to undertake, you are prohibited from soliciting or providing services to customers outside of your territory, including the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing without our prior approval. Except as to Mobile service which we authorize you to undertake, you are prohibited from soliciting customers from the territory of another franchisee. We realize certain types of digital marketing can not be limited to an individual territory. Those types of advertising will be allowed but must be approved by franchisor.

2.3 **Reservation of Other Rights.** Except as set forth above, Franchisor, for itself and its Affiliates and successors, expressly reserves the right to offer the Services under the Marks directly or through other Franchised Businesses at any location.

2.4 **Opening Date and Commencement of Services.** The parties intend that the Franchised Business will commence operation on the date specified for commencement of operations in Attachment 1 (the "Scheduled Opening Date"). Franchisee agrees to use its best efforts to execute a preliminary agreement with a lessor within 120 days of signing the Agreement and to execute a lease for a location which meets Franchisor specifications within 180 days of signing the Agreement. Further, Franchisee agrees to open the Franchised Business within 120 days after execution of the lease. Franchisee may request an extension in writing from the Franchisor if Franchisee is unable to meet these deadlines. Franchisee further confirms and agrees that it will obtain and maintain all licenses, permits and inspection approvals required by law or regulation, and takes such other actions as may be necessary, to operate the Franchised Business at the Franchised Location from and after the Scheduled Opening Date. Franchisor may extend the Scheduled Opening Date by up to 60 days on written notice to Franchisee.

Mobile Service may commence at your location 90 days after the opening date of the Laundromat with our approval and successful completion of Mobile initial training.

2.5 **Operation only from Franchised Location.** Franchisee and all employees and other representatives of Franchisee shall operate the Franchised Business at and solely from the Franchised Location, or such other location or locations as the Franchisor may agree to in advance in writing.

2.6 **Term.** The term of this Agreement shall commence on the Scheduled Opening Date (whether or not the Franchised Location is open for business on that date) and, unless sooner terminated as provided herein, shall continue for a term of ten (10) years, subject to renewal pursuant to Section 19.

2.7 **Management Personnel and Guarantee.** The grant of license in Section 2.1 is made by Franchisor based on and in reliance on the personal attributes and abilities of the management personnel named in Attachment 1 (the "Management Personnel"). Franchisee confirms and agrees that each of the Management Personnel will actively participate in the management of the Franchised Business. If a company (or other entity) has been designated as Franchisee hereunder, then each of the shareholders, members, managers, directors and officers of such company will sign Franchisor's current form of guaranty (the "Guaranty") guarantying the full and complete performance of this Agreement by Franchisee, a copy of which is attached as Attachment 4.

### 3. INITIAL FEES

3.1 **Initial Franchise Fee.** The initial franchise fee for a single-unit Franchised Business \$49,950. If you purchase multiple units, the second franchise fee will be \$24,950 and each additional unit will be \$19,950. To qualify for multi-unit discounts, you must make all franchise purchases at the same time. A portion of the initial franchise fee collected by Franchisor may be passed through to area representatives, in-house brokers, outside brokers, as a referral fee to existing franchisees, or others.

We offer a 5% discount on the initial franchise fee for an honorably discharged U.S. veteran.

The Initial Franchise Fee is due upon signing of this Agreement and is non-refundable. The initial franchise fee is fully earned upon receipt.

The Initial Franchise Fee is collected by the Franchisor pursuant to a revenue share agreement with Brokers, Dennis Mulgannon, Geoff Batchelder, and the Area Representative (if applicable) and any other person or entity in consideration of their efforts to secure the franchisee. We will distribute the fees to these entities in accordance with their respective agreements. Therefore, we collect and distribute the fees on behalf of the franchisee. In addition, the revenue share of royalties and other fees will also be shared with the appropriate party based upon the agreements signed with each entity.

### 4. ROYALTY AND FEES

#### 4.1 ~~Royalty Amount of Royalty.~~

- ~~Franchisee shall pay to Franchisor a continuing royalty of 6% of Gross Revenue.~~
- ~~Franchisees are required to have the ~~Laundroworks~~ LaundroWorks system or another approved third-party revenue tracking system that can track.~~

- ~~Track washer and dryer revenue as well as~~
- ~~Track Wash-Dry-Fold and Mobile Service revenue, using systems like Cents, Curbside or, Wash-Dry-Fold POS to track gross revenue, or another approved alternative.~~
- However, any promotional programs or revenue that are not trackable by LaundroWorks or another approved system will still be included in the royalty calculation.
  - Only revenue data accurately captured within LaundroWorks or an approved system will be considered valid for adjustments or exclusions from royalties.

#### 4.2 ~~Royalty Calculation and Payment of Royalty.~~

Royalty calculation will require the use of the LaundroWorks system or another approved third-party revenue tracking system that can track washer and dryer revenue as well as revenue derived from processing Wash-Dry-Fold or Mobile Service orders (both drop-off and pickup/delivery). For machine usage when processing Wash-Dry-Fold orders or for tasks such as starting a machine to resolve a customer issue, machine cleaning, maintenance or repair, the usage will be done using an “Attendant Card” or “Attendant Pay App” to exclude those usages from the royalty calculation.

Monthly reports and invoices are due from Franchisee by the 4th day, payments are due on the 8th day, and are delinquent on the 10th day of the subsequent month. Payment will be automatically debited from Franchisee’s account on the 8th. If payment is not received by the 10th, then 10% interest (based on estimated or actual amounts) will begin to accrue and an administrative fee of \$500 will added to the ACH amount. Franchisee shall execute all banking forms and documents and do all other things necessary to facilitate such payments by way of electronic transfer (automatic debit).

If an electronic transfer of the Royalty is declined by Franchisee's bank for any reason, Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in connection therewith, including any reasonable administrative fee as may be set by Franchisor from time to time. Payments shall be processed through the Automated Clearing House (“ACH”) electronic network. See Attachment 3.

A portion of royalties collected by Franchisor may be passed through to area representatives.

4.3 **POS System and Technology Fee.** Franchisee agrees to use Franchisor’s designated POS System, presently Wash Dry Fold POS with an initial cost of ~~\$4,800~~\$3,899 plus ~~\$95~~\$85 per month ~~for Year 1, \$115/per month after Year 1,~~ or Cents with an initial cost of \$2,500 plus \$215 per month. Franchisee must use Franchisor’s designated application to process credit card, phone app and cash payments, presently, LaundroWorks, which currently costs \$500 per year, with the first year is free of charge. The addition of Phone App payment capabilities has a current cost of \$2,000 per year.

If you offer Mobile services, you agree to use our designated Mobile technology vendor, presently Cents, and pay any applicable set up and monthly fee, presently \$2,000 set up fee and a fee of \$95 per month.

These fees may vary over time as our third-party vendor costs vary.

4.4 **Mobile Training:** If Franchisee elects to provide Mobile pickup and delivery services, Franchisee will be required to attend comprehensive on-site training. Franchisee shall pay to Franchisor \$4,950 as a one-time training fee 30 days prior to attending the training. Franchisee and up to one additional person may attend the training for this amount.

4.5 **Mobile Support Fee:** If Franchisee elects to provide Mobile pickup and delivery services, Franchisee shall pay to Franchisor a Mobile Support Fee of 4% of the portion of Gross Revenues from Mobile pickup and delivery services, subject to a \$300 per month minimum. We can increase the Mobile Support Fee in our reasonable discretion.

4.6 Pass-through of Fees. Franchisor collects franchise fees and royalties but, pursuant to agreements with third parties, Franchisor will in many cases pass-through a portion of those fees and royalties to area representatives, in-house brokers, outside brokers, existing franchisees (as a referral fee), or others.

## 5. SITE SELECTION

5.1 **Site Selection - General.** In conjunction with signing this Agreement, Franchisor and Franchisee shall agree on an area in which the Franchised Business shall be located by Franchisee. This area shall be listed on Attachment 1. Franchisee must locate its Franchised Business within this area. Franchisee shall select a specific location for the Franchised Business using the criteria provided by Franchisor and subject to final approval by Franchisor. Franchisee must perform site selection to our standards and subject to our approval.

5.2 **Site Selection Criteria.** Site selection criteria are set forth in the Operations Manual. Some of the criteria are confidential. However, they include such factors as proximity to parking, street visibility, the demographics of nearby population centers, and so forth.

## 6. PROMOTION AND ADVERTISING

### 6.1 **Grand Opening, Local Advertising, and National Advertising Fund.**

**Grand Opening Marketing.** You agree to pay \$20,000 to our designated marketing firm a minimum of 30 days prior to opening your WaveMAX store to spend to promote the opening of your franchise during its first six (6) months of operation. At present, our designated laundry equipment supplier, Laundrylux, issues a rebate to the Franchisee for \$15,000.00 of the equipment package that the Franchisee purchases from them. Franchisee can use that rebate amount towards the Grand Opening Marketing spend requirement.

**Local Marketing.** Beginning the seventh (7<sup>th</sup>) month after you open, you agree to spend a minimum of \$300-\$500 per month, ~~depending upon the package selected,~~ on local advertising and marketing. ~~The \$300 minimum package includes the franchise location website from our designated vendor.~~ You are expected to develop a marketing plan for your local market. In order for your store to reach the maximum potential which your market allows, you must have an ongoing set of marketing activities designed to generate demand within your local market. We will provide you with initial training to help you implement a local marketing program effectively and in a cost-effective manner.

**Mobile Grand Opening and Mobile Local Marketing:** If Franchisee elects to provide Mobile services, Franchisee is required to spend an additional \$5,000 - \$10,000 in Grand Opening Marketing and a minimum of ~~\$300~~\$500 per month marketing Mobile services, pursuant to our guidelines.

**National Advertising Fund.** We reserve the right to require up to 1% of Gross Revenue be paid to us to set up a National Advertising Fund. We have not done so at this time.

In addition, you agree to the following:

(a) **Approval of Advertising.** Franchisee must submit to Franchisor for its approval, which approval shall not be unreasonably withheld or delayed, all local advertising and promotional material, including in-store displays and promotions, to be utilized by Franchisee and until such time as Franchisor shall give its prior written approval to the use of such advertising and promotions, Franchisee shall not utilize same in any advertising or promotion. In no event will Franchisor take more than 15 days either to approve or to reject such local advertising or promotions material. Franchisor reserves the right to adopt any such advertising or promotions for general use in advertising or promoting the Services. Franchisee, in submitting any such advertising or promotions, agrees that each such submission shall constitute an irrevocable and perpetual assignment to Franchisor of the copyright with respect to such submission, and upon each such submission the contents thereof shall be deemed the exclusive property of Franchisor;

(b) **Displays of Signs.** Franchisee shall prominently display, at its expense, in connection with the Franchised Business signs of such nature, form, color, number, location and size and containing such matter as Franchisor may direct or approve in writing from time to time and such signs shall be purchased from Franchisor or from suppliers designated or approved by Franchisor;

(c) **Franchisor as Owner of Copyrights.** Franchisee acknowledges that Franchisor is the sole and exclusive owner of all copyrights and that all advertising and promotional material (including Copyrighted Materials) prepared by or on behalf of Franchisor shall at all times remain the property of Franchisor; and

(d) **Prohibited Displays.** Franchisee may not distribute or display at the Franchised Business, or allow to be distributed or displayed at the Franchised Business, any signs, posters, or other items that may (i) associate the Intellectual Property and Program with political, religious, or social groups or movements; or (2) bring discredit to the Intellectual Property or Program.

(e) **Verification of Spending.** Franchisee agrees to submit proof of adequate spending, which we shall reasonably determine based upon the maturity of your business, on local advertising to Franchisor within ten (10) days of written request by Franchisor.

## **7. PRODUCTS AND SERVICES OFFERED**

7.1 **Product Mix.** Franchisees must offer to the public all products and services as specified by Franchisor. At present, this includes coin or pay card operated washing and drying services and wash dry and fold services. Franchisee must offer all of the products and services that Franchisor designates are part of the Program, and nothing else, except with Franchisor's written approval beforehand. Franchisor may require Franchisee to (i) change, add or discontinue particular products or services; and (ii) add, modify and discontinue certain designated vendors of designated goods or services or recommended vendors of non-designated goods or services.

7.2 **Changes to Product Mix.** Franchisor reserves the right to add or delete additional products over time and as market conditions warrant. For example, at a later date, Franchisor may expand the product offerings to include other products or services. These changes may increase Franchisee's operating expenses. Franchisor will communicate all changes by written or electronic bulletins or revisions to the confidential Operations Manual. There is no limit on the frequency that Franchisor may impose these modifications. Franchisee will be given a reasonable time period after notice in which to implement other changes including the introduction of new product offerings. Franchisee may not place new orders with any vendors whom Franchisor removes from the approved list.

7.3 **Purchase of Furniture, Fixture, Equipment, and Products.** Franchisee agrees to purchase furniture, fixture, equipment, and products as specified by the Franchisor, which may include vendor designations, for use in the Franchised Business.

7.4 **Limitations on Products and Methods of Sale.** Franchisee agrees to limit sales only to retail transactions of authorized products and services to retail customers. Franchisee agrees not to engage in wholesale sales of any kind without the prior written consent of Franchisor. "Wholesale sales" includes the sale or distribution of products or services to a third party for resale, retail sale or other method of distribution (for example, providing sub-contracted services to a dry cleaning store). Franchisee is not permitted to engage in online or Internet sales of any products.

## 8. OPERATION OF FRANCHISED BUSINESS

8.1 **Standards of Operation.** Franchisee acknowledges that the Intellectual Property, the Program, the Confidential and Proprietary Material, and every other component of the Program are important to Franchisor and its franchisees, and Franchisee and its general manager(s) covenants and agrees to comply with the Program, in its entirety as outlined in the Operations Manual which may be modified by the Franchisor from time to time, and in particular Franchisee covenants and agrees that Franchisee shall:

- (a) ensure that the operation of the Franchised Business is at all times under the direct control of the Franchisee or General Manager(s) as provided in Section 11.1. When the person exercising direct control is absent from the Franchised Location due to illness, vacation or any other reason, Franchisee shall ensure that the Franchised Business is under the direct control of a member of the Management Personnel or a trained representative or employee of Franchisee approved in advance by Franchisor in its discretion;
- (b) operate the Franchised Business strictly in accordance with the standards of customer service, cleanliness, environmental safety, consistency, operation, advertising, promotion and management prescribed by Franchisor in the Operations Manual and by law;
- (c) comply with all business policies, practices and procedures prescribed by Franchisor and outlined in the Operations Manual and this Agreement;
- (d) keep the Franchised Business continuously open for business during all hours and days specified in writing by Franchisor from time to time, subject to compliance with the hours of operation required by local laws, if applicable;
- (e) prepare and sell to the public only the products and services designated or approved in writing by Franchisor from time to time;
- (f) maintain the Franchised Business in a clean and attractive condition so as to preserve, maintain and enhance the reputation and goodwill of the Franchisor;
- (g) not alter, modify or otherwise change, add to or delete from any portion of the Intellectual Property, the Program, or the Confidential and Proprietary Material as licensed hereunder;
- (h) maintain at all times a sufficient number of properly trained employees to service customers of the Franchised Business, and maintain an inventory of goods and supplies sufficient to satisfy customer demand;

- (i) hire and supervise efficient, competent, sober and courteous operators and employees for the operation of the Franchised Business and set and pay their wages, commissions, benefits and incentives without any liability or obligation to Franchisor;
- (j) cause all employees, while engaged in the operation of the Franchised Business, to wear uniforms of the color, design and other specifications only in accordance with the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor, and to present a neat and clean appearance and render competent and courteous service to the customers of the Franchised Business;
- (k) use, publish or display in connection with the operation of the Franchised Business only the signs, advertising or other materials designated or approved by Franchisor from time to time;
- (l) operate the Franchised Business only under the Marks, as designated by Franchisor, without any accompanying words or symbols of any nature except as designated or approved in writing by Franchisor;
- (m) make prompt payment in accordance with the terms of invoices rendered to Franchisee in connection with the purchase of all inventory, fixtures, equipment, supplies, advertising materials, clothing, products and any other goods, supplies, services or products supplied to Franchisee from time to time;
- (n) obtain and maintain in force all required licenses, permits, approvals, and certificates relating to the operation of the Franchised Business and operate the Franchised Business in full compliance with all applicable laws and regulations, including but not limited to, all governmental regulations relating to environmental safety, occupational health and safety, ERISA, workers' compensation insurance, unemployment insurance, withholding and payment of all federal and state taxes including without limitation FICA, FUTA, income tax, sales tax and personal property tax, use tax and license fees;
- (o) advise all suppliers, contractors, employees and others with whom Franchisee deals, that Franchisee is an independent contractor and that all debts, liabilities and obligations incurred by it are for the account of Franchisee only, and not Franchisor;
- (p) faithfully observe and perform in a timely fashion all covenants to be observed and performed by Franchisee pursuant to any lease for the Franchised Business location or the equipment therein;
- (q) conduct all advertising and use all media in accordance with lawful business practices and only in accordance with the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor;
- (r) attend all franchise conferences and meetings as required by Franchisor from time to time;
- (s) participate in such programs as Franchisor may require from time to time, including the servicing of national, system-wide or other special accounts as may be designated in the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor, including provision of service-levels as may be required for specified accounts and the use and honoring of gift certificates and coupons;

- (t) replace such items of equipment which have become obsolete or otherwise mechanically impaired, to the extent they require replacement, or as required by Franchisor from time to time;
- (u) identify Franchisee as an "independently owned and operated business" on all invoices, contracts, agreements, correspondence and other materials and communications used in the Franchised Business and not make any registration of any of the Intellectual Property that would grant or suggest Franchisee has ownership of the Intellectual Property; and
- (v) use an accounting system and program acceptable to Franchisor.

8.2 **Proposed Goods and Services.** If Franchisee proposes to offer for sale through the Franchised Business any good or service not previously designated or approved by Franchisor, then Franchisee must first submit the proposed good or service description to Franchisor for consideration and approval. Franchisor will consider the proposed goods or services and respond to Franchisee within a reasonable time as to whether or not it is approved for sale through the Franchised Business. Franchisor reserves the right to make alterations to the proposed good or service as a condition of approval. Franchisor also reserves the right to adopt any such good or service for use as a standard item forming part of the Services so as to maintain consistency and enhance the Program. Franchisee, in submitting any such proposal to Franchisor agrees that Franchisor may take such action, that each such submission by Franchisee to Franchisor shall constitute an irrevocable and perpetual assignment of the copyright and waiver of moral rights for the service to Franchisor, and upon each such submission shall be deemed to be part of the Program of Franchisor.

8.3 **Pricing.** Franchisor will make recommended pricing suggestions to Franchisee.

8.4 **Program Changes.** Franchisor may from time to time, by written notice to Franchisee, add to, delete, modify or otherwise change the Program, including without limitation by deleting or adopting new or modified Marks, new or enhanced services, and new techniques in connection therewith. Franchisee will, at its own cost, within a reasonable amount of time following receipt of such notice, accept, implement, use and display all such changes.

8.5 **Purchase Arrangements and Rebates.** Franchisor reserves the right to negotiate and to enter into purchase arrangements and rebate agreements with suppliers of products or services used in the Program, including products or services that must be purchased by Franchisee.

8.6 **Remodeling.** After seven (7) years of operation, Franchisee must remodel the store pursuant to Franchisor specifications. The remodeling specifications may vary over time but presently include: re-skin the washers and dryers, new washer stainless steel tops, new interior and exterior paint, remodel/replace signage, new floor or floor refresh, replace or refresh ceiling tiles, remodel bathroom, and other items. Certain items may be inspected annually and replaced when no longer up to standards. After 10 years, the washers and dryers will be inspected on a yearly basis. They will need to be replaced once they are no longer up to our standards.

## 9. CUSTOMER METHODS OF PAYMENTS; PAYMENTS TO SUPPLIERS

9.1 **Credit Cards and Other Methods of Payment.** Franchisee will maintain arrangements with Visa, MasterCard, American Express, Discover and additional or replacement credit card and debit card issuers or sponsors nominated by Franchisor from time to time, in order that the Franchised Business may accept customers' credit cards, debit cards, checks and other methods of payment. Whenever

Franchisor designates a new payment system or financial institution for the Program, Franchisee agrees to adopt the designated system promptly.

9.2 **Payments to Suppliers.** Franchisee will make all payments to Franchisor and suppliers when due and provide proof of payment to Franchisor upon request. Franchisee acknowledges that failure to timely pay a supplier could harm the reputation of the Program and the relationship of Franchisor and its other franchisees with such supplier. If Franchisee fails to pay any supplier in full when due, then Franchisor shall have the right, but not the obligation, to pay all or any portion of the sum due, together with accrued interest and penalties. If Franchisor makes any such payment, then Franchisor may invoice Franchisee for such payment and Franchisee shall reimburse Franchisor immediately upon receipt of the invoice, or Franchisor may withhold and pay to the supplier such sums from any monies owed to Franchisee by Franchisor or third parties, which such monies pass through Franchisor.

## 10. RECORDS AND REPORTING

10.1 **Sales Records.** Franchisee shall keep true and accurate records and books of account in relation to the Franchised Business, including daily records of services to individual customers and of Gross Revenue, in such form and detail as Franchisor in writing requires from time to time.

10.2 **Preservation of Records.** Franchisee shall keep and preserve for a period of at least 36 months after the end of each year all books and records (including point of sale records, computer generated records, utility bills and evidence of all sources and amounts of individual sales and Gross Revenue) related to such year.

10.3 **Monthly, and Annual Reporting.** Franchisee shall report to Franchisor as follows:

- (a) On the first Tuesday following the month for which the Royalty payment is due, Franchisee shall provide Franchisor with a report in electronic form ("Report") containing such financial information as Franchisor may require from time to time.

With each Report, Franchisee shall pay to Franchisor the Royalty payable for such period in compliance with Section 4.2.

- (b) monthly profit & loss statements and balance sheets using the format designated by Franchisor; and
- (c) within 90 days after the end of each fiscal year of Franchisee, Franchisee shall submit to Franchisor (in electronic form whenever possible) the following information concerning such fiscal year, certified as correct by Franchisee:
  - (i) a statement of Gross Revenue and individual products sold for such year as finally adjusted and reconciled after the close and review of Franchisee's books and records for the year. If such statement discloses any underpayment of Royalties for such year, then Franchisee shall pay to Franchisor, at the time of submitting such statement, the amount of such underpayment. Any overpayment disclosed by such statement shall be credited to Franchisee's Royalty account by Franchisor;
  - (ii) complete financial statements, including balance sheet, income statement and statement of changes in financial position, all prepared in accordance with U.S. generally accepted accounting principles applied on a basis which is consistent with prior fiscal years of Franchisee;

(iii) Federal and State tax returns; and

(iv) such other reports and financial information (including up-to-date personal financial information concerning guarantors of Franchisee, if applicable) as Franchisor may reasonably require from time to time.

10.4 **Inspection and Audit Rights.** We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. This includes the right inspect and copy all tax returns and bank statements that may show revenues from the Franchised Business, and includes the right to ask you to take and send photos to us of things like the appearance of your Franchised Business.

If any such audit reveals a material deficiency (3% or more error), whether monetary or otherwise, then the Franchisee shall reimburse the Franchisor for the reasonable costs of the audit and any related enforcement.

You agree that we will have independent access to your utility bills as well as information you enter into QuickBooks will collect sales data associated with the business and provide reports to the both of us so that we may more efficiently manage the business.

You agree to provide Franchisor with access to online reporting systems provided by approved suppliers, such as, but not limited to Laundroworks, Curbside, WDF POS.

10.5 **Notice to Meet Standards.** Should any inspection or audit reveal any non-compliance with the Program or failure to meet the standards of operation, management, production, employee training, service, cleanliness, environmental safety, consistency, quality control or advertising and promotion set by Franchisor from time to time, then Franchisee shall immediately upon receipt of notice from Franchisor specifying the particulars of the non-compliance or failure by Franchisee, do all things necessary to correct the non-compliance or failure, in addition to co-operating with the representatives of Franchisor in respect of any training or retraining determined necessary by Franchisor.

10.6 **Corporate Records.** If Franchisee is an entity, Franchisee will complete and remit Franchisor's company information form, and provide such other information and certificates regarding the company structure of Franchisee as required by Franchisor, and Franchisee agrees to update such information from time to time.

## 11. MANAGEMENT AND EMPLOYEES

11.1 **Management Personnel.** Franchisee or, if Franchisee is an entity, its managers, key owners and key management personnel (or any replacement(s) approved in writing by Franchisor) shall successfully complete initial training to the satisfaction of Franchisor prior to the Scheduled Opening Date, unless waived in writing by Franchisor in its sole discretion for any particular person(s).

The Management Personnel named first in Attachment 1 shall be the initial general manager of the Franchised Business (hereinafter called the "General Manager," which term shall include every other person who in the future acts as a general manager of the Franchised Business).

11.2 **Employees.** Franchisee will hire all employees of the Franchised Business, and shall be responsible exclusively for payment of wages, benefits, statutory remittances and compliance with other terms and conditions of their employment and for the proper training of them in the operation of the

Franchised Business. Franchisee will be solely responsible for all direct and indirect costs of such training in accordance with sections 14.1 and 14.2. Franchisee shall verify that all employees have the legal right to work in the United States.

## **12. LICENSE, USE OF MARKS AND COPYRIGHTED MATERIALS, CONFIDENTIAL INFORMATION AND KNOW-HOW**

12.1 *Nature of License.* The license granted by this Agreement is a license to use the Program, Intellectual Property, and the Confidential and Proprietary Material only in connection with operation of one Franchised Business (unless otherwise agreement in writing) during the Term. Nothing in this Agreement shall give Franchisee any other right, title or interest in or to any part of the Program, Intellectual Property, or the Confidential and Proprietary Material. Franchisee acknowledges that Franchisee's use of the Program, Intellectual Property, and the Confidential and Proprietary Material and any goodwill established by such use inures to the exclusive benefit of Franchisor. You may not directly or indirectly oppose our right to our trademarks, trade names, trade secrets or business techniques that are part of our business.

12.2 *Use of Name and Marks.* Franchisee shall operate the Franchised Business continuously throughout the Term and any duly exercised Renewal Term under the name WaveMAX (including use of ™ or ® as appropriate) or such alternate name or names as Franchisor may direct in accordance with the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor from time to time, and Franchisee's name shall be clearly marked on all documented and electronic representations of the Franchised Business as well as on all Franchisee's advertising, stationery, business cards, purchase orders, sales slips, checks, and other business documents in a manner specified or approved by Franchisor and which clearly indicates that Franchisee is the person, firm or corporation, as the case may be, operating the Franchised Business pursuant to a license from Franchisor. Franchisee shall use ®, TM or some other symbol directed by Franchisor, to indicate to the public that each of the Marks is a trademark belonging to Franchisor and shall in such usage clearly indicate this by using the phrase "Trademark rights owned by WaveMAX Franchise LLC" or some other phrase designated or approved by Franchisor. Franchisee shall not use, as part of the corporate name of any corporation or other business entity which may operate the Franchised Business (or any other corporation or business entity in which Franchisee has any interest), any of the Marks or any variation or derivative thereof or any word or phrase or combination of words confusingly similar thereto, nor may Franchisee use the Marks in connection with the sale or offering for sale of any item which has not been properly approved for sale pursuant to this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any additional proprietary trade and service marks and commercial symbols hereafter authorized by Franchisor for use by Franchisee from time to time.

You cannot use any of the Marks as a part of any corporate name with any prefix, suffix or other modifying words, terms, designs or symbols. In addition, you may not use any name or mark associated with the sale of any unauthorized product or service in any other manner not explicitly authorized in writing by us.

12.3 *Use of Copyrights.* Franchisee acknowledges that Franchisor is the owner of the copyright in the Operations Manual and all other systems, binders, videotapes, software, and printed materials which from time to time form part of the Program (as well as all revisions and additions of or to any of the foregoing), which is all part of the Confidential and Proprietary Material. Franchisee acknowledges that Franchisee's right to use the Confidential and Proprietary Material is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed in writing by Franchisor during the Term and any exercised Renewal Term. Any unauthorized use of any of the Confidential and

Proprietary Material by Franchisee shall be an infringement of the rights of Franchisor in and to the Confidential and Proprietary Material and shall constitute a breach of this Agreement. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, Franchisor's application for registration or protection of any of copyright or trademark in the United States or elsewhere. Franchisee will ensure that all Confidential and Proprietary Material used by Franchisee bear whatever notice, may be prescribed from time to time in writing to Franchisee by Franchisor.

12.4 **Notification of Infringement.** Franchisee shall notify Franchisor immediately upon learning of any apparent or potential infringement of or challenge or claim to any of the Intellectual Property or any of the Confidential and Proprietary and Franchisee shall not communicate with anyone other than Franchisor and its legal counsel in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation or other proceeding arising out of any such infringement, challenge or claim, and Franchisee agrees to execute all documents, to render such assistance and to do all acts and things as may, in the opinion of Franchisor or its legal counsel, be necessary or advisable to protect and maintain the interests of Franchisor in any such litigation or other proceeding or otherwise to protect and maintain the interests of Franchisor and its franchisees in the Intellectual Property and the Confidential and Proprietary Material.

12.5 **Act in Derogation of Franchisor's Rights.** Franchisee acknowledges that all goodwill and ownership rights arising out of the use by Franchisee of the Program, Intellectual Property, and the Confidential and Proprietary Material shall accrue solely to Franchisor and the Program as a whole, and that now and hereafter Franchisee shall assert no claim to any goodwill by virtue of the licensed use thereof. Franchisee will not dispute or impugn the validity of any of the Intellectual Property or Confidential and Proprietary Material or the rights of Franchisor thereto, or do or assist others to do or permit any act or thing to be done in derogation of same. Franchisee will take such action (including signature and assistance in preparation of documents or the giving of testimony) as may be requested by Franchisor to evidence, transfer, vest or confirm the Company's rights and ownership in the Intellectual Property, the Confidential and Proprietary Material, and any other part of the Program. If Franchisor is unable for any reason to secure Franchisee's signature to fulfill the intent of this paragraph, then Franchisee irrevocably appoints the Franchisor and its authorized agents as agent and attorney in fact, to transfer, vest or confirm Franchisor's rights and to execute and file any such applications and to do all other lawful acts to further the intent of this Section with the same legal force as if done by Franchisee.

12.6 **Changes in Marks and Copyrighted Materials.** If Franchisor deems it advisable to modify or discontinue use of any of the Intellectual Property or Confidential and Proprietary Material, or to adopt for use in the Program any additional or substitute marks or copyrights, then Franchisor shall give written notice thereof to Franchisee and Franchisee shall promptly comply with such amendment. All provisions of this Agreement applicable to Intellectual Property and/or Confidential and Proprietary Material shall apply to all additional, substituted or modified Intellectual Property and/or Confidential and Proprietary Material hereafter adopted by Franchisor or its Affiliates and authorized for use by Franchisee by written notice.

12.7 **Use of Know-How.** Franchisee acknowledges that Franchisor possesses know-how comprised of methods, techniques, specifications, materials, procedures, information, systems and knowledge of and experience in the provision of the goods and services through the Franchised Business (collectively, the "Know-How"). This Know-How is part of the Confidential and Proprietary Material. Franchisor will disclose the Know-How to Franchisee in the training program, the Operations Manual and in guidance furnished to Franchisee during the Term and any exercised Renewal Term. Franchisee will not acquire any proprietary interest in the Know-How or any part of it, other than the right to use it in the development and operation of the Franchised Business during the Term and any duly exercised Renewal Term, in full compliance with this Agreement. Franchisee acknowledges that the Know-How is proprietary

and, except to the extent that it is or becomes generally known in the industry, the Know-How and every part of it comprises a valuable trade secret of Franchisor.

12.8 **Confidential Information.** Franchisee acknowledges that the designs, materials and other features of the Program, as well as the Confidential and Proprietary Material, which includes, but is not limited to, the Know How, supplier lists, product ingredients, production methods, equipment used, and related techniques, procedures, methods, financial information, passwords, systems and format now and hereafter comprising the Program, which is revealed to Franchisee, is confidential information. This confidential information is revealed in strictest confidence to Franchisee and Franchisee covenants to keep and respect the confidence so reposed. Franchisee shall neither use nor permit any of its directors, officers, shareholders, employees, agents or other representatives to use for any purpose inconsistent with this Agreement nor reveal to any person, firm or corporation, both while this Agreement is in force and for an unlimited time thereafter, any confidential information which Franchisee has acquired through or as a result of its relationship with Franchisor. Franchisee will cause the employees of the Franchised Business to sign a form of confidentiality covenant prepared by Franchisor.

12.9 **Proprietary Rights to Program and Operations Manual.** Franchisee acknowledges that Franchisor is the sole and exclusive owner of all proprietary rights in and to the Program and that the information revealed in the Operations Manual constitutes Confidential and Proprietary Information and copyrighted material. Without the prior written consent of Franchisor, which Franchisor can withhold in its sole and absolute discretion, Franchisee shall not use the contents of the Operations Manual for any purpose not related to this Agreement, shall not disclose the contents of the Operations Manual to any person (except to employees of Franchisee on a need to know basis for purposes related solely to the operation of the Franchised Business) and shall not publish, reprint or reproduce the Operations Manual in whole or in part for any purpose. Franchisee shall take all safeguards and precautions specified by Franchisor from time to time or as would be expected to be exercised by a careful person entrusted with valuable property of another, to protect and maintain the confidentiality of the Operations Manual. The covenants contained in this Section 12.9 will survive the termination of this Agreement for such period of time as such information remains confidential to Franchisor and does not fall into the public domain. Franchisor reserves the right at any time upon written notice to Franchisee to more particularly specify or define any items of information or materials which Franchisor considers to be confidential information for the purposes of the ongoing application and survival of Franchisee's covenants herein. Franchisee hereby acknowledges that the Operations Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Operations Manual together with all copies of any portion of the Operations Manual which Franchisee may have made, to Franchisor. Franchisee acknowledges and agrees that Franchisor may make additions, deletions and other revisions to the Operations Manual from time to time, in its sole discretion.

### 13. FURTHER OBLIGATIONS OF FRANCHISEE

13.1 **Compliance with Operations Manual.** Franchisee shall conduct the Franchised Business strictly in accordance with all of the provisions set out in the Operations Manual, as amended from time to time. In particular, Franchisee shall promptly adopt and use exclusively the specifications, standards, methods and policies contained in the Operations Manual, now, and as they may be modified by Franchisor from time to time.

13.2 **Signage.** Any signage procured for the Franchised Business will conform to Franchisor's specifications. Franchisor will provide written specifications for such signage to Franchisee upon request. When signage is procured pursuant to a lease, the lease must be assignable to Franchisor and Franchisee will submit such lease to Franchisor for its written approval prior to executing it.

13.3 **Standards of Service.** Franchisee and employees of the Franchised Business will at all times give prompt, courteous and efficient service to customers, and will, in all dealings with customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee will respond to customer, supplier and public complaints in a prompt, courteous and efficient manner.

13.4 **Taxes and Rents.** Franchisee will pay in a timely manner all local, state and federal sales, business, property, goods and services taxes and all other taxes, rates, levies and fees levied or assessed by any governmental authority directly or indirectly in connection with the Franchised Business.

13.5 **Compliance with Laws.** Franchisee will operate the Franchised Business in strict compliance with all applicable laws and regulations.

13.6 **Sufficient Staff.** Franchisee will at all times employ a sufficient number of properly trained, courteous and service-oriented staff to properly operate the Franchised Business during normal business hours.

13.7 **Inspection Rights.** Franchisee authorizes Franchisor and its representatives to enter the Franchised Business at any reasonable time or times to inspect the store and the inventory, fixtures, furnishings, and equipment therein, to confer with or otherwise contact Franchisee's employees, to examine and inspect the operation of the Franchised Business and in all respects to determine compliance with this Agreement (including the Operations Manual).

13.8 **Hazardous Materials.** Franchisee will not deal in any way with any hazardous materials in the operation of the Franchised Business.

13.9 **Use of Media.** Franchisee agrees that for purposes of advertising and public relations related to the Program, Franchisor may make, reproduce and publish in good taste photographs, videos and other media utilizing the Franchised Location and the employees and customers of Franchisee on an individual or collective basis. Franchisee will cooperate with Franchisor in this regard.

13.10 **Insurance.** Franchisee will ensure that the following insurance coverages are placed and maintained during the entire Term and any duly exercised Renewal Term:

- (a) reasonable comprehensive public liability and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractors' protective insurance coverage with respect to the activities conducted by Franchisee and any employee, agent or other person performing work on behalf of Franchisee with respect to the Franchised Business, with a policy limit of not less than \$2,000,000 general liability coverage (including personal injury) or such greater amount as may be specified in writing by Franchisor from time to time and not less than \$1,000,000 per occurrence for personal and bodily injury liability and not less than \$100,000 per occurrence for damage to rental premises or such greater amount as may be specified in writing by Franchisor from time to time, and not less than \$5,000 medical coverage for any one person or such greater amount as may be specified in writing by Franchisor from time to time;
- (b) reasonable products liability/completed operations insurance with a policy limit of not less than \$2,000,000; and

- (c) reasonable business interruption insurance in respect of the Franchised Business with a policy limit not less than that which may be prescribed by Franchisor from time to time.
- (d) if Mobile Services are provided, the Franchisee must obtain Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (e) workers' compensation as required by local law.

The insurers, amounts and types of insurance shall be subject to prior written approval of Franchisor, which Franchisee will seek in a timely fashion. Franchisor may from time to time require that Franchisee cause such coverages to be added to or otherwise amended in accordance with recommendations of Franchisor's independent insurance advisor. The foregoing insurance coverages, as so amended from time to time, are hereinafter called the "Coverages."

Franchisor, acting reasonably, may elect, at any time, upon the recommendation of its independent insurance advisor, to require Franchisee, either individually or as part of a group of franchisees, to place the Coverages (or any of them) through Franchisor, in which case Franchisee will pay its proportionate share (with other franchisees of the Program) of all costs thereof, upon receiving invoice(s) therefor.

All policies of insurance for the Coverages shall expressly include Franchisee, Franchisor, and Franchisor's Affiliates, as "franchisor/additional insured" and shall require the insurers to defend Franchisee and Franchisor, jointly and severally, in all claims and actions to which the Coverages are applicable. Such policies shall require provision of 30 days' notice to Franchisor prior to any termination.

Within 10 days of entering into any policy of insurance, and from time to time as such policies are renewed or entered into, Franchisee shall cause insurer to forward a certificate of insurance directly to Franchisor confirming the terms and coverages set forth in this Section 13.

Franchisee understands and acknowledges that Franchisor is not an insurance broker. Nothing done by Franchisor pursuant to this Section 13.10 shall constitute an assurance that Franchisee has adequate insurance for its assets, business and potential liabilities at the Franchised Business and Franchisee may place additional insurance as it sees fit, upon the advice of its own insurance broker.

13.11 **Laundry Machines & Equipment.** Franchisee must purchase items which conform with Franchisor's specifications and/or vendor designations. Franchisor will provide written specifications and any vendor designations in the Operations Manual or other informational bulletin.

13.12 **Fixtures and Equipment.** Franchisee must purchase (or, if appropriate, lease) the required fixtures, equipment and other items as set forth in the Operations Manual.

13.13 **Maintain Minimum Capital.** Franchisee will maintain, throughout the Term and any exercised Renewal Term, sufficient capital to operate the business and which amount may be determined by the Franchisor from time to time. Capital shall be calculated as the aggregate amount of cash in share capital and shareholders' loans maintained by a corporate Franchisee or cash contributed to the Franchised Business in the case of a personal Franchisee.

#### **14. TRAINING AND FURTHER OBLIGATIONS OF FRANCHISOR**

**14.1 Training.** Franchisor shall provide one initial training session of 3 days of business operations training for Franchisee. The majority of the training will be held in the state of Florida or at

such another location the Franchisor selects. There will be an additional 2 days of training at franchisee location. The scheduling of the actual training will be done so as to occur within 30 days of Franchisee's planned opening. The format and content of the training program will be determined solely by Franchisor.

If Franchisee elects to provide Mobile Services, Franchisee will be required to attend a one-day comprehensive on-site training specific to this service offering. Franchisee shall pay to Franchisor \$4,950 as a one-time training fee 30 days prior to attending the training. Franchisee and up to one additional person may attend the training for this amount.

All expenses incurred by Franchisee and other trainees in connection with such training including without limitation those related to transportation, accommodation, meals and other living expenses, wages and other employment benefits shall be at the sole expense of Franchisee. Franchisor will not provide wages or employee benefits to Franchisee or other trainees during or with respect to the training period.

**14.2 *Retraining and Subsequent Training.*** In the event that Franchisee is not operating the Franchised Business in full accordance with the Program and this Agreement, which determination Franchisor shall make in its sole discretion, Franchisor shall have the right to require retraining of the Franchisee, or the representatives and employees of Franchisee. Franchisee shall pay Franchisor \$300 per day per person for this retraining. Franchisee is responsible for all out-of-pocket costs incurred in connection with such retraining, including all transportation, lodging and meal expenses. Any manager that Franchisee subsequently hires must also satisfactorily complete all or part the training and certification program. Franchisee must pay \$300 per day per person for tuition and training materials. Franchisee is responsible for all out-of-pocket costs incurred in connection with such retraining, including all transportation, lodging and meal expenses.

**14.3 *Initial and Ongoing Information, Goods and Services.*** Franchisor shall provide to Franchisee:

- (a) one Operations Manual on loan. This may be by online access with a password as opposed to a "hard copy" of the manual;
- (b) additional training materials developed by Franchisor from time to time;
- (c) marketing materials and other sales aids developed by Franchisor from time to time (at Franchisee's expense);
- (d) promotional advice and recommendations at the time when the Franchised Business opens for business and ongoing promotional advice and recommendations on a reasonable basis thereafter; and
- (e) inclusion of franchisee's location on WaveMAX website.

**14.4 *Continuing Consultation, Advice, and Activities***

- (a) As and to the extent required in Franchisor's sole discretion, Franchisor shall provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention. Franchisor shall have sole discretion to determine the method for communicating the consultation or advice, which may differ from the methods used for other franchisees. For example, and without limitation, consultation and advice may be

provided by telephone, in writing (in which case Franchisor may furnish the information electronically), on-site in person, or by other means.

- (b) If Franchisee requests additional on-site instruction and assistance after the Opening Date, Franchisor may in its discretion furnish such training under the terms and conditions mutually agreed.
- (c) Franchisor may implement a mystery shopper program using the services of an outside mystery shopper company to perform regular mystery shopper visits at the Franchised Business in order to provide Franchisor and Franchisee with critical feedback and insight into the effectiveness of Franchisee's operations from a customer's perspective.
- (d) In addition to additional training, Franchisor may conduct an annual meeting at a location that Franchisor selects (the "Annual Meeting") to address recently-implemented changes in the System and other topics of common interest to franchisees, including, without limitation, new merchandising approaches, changes in goods and services, vendor relationships, industry trends, customer relations, personnel administration, local advertising and promotional strategies, and competitive changes. If Franchisor chooses to conduct an Annual Meeting, Franchisor will determine the content, location and length of the Annual Meeting; provided, however, the Annual Meeting shall not exceed 3 days in any 12 Calendar Month period. Franchisor may require the attendance of Franchisee's key personnel at one or more Annual Meetings, provided, however, Franchisor shall not require that more than 2 persons attend the Annual Meeting. Franchisee shall pay the transportation, lodging, personal expenses and salary for each employee who attends an Annual Meeting.
- (e) As to the extent required in Franchisor's sole discretion, Franchisor will investigate and conduct market research; monitor the activities of competitors; and continue to evaluate additional products and suppliers then incorporated into the Program in order to maintain and enhance the reputation and demand for WaveMAX products.

## **15. TERMINATION BY FRANCHISEE**

15.1 ***Right to Terminate Contract.*** Franchisee may terminate this Agreement by making an approved sale or as may be provided by applicable law.

## **16. REMEDIES UPON DEFAULT BY FRANCHISEE**

16.1 ***Definition of "Material Default."*** For the purposes of this Agreement, the phrase "Material Default" shall mean any one of the following defaults:

- (a) failure to pay any sum due to Franchisor, or any Affiliate or nominee of Franchisor, Franchisee's landlord, any governmental authority, or supplier of any item of supplies for a period of 30 days after written notice of such default has been delivered by Franchisor to Franchisee;
- (b) failure to comply with any other obligation of Franchisee contained in this Agreement or any other agreement between Franchisee and Franchisor or any Affiliate or nominee of Franchisor for a period of 30 days after written notice of such default has been delivered by Franchisor to Franchisee; provided, however, that if the nature of such default is such

that it cannot be cured within a 30 day period, and Franchisee takes reasonable action to cure such default immediately upon receiving such notice and diligently continues to do so, then Franchisee shall have such additional period of time as is reasonably necessary to cure such default;

- (c) failure to commence operation of the Franchised Business on the Scheduled Opening Date as provided herein or doing anything or omitting to do anything which causes the Franchised Business to be closed for business or otherwise not operating in full compliance with this Agreement for five (5) consecutive Business Days or any five (5) Business Days in any 30 consecutive day period, without the prior written consent of Franchisor, unless the Franchised Business ceased operation for reasons not related to a breach of this Agreement by Franchisee including force majeure, strike, fire, natural disaster, or any other cause beyond Franchisee's control and not caused or continued, directly or indirectly, by an act or omission of Franchisee or any of its employees, directors, officers, members, agents or other representatives; provided that Franchisee will diligently employ all reasonable measures to resume the Franchised Business as soon as possible;
- (d) failure to remain in good standing under all leases, or doing or omitting to do anything else which gives anyone the right to terminate a lease or take possession of the premises or equipment;
- (e) (i) Franchisee becoming insolvent in that it is unable generally to pay its bills as they become due, (ii) Franchisee sells or purports to sell or transfer or otherwise loses possession or ownership or control of all or a substantial part of the assets used in the Franchised Business, (iii) Franchisee allows any item of personal property used in the Franchised Business to become attached, executed against or levied upon, without obtaining the release of such attachment, execution, distress, levy, sequestration or extent within 10 days, (iv) Franchisee allows any judgment to be entered against Franchisee or any of its Affiliates of which Franchisee has notice (actual or constructive) arising out of or relating to operation of the Franchised Business without satisfying such judgment or securing it by payment into court within 30 days, or (v) Franchisee is enjoined from operating the Franchised Business and such injunction is not dismissed, stayed or set aside within 30 days;
- (f) an assignment or attempted assignment, at law or at equity, of this Agreement by Franchisee, including an involuntary assignment under applicable matrimonial laws, in whole or in part, without obtaining the prior written consent of Franchisor as required by this Agreement;
- (g) Franchisee or any of its directors, officers, members, employees, agents or other representatives attempts to (or actually does) assign, transfer or convey any part the Program, Intellectual Property, and/or Confidential and Proprietary Material, including any copyrighted material; if Franchisee or any of its directors, officers, members, employees, agents or other representatives breaches confidentiality provisions concerning any of the foregoing; or if Franchisee or any of its directors, officers, members, employees, agents or other representatives uses or permits the use of any of the foregoing in a manner or at a location not authorized in advance in writing by Franchisor;
- (h) 30 days after Franchisee's receipt of notice from Franchisor, Franchisee continually failing to offer for sale any approved product or service, or offering to sell any product or service

from the Franchised Business that is not part a product or service designated or approved in writing by Franchisor;

- (i) intentionally falsifying, misrepresenting or misstating to Franchisor any information contained in a financial statement, report or other document which Franchisee provides to Franchisor whether prior to or after the execution of this Agreement;
- (j) Franchisee engaging in misleading advertising or operating the Franchised Business in a dishonest, illegal or unethical manner, or having its business license for the Franchised Business suspended or revoked;
- (k) Franchisee failing to rectify diligently any order issued by a governmental authority concerning breach of any health, safety or other regulation or legal requirement applicable to the Franchised Business within the time frame required by the government authority;
- (l) a personal or entity Franchisee or any director, officer, or member of an entity Franchisee being convicted of an offence which in the reasonable opinion of Franchisor could bring the Program, any of the Intellectual Property, or any other part of the goodwill established thereby into disrepute;
- (m) Franchisee receives three (3) or more notices of default under this Section 16.1 or Section 16.2 during the term of this Agreement, or in any 12 month period, whether or not such defaults are cured after notice; and
- (n) Any other reason permitted by law.

Any of the defaults which do not have an opportunity to cure specified, shall be deemed incurable.

16.2 **Cross Default.** If Franchisee, a member of its management, or any business entity in which one or more of Franchisee, and a member of its management personnel has a controlling interest, is a franchisee pursuant to another franchise agreement with Franchisor respecting another Franchised Business, a default under such other franchise agreement shall constitute a default under this Agreement, and should such other franchise agreement for any reason be terminated, Franchisor may, at is option, terminate this Agreement. For purposes of this Section 16.2, the term franchise includes master franchises and multi-unit franchise agreements.

16.3 **Termination for Material Default.** If Franchisee commits any Material Default under this Agreement, Franchisor may terminate this Agreement immediately upon giving written notice to Franchisee. In the event of any such default, Franchisor may exercise any and all rights and remedies available to Franchisor under law, including all rights and remedies provided to Franchisor under this Agreement, the Guarantee and the Security Agreement.

16.4 **Appointment of Receiver or Receiver-Manager.** Without limiting the foregoing, upon a Material Default by Franchisee, Franchisor may in writing appoint a receiver or receiver-manager (in either case, the "Receiver") of the assets of Franchisee and may remove any Receiver so appointed and appoint a replacement from time to time. A Receiver shall be deemed the agent of Franchisee and Franchisor shall not be responsible for any misconduct or negligence on the part of the Receiver. The Receiver shall have power to:

- (a) enter upon and take possession of the all equipment, inventory and all other assets used in or offered for sale by the Franchised Business (collectively the "Assets") with power to

exclude Franchisee, its employees, agents and other representatives therefrom, without becoming liable as a creditor in possession;

- (b) preserve, protect and maintain the Assets and make such replacements thereof and repairs and additions thereto as Franchisor may deem advisable;

sell, lease, assign or otherwise dispose of or concur in selling, leasing, assigning or otherwise disposing of all or any part of the Assets, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to Franchisor may seem reasonable, provided that Franchisee will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and

- (c) exercise all other rights and remedies provided to Franchisor by this Agreement to the extent permitted by law or to such lesser extent permitted by its appointment, the Receiver shall have all the powers of Franchisor hereunder, and in addition shall have power to carry on the Franchised Business of Franchisee and for such purpose from time to time to borrow money either secured or unsecured. Subject to applicable law and the claims, if any, of the creditors of Franchisee ranking in priority to the security constituted by this Agreement, all amounts realized from the disposition of the Assets pursuant to this Agreement will be applied as Franchisor, in its sole discretion, may direct as follows:

- (i) in or toward payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by Franchisor in connection with or incidental to:
  - (1) the exercise by Franchisor of all or any of the powers granted to it pursuant to this Agreement; and
  - (2) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to the Receiver pursuant to this Agreement, including the Receiver's reasonable remuneration and all out goings properly payable by the Receiver.
- (ii) in or toward payment to Franchisor of all interest referred to in this Agreement and unpaid;
- (iii) in or toward payment to Franchisor of all principal and other monies (except interest) due as provided or referred to in this Agreement; and
- (iv) any surplus will be paid to Franchisee.

If the amounts realized from the disposition of the Assets are not sufficient to pay Franchisee's obligations in full to Franchisor, then Franchisee will immediately pay to Franchisor the amount of such deficiency.

16.5 ***Other Remedies for Material Default.*** In the event of a Material Default of this Agreement, and in addition to the other remedies provided in this Agreement or under applicable law, Franchisor may:

- (a) bring such action for injunctive or other similar relief as may be necessary to compel Franchisee to comply with Franchisee's obligations contained or referred to in this Agreement;
- (b) without waiving any claim for default hereunder and without prior notice to Franchisee, take whatever steps Franchisor deems necessary to cure any default by Franchisee hereunder for the account of and on behalf of Franchisee, and Franchisee hereby irrevocably appoints Franchisor as its attorney to do so, and the related expenses incurred by Franchisor shall be due and payable forthwith by Franchisee upon demand and shall be deemed to be an amount owing to Franchisor hereunder; and/or
- (c) without waiving any claim for default hereunder and without prior notice to Franchisee, enter upon any premises upon which the Franchised Business is conducted without being liable to Franchisee in any way for such entry, for the purposes of securing the return of any of Franchisor's property, performing or compelling performance of Franchisee's obligations to Franchisor and protecting Franchisor's rights upon expiration or termination of this Agreement;

16.6 **Damages based on Material Default.** In the event of a termination of this Agreement by Franchisor based on a Material Default, Franchisor shall have the right to claim and recover damages from Franchisee and such damages shall include, without limitation, loss of the benefit of Franchisor's bargain hereunder. It is acknowledged by Franchisee that the benefit of Franchisor's bargain hereunder shall include the Royalties which Franchisor would have expected to receive for the unexpired balance of the Term (or Renewal Term, if it is then in force) to a maximum of \$50,000.

16.7 **Telephone Numbers, Websites, and Domain Names.** Upon expiration or earlier termination of this Agreement, with respect rights to the telephone or facsimile numbers, websites, and domain names which are utilized in connection with the Franchised Business, Franchisee hereby irrevocably authorizes Franchisor to do whatever is necessary (including executing documents in the name of Franchisee) to transfer all rights to such items to Franchisor or an assignee of Franchisor. Further, Franchisor will itself execute similar documents if any vendor of these services so requests. Franchisee shall not use any personal/residential telephone numbers in the operation of the Franchised Business. If Franchisee does so, those numbers will be subject to the provisions of this Section 16.7.

16.8 **Remedies Cumulative.** The rights and remedies of Franchisor contained in this Section 16 and elsewhere in this Agreement or in a document referred to in this Agreement are cumulative and no exercise or enforcement of any right or remedy by Franchisor shall preclude its exercise or enforcement of any other right or remedy to which Franchisor is entitled by law, in equity or otherwise.

## 17. SECURITY INTEREST

**Grant of Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchised Business, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are as stated in this Agreement. If Franchisee is in good standing, Franchisor

agrees, upon request, to execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Franchised Business.

## **18. FRANCHISEE'S OBLIGATIONS UPON EXPIRATION OR TERMINATION**

18.1. If this Agreement expires, is not renewed, or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

- a) Cease to operate the Franchised Business and discontinue using any of our Marks or any marks which are likely to be confused with our Marks;
- b) Pay to us all amounts owing to us;
- c) At our request, cancel or assign to us all telephone numbers under your ownership used in the Franchise Business;
- d) Reimburse customers for any fees paid for services not yet rendered;
- e) At our option, and upon our request, use your best efforts to assist in our taking over the lease of the location of your Franchised Business, whether it be through a new lease or assignment;
- f) At our option, offer to us the right to purchase your furniture, equipment, signage, fixtures, and supplies within 30 days of the date of termination for the adjusted book value, which is the undepreciated book value of the assets on your most recently filed federal tax return prior to the date of the termination or expiration;
- g) Deliver to us any paper and electronic copies of the Operations Manual and any Confidential Information;
- h) Cancel all fictitious name or other listings which you have filed for use of any of the Marks;
- i) Adhere to the provisions of the post-term covenants not to compete and not to solicit;
- j) Abide by any other covenant in this Agreement that requires performance by you after you are no longer a franchisee; and
- k) Execute, from time to time, any necessary papers, documents, and assurances to effectuate the intent of this Section 18.

18.2 **Power of Attorney.** Following expiration or earlier termination of this Agreement, Franchisor may execute in Franchisee's name and on Franchisee's behalf all documents necessary or advisable in Franchisor's judgment to terminate Franchisee's use of the Marks and Franchisor is hereby irrevocably appointed as Franchisee's attorney to do so, and such appointment, to the extent permitted by applicable law, shall survive the incapacity or death of an individual Franchisee.

## **19. RENEWAL**

If Franchisee is in full compliance with this Agreement, has not at any time committed any Material Default that has not been remedied and meets Franchisor's then current standard requirements for franchisees, and the Franchisee has not been habitually in breach of this Agreement, then Franchisor will

enter into renewals under the then current franchise agreement(s). Renewals are granted upon the following terms and conditions:

- (a) Franchisee must give written notice of the right of renewal to Franchisor not more than 9 calendar months nor less than 6 calendar months prior to expiration of the Term (or first renewed term);
- (b) Franchisee shall execute Franchisor's then current form of franchise agreement which shall include Franchisor's then current rates and then current definitions and shall, within 30 days prior to expiration of the Term, pay to Franchisor a non-refundable renewal fee of \$5,000 to reimburse the Franchisor's costs associated with the renewal of this Agreement and in lieu of paying the then-standard franchise fee. This fee is charged at each of the renewals;
- (c) Franchisee shall execute and, if Franchisee is an entity, shall cause its owners to execute a general release, in a form provided by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, members, shareholders, employees, agents and other representatives with respect to the Term; and
- (d) at the time of execution of a renewal franchise agreement, Franchisee shall not have been given notice of a default under this Agreement or any other agreement or obligation Franchisee may have with Franchisor including, but not limited to, all obligations to pay Royalties, Franchise Promotional Fees, interest charges, audit fees and other amounts; responsibilities to comply with the Operations Manual, including trade name and logo guidelines, and so forth.

## **20. ASSIGNMENT OR TRANSFER**

20.1 *Assignment or Transfer by Franchisee.* Franchisee acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee (or its principals, in the case of a corporate Franchisee). Therefore, except as expressly provided herein, neither this Agreement nor any of the rights and privileges of Franchisee contained herein, nor the Franchised Business or any part of it, nor any share or interest in Franchisee (if an entity) may be voluntarily, involuntarily, directly or indirectly (including by operation of law) assigned, sold, pledged, hypothecated, subdivided, sublicensed, optioned, diluted (such as by stock issuance or sale) or otherwise transferred or encumbered, at law or at equity. Any assignment or transfer not expressly permitted by this Agreement shall constitute a breach of this Agreement and shall be of no force and effect, and shall not be effective to convey any interest in this Agreement or the Franchised Business.

Without limiting the foregoing, Franchisee shall not assign or transfer, in whole or in part, Franchisee's interest in this Agreement or the Franchised Business except upon the terms and conditions provided in this Section 20. Any such assignment or transfer shall require the prior written consent of Franchisor, which Franchisor will not withhold unreasonably. Franchisor may refuse to consent to an assignment or transfer if any Material Default has occurred and has not been remedied. By way of illustration and not limitation, Franchisor may withhold its consent if the proposed assignee or transferee does not meet Franchisor's then current requirements for its new franchisees, is and will remain involved in any way in another business similar to the Franchised Business, is not in Franchisor's opinion financially and operationally capable of performing the then current obligations of System franchisees, or has had previous business experience or lack of experience which, in the judgment of Franchisor, suggest that the proposed assignee or transferee may not be a suitable franchisee of the Program. Franchisor's consent to

any assignment or transfer shall not constitute a waiver of any claim, demand, action or cause of action which it may have against Franchisee, and shall not constitute a release of any third party guarantee or covenant for performance of this Agreement by Franchisee.

20.2 **Transfer of Interest in Corporate Franchisee.** Without limiting the foregoing section, in the event that Franchisee is a corporation, partnership or other form of business organization, any material change in the legal or beneficial ownership of Franchisee, whether by agreement, court order, or by operation of law will be deemed to be an assignment or transfer of this Agreement by Franchisee. For the purposes of this paragraph, a material change in ownership will be any cumulative change in the legal or beneficial ownership of voting shares (or comparable voting units) representing more than 20 percent of all outstanding voting shares (or comparable voting units).

20.3 **Conditions of Consent.** Any consent given to Franchisee to assign, transfer, sell or otherwise alienate Franchisee's interest in this Agreement and the Franchised Business shall be subject to the following conditions (none of which limit in any way the discretion of Franchisor to grant or reasonably withhold its consent to any proposed assignment or transfer):

- (a) Franchisee shall submit all proposed advertisements for the sale of the Franchised Business to Franchisor for prior written approval, and Franchisor shall approve the material terms and conditions of any proposed transfer or assignment;
- (b) Franchisee shall pay a non-refundable transfer fee of \$5,000, of which \$2,500 shall be payable upon the Franchisee's declaration of an intent to sell the Franchised Business, to reimburse Franchisor for its costs and expenses associated with reviewing and processing the application and providing training to the assignee. Plus, on the purchase or sale of an existing franchise, you must pay a franchise broker's commission of 10% of the sales price, subject to a \$20,000 minimum if a franchise broker is used by either party in the transaction;
- (c) Franchisee and assignee or transferee shall execute Franchisor's then current form of franchise agreement or, at the election of Franchisor, the assignee or transferee shall execute Franchisor's then current assignment form;
- (d) Franchisee shall comply with the post-termination duties stated in Section 18 above, and any other duties requiring performance after termination of this Agreement;
- (e) Franchisee and its principals shall each execute a release in the form provided by Franchisor and described in Section 20.5. Notwithstanding an assignment or transfer, Franchisee shall not be released by Franchisor;
- (f) The assignee or transferee and its designated management personnel shall have completed to Franchisor's satisfaction Franchisor's then-current training program;
- (g) all obligations of Franchisee under this Agreement and under all documents relating hereto and any or all other agreements then in effect between Franchisor or its nominee and Franchisee shall be in good standing; and
- (h) the assignee shall execute Franchisor's then current form of guarantee.

20.4 **Transfer to an Entity by Personal Franchisee.** If Franchisee is an individual, then his or her assignment of this Agreement to an entity formed solely for the purpose of owning and operating the

Franchised Business pursuant to this Agreement, including but not limited to a corporation, limited liability company, limited liability partnership, limited partnership or any other form of entity, shall not be deemed to be an assignment of this Agreement, on condition that at least 15 days prior to an assignment being effected, Franchisee provides full written details of the proposed assignment to Franchisor and both Franchisee and proposed assignee certify in such writing that:

- (a) Franchisee has, and will retain at all time during the Term and any exercised Renewal Term legal and beneficial ownership of not less than 75% of the outstanding voting equity of the assignee entity;
- (b) Franchisee is and will remain the principal officer, chairman, director, member, partner, manager of the assignee entity;
- (c) all equity holders (both legal and equitable), members, partners, managers, directors and officers of the assignee entity will forthwith sign Franchisor's then current form of guarantee whereby they will, among other things, jointly and severally guarantee performance of this Agreement by the entity;
- (d) notwithstanding the assignment, the assignor shall remain liable, jointly and severally with the assignee entity and guarantors, for all obligations of Franchisee contained herein, and concurrently with the assignment, the assignor will execute and become bound by the Franchisor's then-current form of guarantee;
- (e) the assignor assigns to the assignee all or any portion of the Agreements entered into between the Franchisor and assignor including without limitation, all franchise agreements;
- (f) the assignor assigns to the assignee all Assets, leases, intangibles (including without limitation, insurance contracts), and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
- (g) the assignee has no material liabilities that would affect the ability of the assignee to carry on the Franchised Business.

Additionally, the provisions of subsections 20.3(b) to (f) above shall apply, with the necessary changes, to the proposed assignment.

**20.5 Franchisee's Release of Claims.** It shall be a condition of Franchisor's consent to any assignment that Franchisee and its principals each deliver to Franchisor a complete release of all claims against Franchisor and its Affiliates and their respective directors, officers, shareholders, members, managers, partners, employees, agents and other representatives in respect of all obligations arising under or pursuant to this Agreement, such release shall be in a form provided by Franchisor.

**20.6 Death, Incapacity or Permanent Disability.** In the event of the death or permanent disability of a personal Franchisee (or a principal of Franchisee where Franchisee is an entity or other entity and its principal is the manager of the Franchised Business), then Franchisee or estate of a deceased personal Franchisee shall have the right, within six (6) months after such event, to assign this Agreement to an assignee who is, in Franchisor's opinion, financially and operationally capable of performing the obligations of Franchisee hereunder, provided that each of the conditions set out in Section 20.3 are fulfilled to the reasonable satisfaction of Franchisor. For the purposes of this Section 20.6, permanent disability means the inability of the personal Franchisee or principal to manage effectively the day-to-day operation of the Franchised Business for a period of 30 days. During any period of disability (permanent or otherwise) or

pending assignment or in the event of death as aforesaid, in the event the Franchisee does not or is unable to replace the General Manager as required by Section 11.1, Franchisor may appoint a competent and trained manager to operate the Franchised Business for the account of Franchisee. The substitute manager shall be deemed for all purposes to be the agent or employee of Franchisee. Franchisor shall not be liable to Franchisee or to any creditor of the Franchised Business for any debt, obligation, contract, loss or damage incurred, or for any purchase made during any period in which the Franchised Business is so managed.

20.7 **Right of First Refusal.** If Franchisee or its shareholders shall at any time determine to sell, assign or transfer this Agreement or an interest in the Franchised Business or any equity interest in Franchisee (if an entity), then Franchisee shall provide Franchisor with a copy of the written offer from a fully disclosed purchaser. Franchisor shall have the right, exercisable by written notice delivered to Franchisee within 15 days from the date of delivery of a bona fide offer, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer and shall have not less than 60 days to prepare for closing. Franchisor may, at closing, pay any of Franchisee's trade creditors out of the purchase price, and set off against the purchase price any unpaid debts of Franchisee to Franchisor. If Franchisor does not exercise its right of first refusal, Franchisee (or other vendor) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to compliance with the consent and approval requirements of this Section 20; provided, however, that if the sale to such purchaser does not complete within 90 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the sale, then Franchisor shall again have a new right of first refusal as herein provided.

20.8 **Assignment by Franchisor.** This Agreement may be assigned in whole or in part by Franchisor and, if Franchisor makes a full assignment to a third party and the third party agrees in writing to assume all of the obligations and liabilities of Franchisor hereunder, then Franchisor shall automatically be released from all obligations and liabilities hereunder. A partial assignment by Franchisor may include an assignment of the Royalties payable by Franchisee.

20.9 **Legend on Share Certificates.** If Franchisee is an entity, Franchisee shall cause all shares of its capital stock, unit certificates or similar agreements or indications of ownership; the following legend, with necessary changes:

The Company and the securities evidenced by this certificate are subject to, and the disposition and transfer of such securities are restricted by, a franchise agreement dated as of \_\_\_\_\_, between the Company and WAVEMAX Franchise Systems LLC, a Florida limited liability company, a copy of which may, at the request of any shareholder of the corporation, be examined at the principal business office of the Company during normal business hours.

## 21 NON-COMPETITION

21.1 **In Term Competition Restriction.** Except as expressly permitted by this Agreement or by any other written agreement between Franchisor and Franchisee, during the Term or an exercised Renewal Term, Franchisee, or any of Franchisee's officers, directors, or managers, shall not, in the United States, directly or indirectly engage in the provision of self service laundromats or wash-dry-fold laundry services plus pickup and delivery.

21.2 **Post-Term Competition Restriction.** Except as expressly permitted by this Agreement or by any other written agreement between Franchisor and Franchisee, for a period of 24 months after expiration of the Term or an exercised Renewal Term, Franchisee, or any of Franchisee's officers, directors, or managers, shall not directly or indirectly engage in the provision of laundromats or wash-dry-fold laundry

services plus pickup and delivery at or within 25 miles of Franchisee's location or within 25 miles of any other franchisee of Franchisor. This Section 21 shall also continue to apply to Franchisee in the case of any assignment of this Agreement or any sale of the Franchised Business.

~~21.3~~ **21.3. Non-Disparagement.** Franchisee shall not make, publish, or communicate to any third party, whether verbally, in writing, online, or through any other medium, any false, misleading, or defamatory statements about the Franchisor, including, but not limited to, statements regarding the WaveMAX franchise system, other WaveMAX franchisees, and the Franchisor's respective officers, directors, employees, agents, affiliates, or business practices.

This provision shall not prohibit the Franchisee from making truthful statements as required by law, in response to a valid subpoena, court order, or government investigation. Additionally, nothing in this provision is intended to restrict any rights that may be protected under applicable law.

This obligation shall remain in effect indefinitely following the execution of this Agreement.

**21.4 Application.** This Section 21 shall survive the expiration or sooner termination of this Agreement and any assignment, transfer or sale hereunder. Franchisee acknowledges that by reason of the unique nature and considerable value of the Marks and the business reputation associated with Franchisor and the Program, including methods of operating, format and related proprietary rights and by reason of Franchisee's knowledge of and association and experience with the Program, the provisions of this Section 21 are reasonable and commensurate for the protection of the legitimate business interests of Franchisor, its Affiliates and franchisees.

## 22. FRANCHISEE ACKNOWLEDGMENTS

22.1 **Acknowledgments.** Franchisee acknowledges and agrees as follows:

- (a) **Potential Earnings.** The success of the Franchised Business to be established hereunder will, to a great extent, be dependent upon the personal time and efforts contributed by Franchisee and Franchisee's employees (as well as Franchisee's partners or directors if Franchisee is a partnership or a corporation). Neither Franchisor nor anyone else has represented, warranted or guaranteed to Franchisee that Franchisee will enjoy financial success in owning and operating the Franchised Business.
- (b) **No Representations or Projections.** Except as may be disclosed in Item 19 of the disclosure document, neither Franchisor nor anyone else has made any representation, warranty or guarantee regarding the level of Gross Revenue, net income or profit margins which may be achieved at the Franchised Business. The results achieved at the Franchised Business will be particular to the Franchisee. Franchisee accepts the risk of the Franchised Business not achieving the levels of Gross Revenue and net income during the Term which Franchisee at the Effective Date hopes to achieve.
- (c) **Review of Documents and Time for Careful Consideration.** Franchisee acknowledges that he, she or it has received, has had ample time to read and study, and has read and studied this Agreement and fully understands its provisions. Franchisee further acknowledges that he, she or it has had an adequate opportunity to be advised by legal counsel and accounting professionals of his, her or its own choosing regarding all aspects of this Agreement and the relationship created thereby.

- (d) Injunctive Relief. Franchisee acknowledges that certain breaches of this Agreement would result in loss to Franchisor for which Franchisor could not be adequately compensated in damages by a monetary award. Accordingly, Franchisee agrees that in the event of any such breach of this Agreement, Franchisor shall, in addition to all the remedies available to Franchisor at law or in equity, be entitled as a matter of right to a restraining order, injunction (including an interim injunction), decree of specific performance or otherwise, without the need to post any bond or other security in connection therewith, to ensure compliance by Franchisee with the provisions of this Agreement and preservation, of Franchisor's proprietary rights. Franchisee waives the requirement that Franchisor post bond on any temporary restraining order, preliminary, or permanent injunction.
- (e) Responsibility for Investigations, Permits, Etc. Franchisee acknowledges that it is solely responsible for investigation of all regulations applicable to the Franchised Business and for obtaining all necessary permits to operate the Franchised Business, and Franchisor makes no representation as to such regulations, if any, or that such licenses or permits are available, nor has Franchisor undertaken any such investigation on its own.

## 23. MISCELLANEOUS

23.1 ***Indemnity by Franchisee***. Except as otherwise provided in this Agreement, Franchisee agrees to indemnify and save harmless Franchisor, its subsidiaries, Affiliates, shareholders, directors, officers, employees, agents, assignees and other franchisees from and against, and to reimburse them for, all liabilities, obligations, and consequential damages, taxes, costs, losses and actual legal expenses incurred by them in connection with any claim, litigation or other action or proceeding arising out of the operation of the Franchised Business by Franchisee. Franchisee shall be responsible for and shall pay and satisfy any judgment or settlement that may arise out of any such claim, litigation, action or proceeding. Without limiting the generality of the foregoing, Franchisee agrees that if Franchisor is made a party to any lawsuit or any other action or proceeding in connection with the Franchised Business or the activities of Franchisee or any of its Affiliates, Franchisor may, at its sole option, either (a) permit Franchisee to conduct the defense or prosecution of the matter at the cost of Franchisee; or (b) take conduct of the defense or prosecution, in which case all expenses thereof will be borne or reimbursed by Franchisee. This indemnity shall continue in full force after termination or expiration of this Agreement.

23.2 ***Interest on Overdue Amounts***. All payments required to be made by Franchisee to Franchisor under or pursuant to this Agreement shall bear simple interest from and after their respective due dates until paid in full at the rate of ten percent (10%) per annum or such other rate as Franchisor may specify in writing from time to time or the maximum rate permitted by law if lower.

23.3 ***Application of Payments***. Franchisor shall have sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee, including but not necessarily limited to Royalties, Franchise Promotional Fund, purchases from Franchisor, or any of its Affiliates, interest or other indebtedness.

23.4 ***Parties are Independent Contractors***. The parties intend by this Agreement to establish the relationship of franchisor and franchisee, each as an independent contractor, and it is not the intention of either party to establish a fiduciary relationship, to undertake a joint venture, to make Franchisee in any sense an agent, employee, Affiliate, associate or partner of Franchisor or to confer on Franchisee any authority to act in the name of or on behalf of Franchisor.

23.5 ***Conformity with Laws***. If any court order, statute, law, by-law, ordinance or regulation promulgated by any competent authority requires a longer or different notice period than that specified

herein, the notice period shall automatically be deemed to be amended so as to conform with the minimum requirements of such statute, law, by-law, ordinance, regulation or court order.

23.6 **Additional Franchises.** Franchisee acknowledges that Franchisor may from time to time grant franchises for additional Franchised Businesses under terms that may differ materially from the terms of this Agreement and that consequently Franchisor's obligations and rights with respect to its various franchises may from time to time differ materially from those provided in this Agreement.

23.7 **Waiver.** Franchisor reserves the right, from time to time, to waive observance or performance of any obligation imposed on Franchisee by this Agreement. No waiver of any default of any term, proviso, covenant or condition of this Agreement by Franchisor shall constitute a waiver of any other term, proviso, covenant or condition of this Agreement.

23.8 **Entire Agreement.** This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

23.9 **Amendments.** This Agreement can be amended or added to only by a writing executed by both Franchisor and Franchisee.

23.10 **Further Assurances.** Franchisor and Franchisee will each acknowledge, execute and deliver all such further documents, instruments or assurances and will each perform such further acts or deeds as may be necessary or advisable from time to time to give full effect to this Agreement.

23.11 **Severability.** If any article, section or subsection of this Agreement or any portion thereof is determined to be indefinite, invalid, illegal or otherwise void, voidable or unenforceable, then it shall automatically be severed from this Agreement and the balance of this Agreement shall continue in full force and effect.

23.12 **Governing Law.** This Agreement is effective upon its acceptance in Florida by our authorized officer. Except as to claims governed by federal law, Florida law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

23.13 **Jurisdiction and Venue.** In any suit over any Claims, venue shall be proper only in the state and federal courts closest to our corporate office, presently located in Jacksonville, Florida. However, if you are an Illinois, Maryland, or Washington State resident or your franchise territory is located in Illinois, Maryland, or Washington State you agree to bring any Claims, it at all, solely in arbitration before the American Arbitration Association in the city or county where our National Headquarters office is located.

23.14 **Jury Waiver.** In any trial of any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

23.15 **Class Action Waiver.** You agree that any Claims you may have against us, including our past and present employees and agents, shall be brought individually and you shall not join with claims of any other person or entity or bring, join or participate in a class action against us.

23.16 **Punitive Damages Waiver.** In any lawsuit, dispute or claim over any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

23.17 **Bond Waiver.** You agree that if we bring suit to enforce any section of this Agreement, or protect our trademark rights, you agree to waive any requirement that we post bond to obtain a temporary or permanent injunction to enforce these rights.

23.18 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims.

23.19 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 23.20 below. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

23.20 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

23.21 **Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we can not mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally.

23.22 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

23.23 **Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the provisions of this Agreement and the Governing Law provisions contained herein.

23.24 **Survival of Covenants.** The terms, provisions, covenants, conditions and obligations contained in or imposed by this Agreement which, by their terms, require performance by Franchisee after the expiration or other termination of this Agreement, shall be and remain enforceable thereafter.

23.25 **Area Representatives.** If you are or become in a territory under an Area Representative, you agree not to bring any Claims against the Area Representative. If you breach this clause, you agree to reimburse us or the Area Representative for any legal fees and costs incurred in defending such Claims.

23.26 **Submission of Agreement.** The submission of this Agreement to Franchisee does not constitute an offer by Franchisor. This Agreement shall only become effective when it has been executed by both Franchisor and Franchisee.

IN WITNESS WHEREOF Franchisor and Franchisee have executed this Agreement as of the Effective Date shown in Attachment 1.

**FRANCHISEE:**

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

\_\_\_\_\_

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

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

**FRANCHISOR:**

WAVEMAX FRANCHISE LLC.,  
a Florida limited liability company

By: \_\_\_\_\_  
Michael Roberts, CEO

**ATTACHMENT 1**

**FRANCHISED BUSINESS – PARTICULARS**

1. **Franchisee:** \_\_\_\_\_
2. **Effective Date:** \_\_\_\_\_
3. **Franchise Payment Details:** \_\_\_\_\_
4. **Target Search Area Description:** \_\_\_\_\_
5. **Final Territory (TBD after site selection process):** \_\_\_\_\_
6. **Scheduled Opening Date of Franchised Business:** \_\_\_\_\_
7. **Management Personnel of Franchisee:** \_\_\_\_\_

**ATTACHMENT 2**

**HOLDERS OF OWNERSHIP INTEREST IN THE FRANCHISEE**

**Please list ALL persons who hold any ownership interest in the franchisee:**

**\*Please note per Your Franchise Agreement, you may transfer your interest in the franchisee or any entity holding the franchise only if we approve**

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

**ATTACHMENT 3  
AUTOMATIC BANK DRAFT AUTHORIZATION**

Please complete the following with your banking information and attach a voided check:



**WaveMax Franchise LLC**  
929 McDuff Avenue, Suite 107, Jacksonville, FL 32205

**Authorization Agreement for Automated Clearing House Transactions  
(ACH Debits)**

**Please complete the information below: Must be checking account only.**

I, (full name) \_\_\_\_\_ authorize WaveMax Franchise, LLC to debit my checking/savings account indicated below for monthly franchise royalty fee payment from my account.

Company Name _____ <b>(Company)</b>	
Billing Address _____	Phone# _____
City, State, Zip _____	Email _____
Company Name on Account: _____	
Bank Name: _____	
Bank Account Number: _____	
Bank Routing #: _____	
Bank City/State: _____	
This Business Bank Account is Enabled for ACH Transactions <input type="checkbox"/> Yes <input type="checkbox"/> No	

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify WaveMax Franchise in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted payment dates fall on a weekend or holiday, I understand that the payments may be executed on the next business day. For ACH debits to my checking/savings account, I understand that because these are electronic transactions, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non-Sufficient Funds (NSF) I understand that WaveMax may at its discretion attempt to process the charge again within 30 days, and agree to an additional charge according to your signed franchise agreement for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I certify that I am an authorized user of this bank account and will not dispute these scheduled transactions with my bank; so long as the transactions correspond to the terms indicated in this authorization form.

\_\_\_\_\_  
Signature(s)

\_\_\_\_\_  
Date

**ATTACHMENT 4**

**PERSONAL GUARANTY**

This Personal Guaranty, is made by \_\_\_\_\_, ("Guarantor"), in favor of WaveMAX Franchise LLC, a Florida limited liability company (the "Franchisor") on the date set forth below.

**RECITALS**

A. WHEREAS, Franchisor is entering into a Franchise Agreement dated \_\_\_\_\_ ("Franchise Agreement") with \_\_\_\_\_ ("the Franchisee");

B. WHEREAS, Guarantor is a shareholder, director, officer, member, manager, or partner of Franchisee and will directly or indirectly benefit from the Franchisor entering into the Franchise Agreement with Franchisee; and

C. WHEREAS, Franchisor is unwilling to enter into the Franchise Agreement without the Guarantor(s) providing this Personal Guaranty of Franchisee's obligations under the Franchise Agreement;

NOW, THEREFORE, to induce Franchisor to enter into the Franchise Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

**AGREEMENT**

**The Guaranty.** Guarantor hereby irrevocably, absolutely and unconditionally guaranties the full, complete and punctual performance by Franchisee of all of the terms and conditions of the Franchise Agreement, including any amendments thereto or renewals thereof (collectively, the "Guaranteed Obligations"). The obligations and liability of the Guarantor hereunder shall be as a primary obligor under the Franchise Agreement, and not merely as a surety, and the Franchisor shall not be obliged to resort to or exhaust any recourse which it may have against the Franchisee, any third party, or any security or collateral before being entitled to bring a claim against the Guarantor.

**Obligations Unconditional.** The obligations of the Guarantor under this Guaranty are absolute and unconditional to the fullest extent permitted by applicable law, irrespective of any circumstance whatsoever (other than full payment or performance) which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. No dealings between the Franchisor and the Franchisee of any kind, whether with or without notice to the Guarantor, shall affect the liability of the Guarantor hereunder. Without limiting the foregoing, the Guarantor hereby authorizes Franchisor, without notice or demand and without affecting Guarantor's liability hereunder, from time to time to (a) change or extend the time or manner of payment of the Franchise Agreement obligations; (b) change any of the terms, covenants, conditions or provisions of the Franchise Agreement or take and hold additional security for the payment of the Franchise Agreement, and exchange, enforce, waive and release any such security.

Additionally, Guarantor hereby waives:

Any right to require Franchisor to (i) proceed against Franchisee or any other guarantor of the obligations; (ii) proceed against or exhaust any security received from Franchisee or any other guarantor of the obligations; and/or (iii) pursue any other remedy in Franchisor's power whatsoever;

Presentment, demand, protest, notice of protest, notice of dishonor and notice of non-payment and notice of acceptance of this Guaranty;

Any right to the benefit of, or to direct the application of, any security held by Franchisor, and until all the Guaranteed Obligations have been paid and performed in full, any right to enforce any remedy which Franchisor now has or hereafter may have against Franchisee, and any right to participate in any security now or hereafter held by Franchisor; and

Any right to receive from the Franchisor any communication whatsoever with respect to performance of the Guaranteed Obligations by the Franchisee (including any subsequently created obligation or liability of the Guarantor to the Franchisor); notice of the existence or creation of any liabilities under the Franchise Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof.

Continuing Guaranty. This Personal Guaranty constitutes a continuing guaranty of performance of the Guaranteed Obligations and the obligations of the Guarantor hereunder are not limited to any particular period of time but shall continue until all of the terms, covenants and conditions of the Franchise Agreement have been fully and completely performed by the Franchisee or otherwise discharged by the Franchisor, and the Guarantor shall not be released from any liability under this Personal Guaranty so long as there is any claim of the Franchisor against the Franchisee arising out of the Guaranteed Obligations that has not been fully performed, settled or discharged, nor shall this Personal Guaranty be affected by the death, disability, dissolution, or reorganization of the Franchisee or any of its directors, officers, members, partners, managers, or shareholders, or any change in the Guarantor's financial condition or in the business or financial condition of the Franchisee or any of its directors, officers or shareholders (including by way of insolvency, bankruptcy or receivership).

Subrogation. The Guarantor hereby agrees that it shall not be subrogated to any of the rights of the Franchisor until payment in full of the Guaranteed Obligations.

Binding Effect of Agreements. Any account settled or stated or any other settlement made between the Franchisor and the Franchisee, and any determination made pursuant to any of the Guaranteed Obligations which is expressed to be binding upon the Franchisee shall be binding upon the Guarantor.

Personal Covenants. As additional personal covenants (and without limiting the applicability of the other provisions of this Personal Guaranty), the Guarantor as primary obligor unconditionally covenants and agrees to be bound personally and to comply with all provisions of the Franchise Agreement dealing with the use of trade names and trademarks, copyrights, Confidential and Proprietary Material, compliance with laws, non-solicitation of employees, and non-competition. If the Guarantor breaches any of these provisions, then the Franchise Agreement shall be deemed to be in default and the Franchisor may exercise its remedies for default under the Franchise Agreement.

Amendment. The terms of this Personal Guaranty may be waived, altered or amended only by an instrument in writing duly executed by the Guarantor and the Franchisor.

Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then to the fullest extent permitted by law (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Franchisor in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

No Waiver. No delay or refusal in exercising, any right, power or remedy hereunder shall operate as a waiver thereof.

Expenses. The Guarantor will pay all reasonable expenses, including attorneys' fees, that are incurred by Franchisor in connection with the enforcement of this Agreement.

Successors and Assigns. This Personal Guaranty shall be binding upon and inure to the benefit of the parties and their respective successors and assigns provided, however, that the Guarantor shall not assign or transfer his/her rights hereunder without the prior written consent of the Franchisor.

Independent Advice. The Guarantor acknowledges that he/she has obtained, or has had the opportunity to obtain, independent legal advice before signing this Personal Guaranty.

Governing Law, Jurisdiction and Venue. This Personal Guaranty shall be construed and interpreted according to the laws of the state of Florida. The Federal and State Courts in or nearest the headquarters of WaveMAX Franchise LLC shall have exclusive venue and jurisdiction to entertain any proceeding in respect of this Personal Agreement, and Guarantor consents to the jurisdiction and venue of such courts in all matters related to this Agreement.

Arbitration. Should any underlying agreement or obligation that is guaranteed by Guarantor contain an arbitration provision, then Guarantor agrees to be bound by such provision.

IN WITNESS WHEREOF the Guarantor has signed this Personal Guaranty as of the date set forth below:

DATED:

GUARANTOR:

\_\_\_\_\_

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

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

\_\_\_\_\_

**ATTACHMENT 5**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

**Not to be used as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI]**

As you know, WaveMAX Franchise LLC, ("Franchisor") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a WaveMAX franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, by employees or representative of Franchisor that have not been authorized or that were not disclosed in the Disclosure Document or that might be untrue, inaccurate or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes \_\_\_\_ No \_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes \_\_\_\_ No \_\_\_\_

If no, what parts of the Franchise Agreement or exhibit do you not understand? (Attach additional pages, if necessary)

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

3. Have you received the Franchise Agreement you are to execute with all the terms completed?

Yes \_\_\_\_ No \_\_\_\_

4. Have you received and personally reviewed the Franchise Disclosure Document, which was provided to you?

Yes \_\_\_\_ No \_\_\_\_

5. Do you understand all of the information contained in the Disclosure Document and any state-specific addendum that was attached to the Disclosure Document?

Yes \_\_\_\_ No \_\_\_\_

If no, which parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

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

6. Have you discussed the benefits and risks of operating a WaveMAX franchise with an attorney, accountant or other professional advisor and do you understand those risks?

Yes \_\_\_ No \_\_\_

If not, do you wish to have more time to do so?

Yes \_\_\_ No \_\_\_

7. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, the hours worked by you, competition from other businesses, interest rates, the economy, inflation, labor and supply costs, lease terms, your management ability, the marketplace and other economic and business factors?

Yes \_\_\_ No \_\_\_

8. Has any employee, broker or other person speaking on behalf of Franchisor made any written or oral statement or promise concerning the sales, revenues, or profits of a WaveMAX franchise, other than what may be stated in Item 19 of the WaveMAX FDD?

Yes \_\_\_ No \_\_\_

9. Has any employee, broker or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the costs you may incur in starting a WaveMAX franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_

10. Has any employee, broker or other person speaking on behalf of Franchisor made any written or oral statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a WaveMAX franchise?

Yes \_\_\_ No \_\_\_

11. Has any employee, broker or other person speaking on behalf of Franchisor made any written or oral statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_

12. Has any employee, broker or other person speaking on behalf of Franchisor made any written or oral statement, promise or agreement relating to any right you may have to acquire territory in addition to what will be initially granted to you under the Franchise Agreement?

Yes \_\_\_ No \_\_\_

13. Has any employee, broker or other person speaking on behalf of Franchisor made any other written or oral statement, promise or agreement relating to the WaveMAX franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_ No \_\_\_\_

~~14. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?~~

~~Yes \_\_\_\_ No \_\_\_\_~~

~~14.~~ If you have answered "Yes" to any of questions 9 through ~~14~~13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of the foregoing questions, please leave the following lines blank.

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All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law or Washington Franchise Investment Protection Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By signing below, you are representing that you have responded truthfully to the above questions.

[Not to be signed as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI]

**California franchisees should not complete this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.**

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

\_\_\_\_\_  
Prospective Franchisee

**ATTACHMENT 6**

**RIDER TO LEASE AGREEMENT**

<b>Landlord</b>	
Landlord Name:	
Landlord Address:	
Landlord Phone Number:	

<b>Franchisor</b>	
Franchisor Name:	WaveMAX Franchise LLC
Franchisor Address:	929 McDugg Ave. S., Suite 107, Jacksonville, FL 32965
Franchisor Phone Number:	(904) 880-2522

<b>Tenant</b>	
Tenant Name:	
Address of Leased Premises:	
Date of Lease:	

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a WaveMAX business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease, subject to Landlord’s approval in its reasonable discretion. To exercise this option, Franchisor must notify Landlord within 10 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Landlord and Tenant consent to allow Franchisor to assume any existing term of the Lease (the “Assumption”), provided that any and all defaults have been cured and all payments due under the Lease are current, and to enter into a written agreement providing for such Assumption. In the event of an Assumption, Landlord will deliver possession of the Leased Premises to Franchisor free and clear of any rights of the Tenant or any third party. Landlord further consents to give Franchisor the right, following the Assumption, to assign its interest in the Lease or to sublet the Leased Premises to another franchisee of Franchisor with reasonable consent from the Landlord.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of Franchisor's brand, subject to Landlord's approval in its reasonable discretion.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises within 10 days of such expiration or termination, to take any such actions as may be consistent with its rights under this Lease Agreement Rider or to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

WAVEMAX FRANCHISE LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

LANDLORD'S AGREEMENT

**Premises:**

**Landlord:**

Address:

Tele #: \_\_\_\_\_ Email: \_\_\_\_\_

**Tenant**

:

**Maker:**

In recognition of the fact that Tenant and/or Maker will be obtaining financing, either directly or indirectly, from Laundrylux Funding Services LLC ("LFS"), whose notice address is 461 Doughty Boulevard, Inwood, NY 11096, for the current and future purchases and/or leases, by Tenant and/or Maker, of equipment to be used in the self-service laundry (the "Laundry") located at the Premises: (1) Landlord subordinates, to LFS, any and all of its current, future, direct and/or indirect rights in and to all equipment in the Laundry and those surface mounted, laundry related utility connections that can be removed without damaging the Premises (collectively, the "Secured Equipment"); (2) in the event that there is a default by Tenant and/or Maker and/or any subsequent occupant of the Premises in the performance of any of its or their obligations pursuant to any agreement regarding some or all of the Secured Equipment or any lease for the Premises and such default is not cured within the applicable time period: (a) Landlord acknowledges that the security interest of LFS in the Secured Equipment is superior to any lien or claim of any nature by Landlord, by virtue of any statute, lease, or otherwise and grants LFS the right to recover possession of any or all of the Secured Equipment (if LFS removes the Secured Equipment, such removal shall be performed in a workmanlike, commercially reasonable manner); and, (b) Landlord will allow LFS 60 days from the date that LFS receives written notice, sent by or on behalf of Landlord by certified mail, return receipt requested, containing a truthful representation that no person or entity is occupying the Premises, at no charge either to: (i) store, maintain, or display the Secured Equipment at the Premises; (ii) remove the Secured Equipment from the Premises; or, (iii) appoint any other person or concern (hereinafter the "Replacement Tenant") reasonably acceptable to Landlord to take over and operate the Laundry and the Secured Equipment therein until the original expiration date of the Lease, including any option or renewal periods provided the Replacement Tenant agrees, in writing (hereinafter the "Written Agreement"), to perform all of the terms and conditions of the Lease not performed by Tenant, but neither LFS nor the Replacement Tenant shall have any liability or responsibility for any Lease obligations that arose prior to the date of the Written Agreement. Additionally, LFS shall have no liability or responsibility for any Lease obligations that arise after the date of the Written Agreement.

HOWEVER, Prior to LFS exercising its rights under this LANDLORD'S AGREEMENT, LFS shall first give WaveMAX Franchise, LLC, thirty (30) days from date of written notice to pay off and satisfy the outstanding balance of the loan/financing, time being of the essence, and upon satisfaction LFS shall assign its rights hereunder to WaveMAX Franchise, LLC.

For purposes hereof: (1) the term "Lease" shall be the lease for the Premises executed prior hereto by Landlord and Tenant, including any currently existing Addenda, Attachments, Amendments, Riders, Options to Renew, etc.

attached thereto); and, (2) it shall not be reasonable for Landlord to reject a Replacement Tenant for the sole reason that such person or concern has no experience in the self-service laundry business.

This Agreement: (1) shall expire when all obligations owing to LFS regarding the Secured Equipment have been fully satisfied; (2) is binding upon the Landlord and its successors and assigns; (3) may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (4) may be executed by the undersigned and forwarded to LFS by facsimile transmission to 866-204-2333 or by email to [finance@Laundrylux.com](mailto:finance@Laundrylux.com) and each such copy shall be deemed to be an original; and, (5) shall inure to the benefit of LFS and its successors and assigns.

Franchisor's Right of First Refusal: If, at any time during the term of this Agreement there is a default by Tenant and/or Maker and/or any subsequent occupant of the Premises in the performance of any of its or their obligations pursuant to any agreement regarding some or all of the Secured Equipment or any lease for the Premises and such default is not cured within the applicable time period and LFS chooses to exercise its rights hereunder, WaveMAX (the "Franchisor") shall have an exclusive 30 day right of first refusal from the date of written notice given by LFS to WaveMAX (the Franchisor) to satisfy the outstanding balance of the Loan/financing . If the "Franchisor" fails to payoff and satisfy the outstanding balance of the Loan/financing within such thirty(30) day time period, time being of the essence, LFS shall have the unfettered right to exercise its rights hereunder and WaveMAX (the franchisor) shall have no further rights hereunder or under any other document with respect to the PREMISES, TENANT and/or MAKER.

Landlord hereby permits Lender to act as Landlord's attorney-in-fact to supply the following information if missing from or incorrect on this document: (a) Landlord's correct legal name; Landlord's address; and/or Landlord's phone number, (b) Tenant name.

**[SIGNATURES TO APPEAR ON THE FOLLOWING PAGE]**

Landlord:

Franchisor: WaveMAX Franchise, LLC

by \_\_\_\_\_ / /2021

Signature

Date

e

\_\_\_\_\_  
Print Name and, if  
applicable, Title

NOTARIAL ACKNOWLEDGMENT

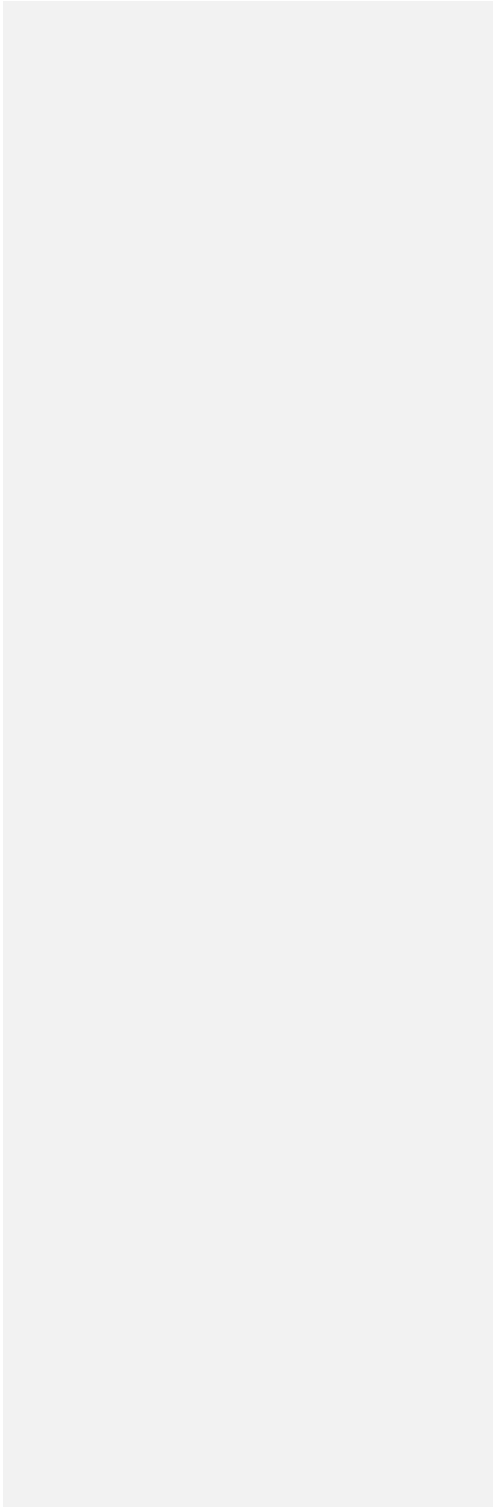
by \_\_\_\_\_ / /2021

Signature

Date

\_\_\_\_\_  
Print Name and, if applicable, Title

NOTARIAL ACKNOWLEDGMENT

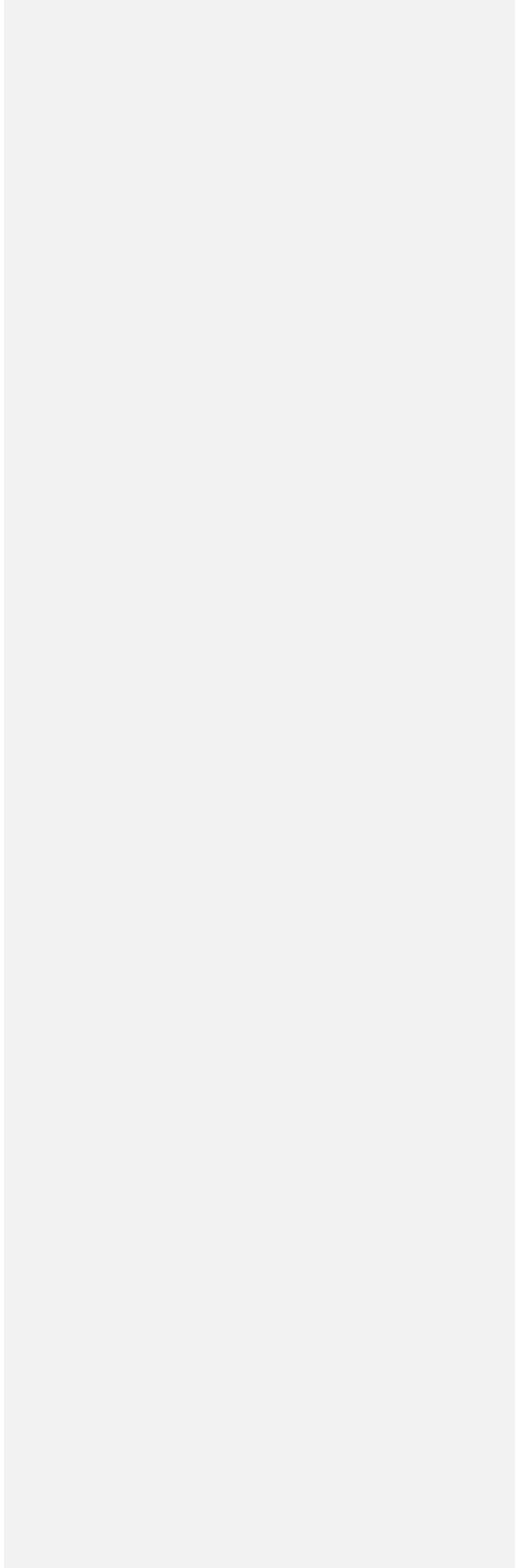


STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_

On the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

Notary Public: \_\_\_\_\_

My commission expires: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Notary Seal:



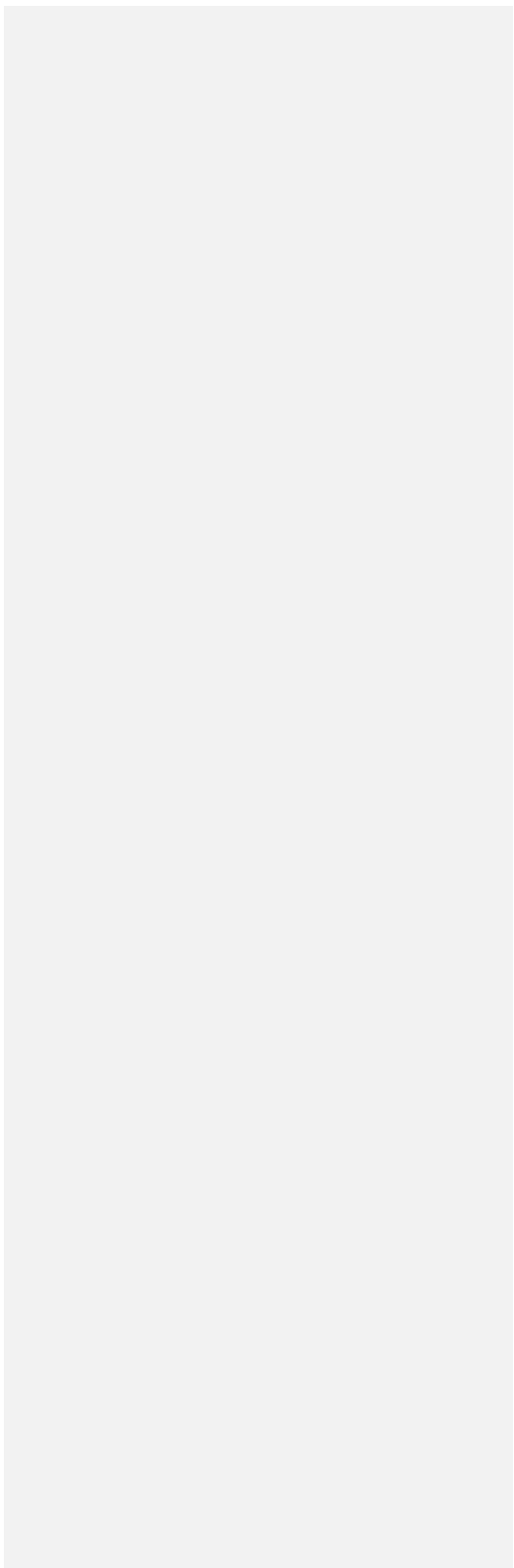
STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_

On the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me personally appeared \_\_\_\_\_, personally known to me or

proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

Notary Public: \_\_\_\_\_

My commission expires: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_. Notary Seal:



FRANCHISOR WAIVER AND SUBORDINATION AGREEMENT  
WITH LANDLORD CONSENT

WHEREAS, WaveMAX Franchise LLC d/b/a WaveMAX Laundry (hereinafter WaveMAX) has entered into a certain Franchise Agreement dated

\_\_\_\_\_,

with \_\_\_\_\_ (Franchisee/Tenant), (hereinafter referred to as "Franchisee/Tenant"), pertaining to premises

\_\_\_\_\_

(hereinafter "Premises"), for the purpose of operating a laundromat; and

WHEREAS, WaveMAX has entered into a certain RIDER TO LEASE AGREEMENT (hereinafter "Lease Rider") with

\_\_\_\_\_ (hereinafter "Landlord) wherein Landlord consented to the granting of certain leasehold rights to WaveMAX in the event of a default by Franchisee/Tenant under either the Lease or Franchise Agreement (a copy of which "Lease Rider" is attached hereto); and

WHEREAS, Landlord has also entered into a certain "Landlord's Agreement" with Laundrylux Funding Services LLC, and its Successors and Assigns (hereinafter LFS) dated \_\_\_\_\_ wherein Landlord, among other things, recognized the rights of LFS as a secured creditor, with the right to appoint a Replacement Tenant, remove the Secured Equipment, etc. (hereinafter collectively known as the Secured Creditor's Collective Rights) (a copy of which "Landlord's Agreement" is attached hereto) and;

WHEREAS, the rights created under the "Landlord's Agreement" are inconsistent with and conflict with the rights created under the "Lease Rider" and all the parties wish to clarify that the rights of LFS under the "Landlord's Agreement" supersede the rights of WaveMAX created under the "Lease Rider"; and

WHEREAS, LFS has made or will make a loan to the Franchisee/Tenant to acquire the franchise and/or laundromat business at the premises conditioned on all LFS's rights under the Landlord's Agreement being superior to and superseding the rights of WaveMAX in all respects including but not limited to any and all of WaveMAX's rights, (1) at law, (2) under the Franchise Agreement with Franchisee/Tenant and (3) under the "Lease Agreement";

NOW, WITNESSETH

IT IS AGREED by and among LFS, WaveMAX and Landlord that WaveMAX's rights in all respects at law, under the Franchise Agreement with Franchisee/Tenant and Rider to Lease Agreement are hereby subordinated to the rights, liens and claims of LFS under the Landlord's Agreement and at law.

In the event of any and all disputes as to which party's rights shall prevail under any and all circumstances wherein the rights of LFS , its successors and/or assigns and WaveMAX, its successors and /or assigns may come into conflict and/or contention, for any reason whatsoever, regardless of which party takes action or exercises its rights, if contested or otherwise, Landlord agrees to recognize the rights and claims of LFS in all respects and WaveMAX hereby consents to Landlord's recognition of same in the event of a conflict and/or the assertion of a conflict between WaveMAX and LFS asserting conflicting rights and/or claims , such that the rights and claims of LFS created at law or under the Landlord's Agreement shall always prevail and supersede those rights of WaveMAX, created at law or under the "Lease Rider" or any other document.

NOTWITHSTANDING, the dates of filing of any security interests, WaveMAX subordinates any and all of its rights to LFS.

NOTWITHSTANDING, a default under the Franchise Agreement by Franchisee/Tenant, or under the Lease, WaveMAX and Landlord recognize LFS's superior and superseding rights to appoint a Replacement Tenant or take any action it deems appropriate under law and/or under the Landlord's Agreement notwithstanding same may impinge on the rights granted to WaveMAX under the Lease Rider and in the event of the exercise of any of LFS's rights under the "Landlord's Agreement", all of WaveMAX's rights under the Rider to Lease Agreement shall be immediately deemed null and void and the Rider to Lease Agreement shall be deemed null and void.

As long as the loan from LFS to the Franchisee/Tenant shall remain in effect, WaveMAX shall not claim, file or otherwise asset a security interest in any of the secured collateral that LFS asserts a claim or lien against.

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Dated: \_\_\_\_\_, 2022

Laundrylux Funding Services LLC

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

Franchisee/Tenant

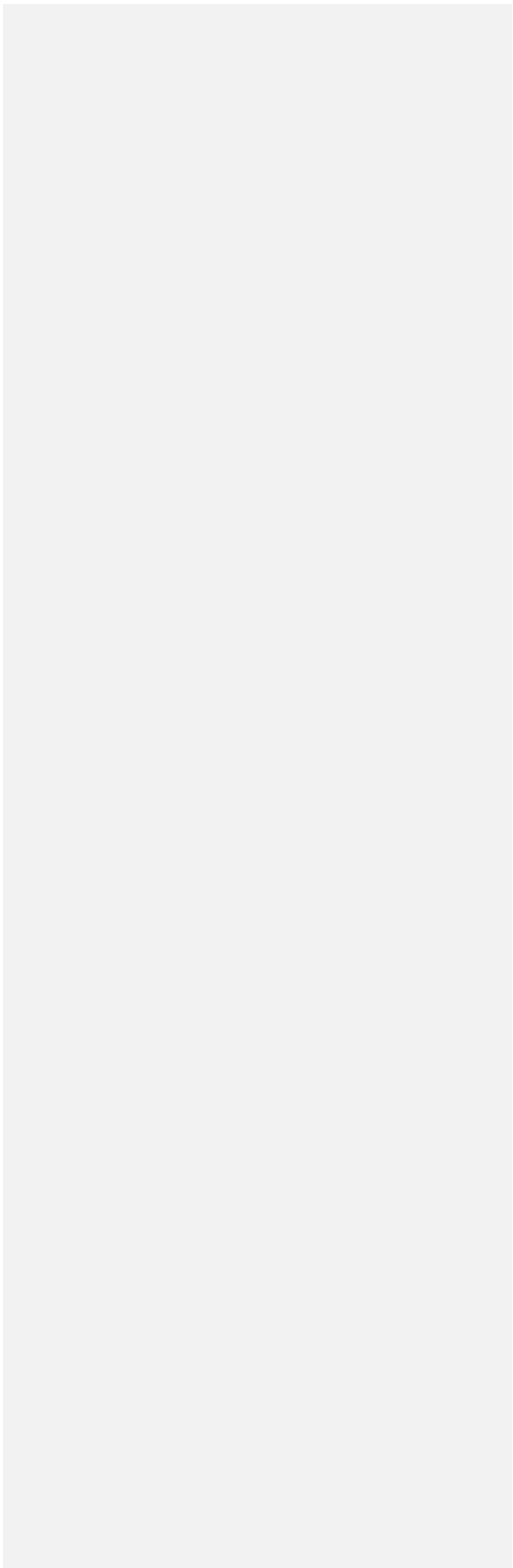
By: \_\_\_\_\_

WaveMAX Franchise LLC d/b/a WaveMAX Laundry

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

Landlord

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



**ATTACHMENT 7**

**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

**CALIFORNIA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Sections 16.1 and 16.3 are deleted and in their place are substituted the following:

**16.1 Termination by Us Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 16.1 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

**16.3 Termination by Us with Opportunity to Cure.** We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure for any other breach of this Agreement.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

FRANCHISEE:

WaveMAX Franchise LLC

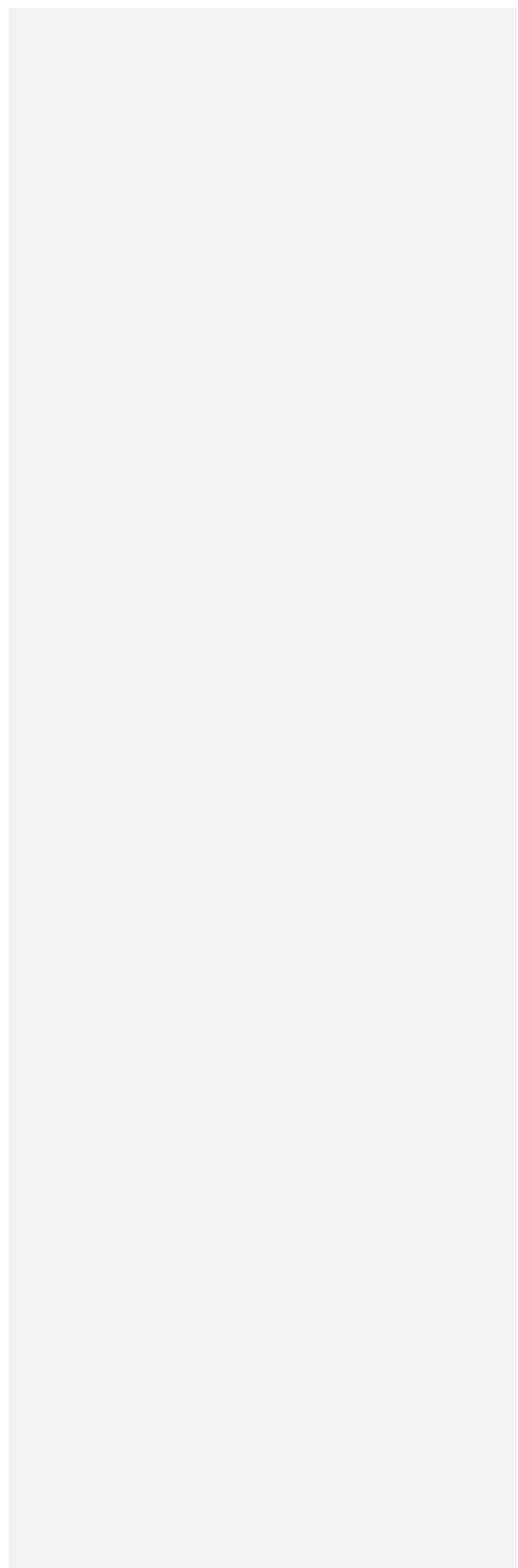
By: \_\_\_\_\_

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

Michael Roberts, CEO

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

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



**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Surety Bond. The Franchise Agreement is supplemented with the following: “Based on our current financial condition, the Illinois Attorney General’s Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General’s Office.”

FRANCHISEE:

WaveMAX Franchise LLC

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

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

Michael Roberts, CEO

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

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

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Section 22 of the Franchise Agreement, titled "Franchisee Acknowledgements," is deleted.

7. Surety Bond. The Franchise Agreement is supplemented with the following: "Based on our current financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Commissioner."

FRANCHISEE:

WaveMAX Franchise LLC

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

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

Michael Roberts: CEO

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

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

**MINNESOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE:

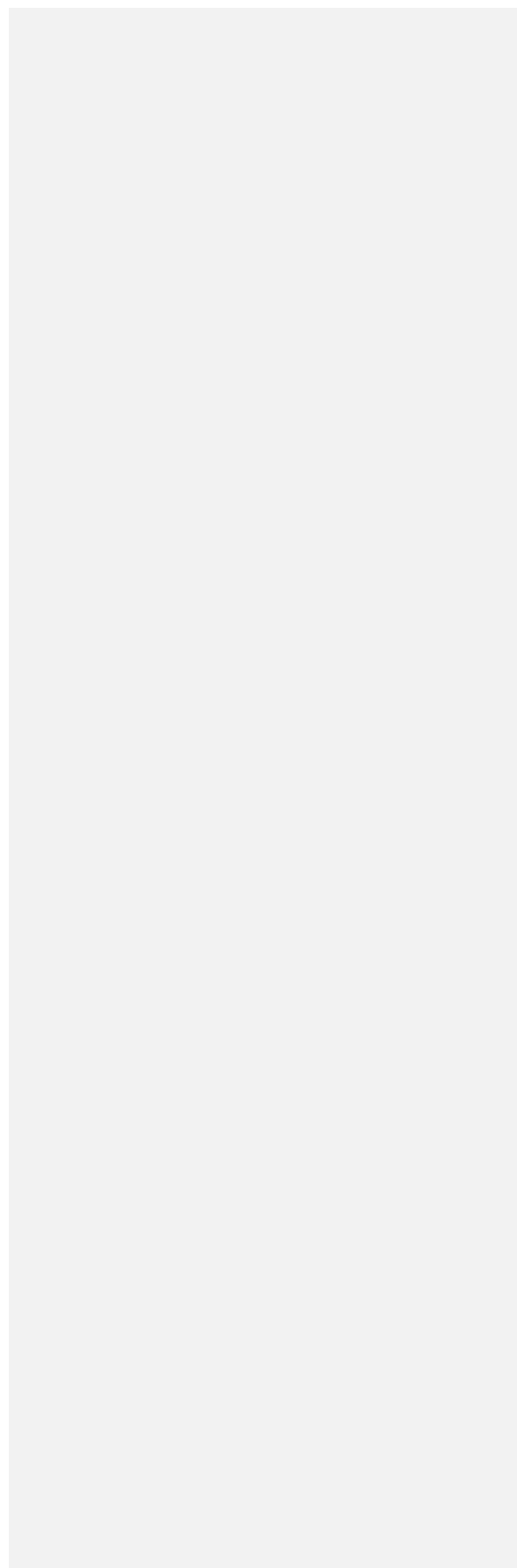
WaveMAX Franchise LLC

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

By: \_\_\_\_\_  
Michael Roberts: CEO

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

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



**NEW YORK ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The franchisee may terminate the franchise agreement on any grounds available by law.
2. Section 20.8 of the franchise agreement is amended to also provide as follows:

“However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the franchise agreement.”

FRANCHISEE:

WaveMAX Franchise LLC

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

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

Michael Roberts: CEO

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

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

**NORTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

4. North Dakota law governs any cause of action arising out of the franchise agreement.

5. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

6. Section 23.18 of the Franchise Agreement, titled “Limitation of Actions,” is deleted. Instead, the statute of limitations under North Dakota law will apply.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.<sup>7</sup> Financial Assurance/ Surety Bond:

8. The Franchise Agreement is amended to include the following:

Pursuant to the North Dakota Franchise Investment Law, we are furnishing a surety bond as provided by rule of the North Dakota Securities Department. The North Dakota Securities Department has found that such requirement is necessary and appropriate to protect prospective franchisees. The surety bond is being provided to the State of North Dakota instead of requiring us to place the Initial Franchise Fee in an escrow account or having us defer the payment of the Initial Franchise Fee until the opening of the franchise business. The North Dakota Securities

Department has imposed the surety bond requirement as an alternative to escrow or fee deferral because of our financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE:

WaveMAX Franchise LLC

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

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

Michael Roberts: CEO

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

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

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

FRANCHISEE:

WaveMAX Franchise LLC

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

By: \_\_\_\_\_  
Michael Roberts: CEO

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

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

**SOUTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

FRANCHISEE:

WaveMAX Franchise LLC

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

By: \_\_\_\_\_  
Michael Roberts: CEO

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

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

**VIRGINIA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Financial Assurance:

The Franchise Agreement is amended to also state:

Due to our financial condition, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to establish an escrow account for all initial franchise fees that we charge. You shall make your check for franchise fees or other payments to the depository (Bank of America) and send the check to us. Within two business days of our receipt of the check, we will deposit the check into an escrow account that we have established with Bank of America.

When we complete all of our pre-opening obligations to you (listed in Item 11 of this Disclosure Document), we will request that you affirm, in writing, that we have completed those obligations and that you assent to release of the funds held in escrow. After receipt of authorization from the Commission, the depository shall release the funds held in escrow by the depository to us to be applied to your account with us.

FRANCHISEE:

WaveMAX Franchise LLC

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

By: \_\_\_\_\_  
Michael Roberts: CEO

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

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

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

~~As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.~~

~~The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.~~

**1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~Chapter~~chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the areas of termination~~Franchise Disclosure Document, are subject to state law.~~

**3. Site of Arbitration, Mediation, and** ~~renewal of your franchise.~~

/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

**4. General Release.** A release or waiver of rights ~~executed by a~~ in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any ~~rule~~rules or ~~order~~orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

**5. Statute of Limitations and Waiver of Jury Trial.** Provisions ~~such as those which~~ contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

**6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

**7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

**8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any ~~provisions~~provision contained in the franchise agreement or elsewhere that

~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**16. Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. -This provision supersedes any other term of any document executed in connection with the franchise.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Section 22 of the Franchise Agreement, titled “Franchise Acknowledgements,” is hereby deleted, except for subpart (d), titled “Injunctive Relief.”

#### **Surety Bond-**

The Franchise Agreement is modified to also provide:

Pursuant to Washington Administrative Code (WAC) Section 480-60-480, we are furnishing a surety bond as provided by rule of the Washington Department of Financial Institutions - Securities Division. The Washington Department of Financial Institutions - Securities Division has found that such requirement is necessary and appropriate to protect prospective franchisees. The surety bond is being provided to the State of Washington instead of requiring us to place the Initial Franchise Fee in an escrow account or having us defer the payment of the Initial Franchise Fee until the opening of the franchise business. The Washington Department of Financial Institutions - Securities Division has imposed the surety bond requirement as an alternative to escrow or fee deferral because of our financial condition.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

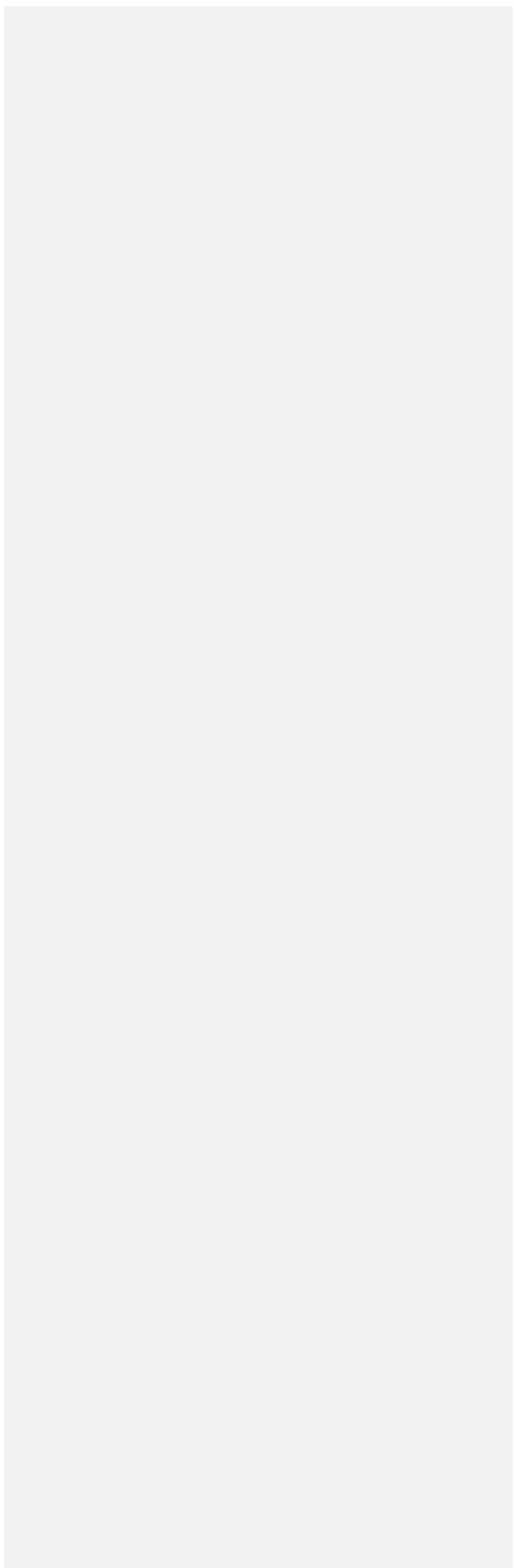
WaveMAX Franchise LLC

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

By: \_\_\_\_\_  
Michael Roberts: CEO

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

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



**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement are amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:

WaveMAX Franchise LLC

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

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

Michael Roberts: CEO

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

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

**EXHIBIT D**

**EMPLOYEE CONFIDENTIALITY AGREEMENT**

This Employee Confidentiality Agreement (“Agreement”) is entered into by and between \_\_\_\_\_ (“Employer”) and \_\_\_\_\_ (“Employee”) and is effective as of \_\_\_\_\_, 20\_\_.

**WHEREAS**, Employer is engaged in the business of operating a WaveMAX franchise (the “Franchised Business”) pursuant to a Franchise Agreement between Employer and ‘WaveMAX Franchise LLC, (the “Franchisor”);

**WHEREAS**, the Franchised Business is based on a comprehensive program (the “Program”) for operating a franchised business that provides laundromat services under the name WaveMAX Laundry;

**WHEREAS**, the Program involves the use of Franchisor’s confidential and proprietary methods, equipment, operating procedures, business techniques, manuals, trademarks and slogans in connection with each Franchised Business (the “Confidential and Proprietary Material.”);

**WHEREAS**, Employer desires to employ persons to work in the Franchised Business who will have access to Franchisor’s Confidential and Proprietary Material;

**WHEREAS**, Employer has an obligation to safeguard Franchisor’s Confidential and Proprietary Material;

**WHEREAS**, Employee is willing to become an employee of Employer in the Franchised Business subject to the terms and conditions set forth herein; and

**WHEREAS**, Employer is willing to hire Employee to work in the Franchised Business, but only upon the terms and conditions set forth herein;

**NOW THEREFORE**, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows:

**1. Franchisor’s Confidential and Proprietary Material as Trade Secrets**

Employee agrees that all of Franchisor’s Confidential and Proprietary Material provided to Employee by Employer in the course of employment constitute trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement. Employee further acknowledges and agrees that should the information be misappropriated or transferred to any third party, the Employer and Franchisor would suffer irreparable harm.

## **2. Employer Owns All Incidents**

As between Employer and Employee, Employer (and ultimately, the Franchisor) shall be entitled to all of the benefits, profits, improvements and other items arising from or incident to all of Employee's work relating to the Confidential and Proprietary Material or arising out of discussions with Employer regarding same, or in any way communicated to Employee or becoming known to Employee during or after the term of employment.

## **3. Nondisclosure**

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding Franchisor's Confidential and Proprietary Material. All such information shall be held by Employee in complete confidence. Such information is important, material, and confidential and gravely affects the effective and successful conduct of Employer's Franchise Business and injures Franchisor's goodwill. These provisions and restrictions apply while Employee is employed with Employer and at all times thereafter. Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing any of the Confidential and Proprietary Material. Breach of any of the terms of this paragraph shall be a material breach of this Agreement. The terms of this paragraph shall survive termination of this Agreement for any reason. Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any Confidential and Proprietary Material in violation of this Agreement.

## **4. Remedies**

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other relief and that Employee waives any right to a bond on such order or injunction. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this Agreement. The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation.

## **5. Enforcement by Franchisor**

Both Employer and Employee acknowledge and agree that this Agreement is for the benefit not only of the Employer, but also of the Franchisor. Employer and Employee each agree that Franchisor shall have the same right to enforce this Agreement as Employer has; provided only that as between Employer and Franchisor, they shall be entitled to only one recovery of damages or liquidated damages.

## **6. Miscellaneous Terms**

### **6.1 Nonwaiver.**

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

### **6.2 Attorneys Fees.**

In the event that any legal action or proceeding is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs.

### **6.3 Severability.**

In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

### **6.4 Warranty Of Authority.**

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

### **6.5 Paragraph Headings.**

The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

### **6.6 Recitals.**

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs.

### **6.7 Choice Of Law.**

This Agreement shall be governed by and construed under the laws of the state in which the Franchised Business is located.

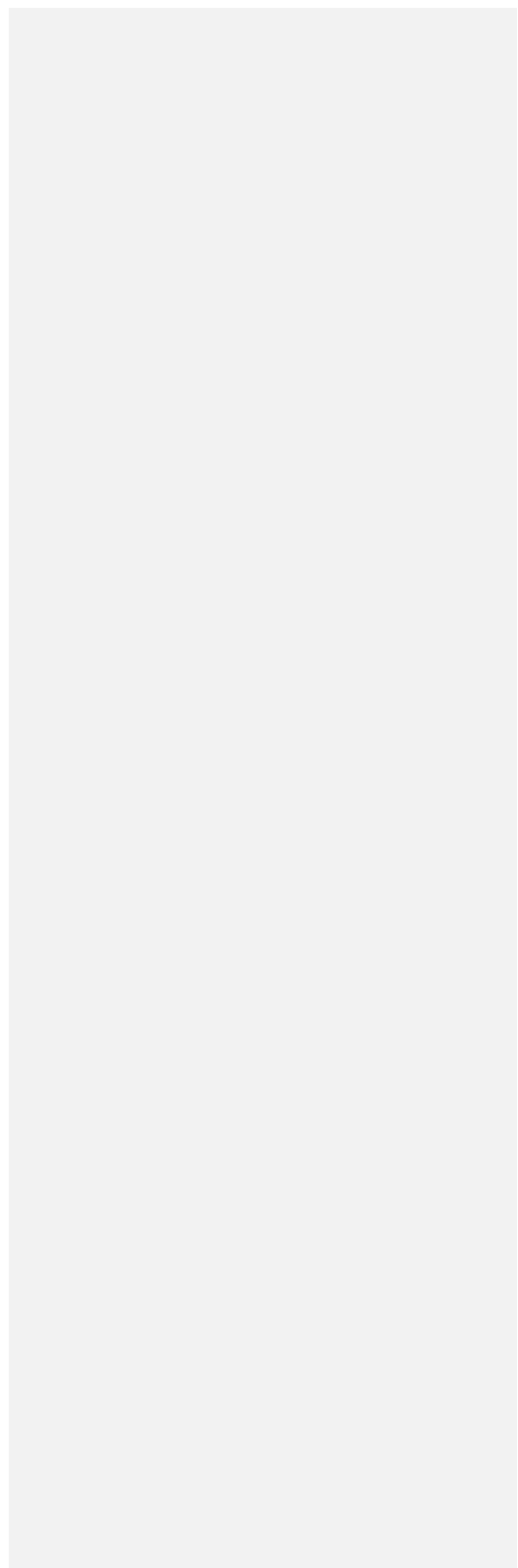
### **6.8 Modification.**

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer.

Dated:

EMPLOYEE: \_\_\_\_\_ EMPLOYER: \_\_\_\_\_

\_\_\_\_\_ by \_\_\_\_\_  
print name



**EXHIBIT E**

**GENERAL RELEASE AND WAIVER OF CLAIMS**

THIS RELEASE is made and given by \_\_\_\_\_,  
("Releasor") with reference to the following facts:

1. Releasor and WaveMAX Franchise LLC (Releasee) are parties to one or more franchise agreements.
2. The following consideration is given:

\_\_\_\_\_ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or

\_\_\_\_\_ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ [insert description]

3. Release- Franchisee and all of Franchisee's guarantors, members, officers, directors, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims ~~that~~which the creditor ~~or releasing party~~ does not know or suspect to exist in his or her favor at the

time of executing the release ~~and that, which~~ if known by him or her, ~~would~~ must have materially affected his or her settlement with the debtor ~~or released party.~~

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.
7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

**Releasor:**

**Releasee: WaveMAX Franchise LLC**

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

By: \_\_\_\_\_  
Michael Roberts, CEO

Printed Name: \_\_\_\_\_

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

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

**EXHIBIT F**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**WaveMAX Franchise  
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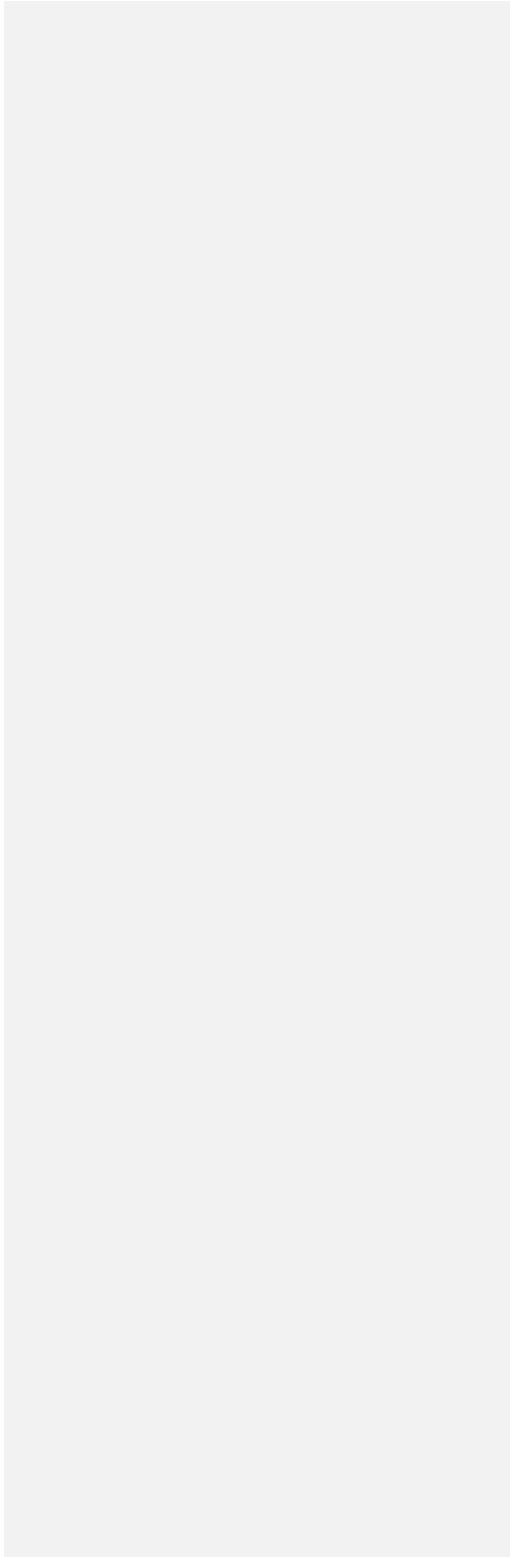
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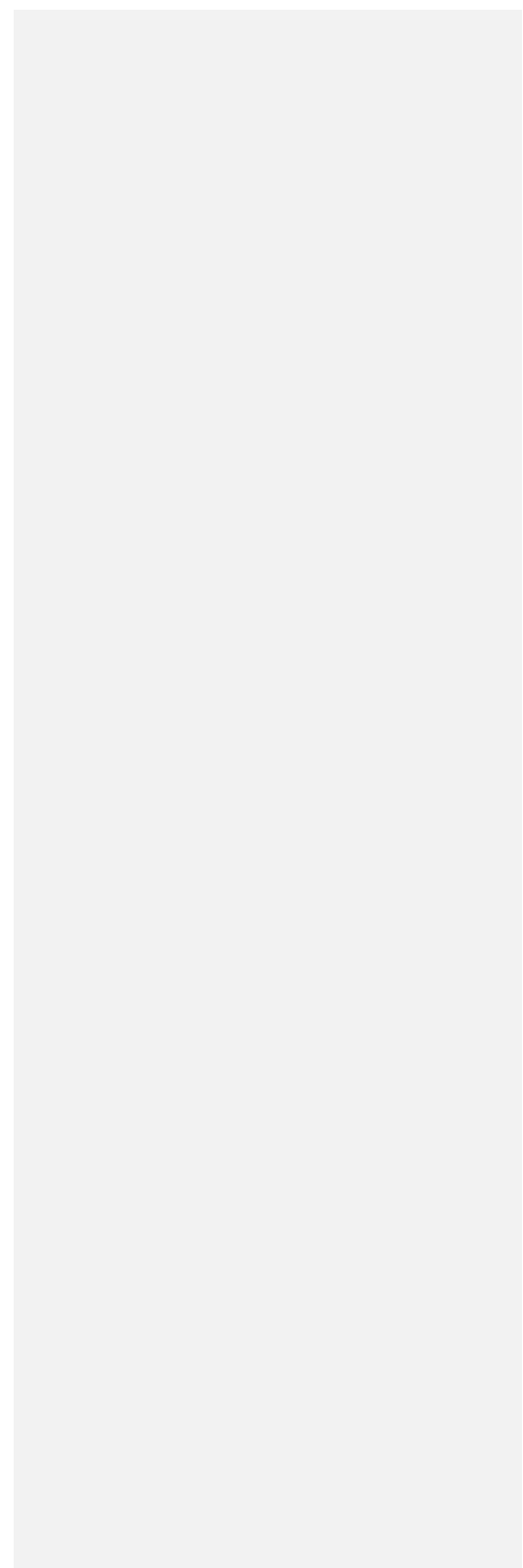
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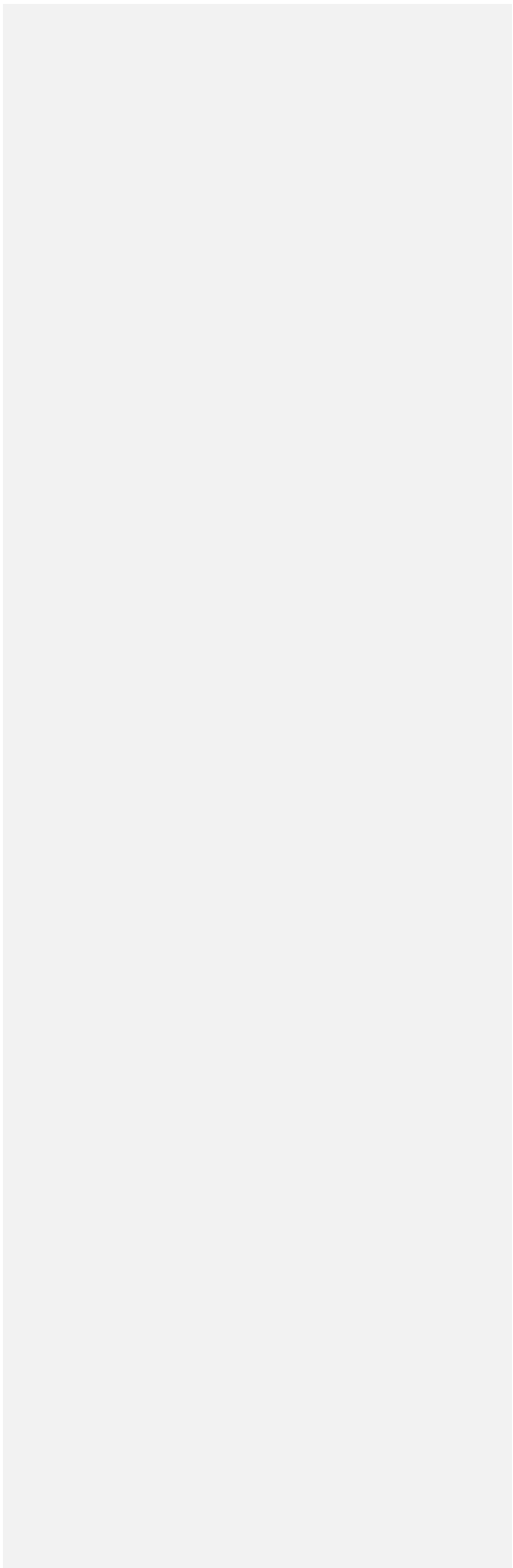


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**EXHIBIT G**  
**LIST OF FRANCHISEES**

The following is a list of the names of all Franchisees and the address and telephone number of each of their outlets as of the end of our most recently completed fiscal year.

**Operational Outlets (as of 12/31/2023/2024):**

State	City	Franchisee Name	Address	Phone
<a href="#"><u>AZ</u></a>	<a href="#"><u>Chandler</u></a>	<a href="#"><u>Mao Wen</u></a>	<a href="#"><u>2081 N. Arizona Ave Chandler AZ</u></a>	<a href="#"><u>480 937 7345</u></a>
AZ	Mesa	Craig Sawyers	1932 West Main Street #B103 Mesa AZ 85201	480-748-3510
AZ	Phoenix	Craig Sawyers	6544 W. Thomas Rd Phoenix AZ	480-748-3510
AZ	Phoenix	Jud Holmes	1932 W. Main Street, Mesa AZ	(602) 821-4000
AZ	Phoenix	Alex Clay	2825 N 16th Phoenix AZ	602-320-7174
AZ	Scottsdale	Joe Maturo	24413 N 73rd Street Scottsdale, AZ 85255	480-353-6660
AZ	Scottsdale	Dan Wilkins	5219 E. Oakhurst Way Scottsdale, AZ 85254	602-206-3019
AZ	Tempe	Craig Sawyers	222 East Baseline Road Tempe, AZ	480-748-3510
AZ	Tucson	William Mead	4054 East 22nd Street Tucson AZ	520-661-5411
<a href="#"><u>CA</u></a>	<a href="#"><u>Moreno Valley</u></a>	<a href="#"><u>Lincoln Orellana</u></a>	<a href="#"><u>22275 Alessandro Blvd, Moreno Valley CA</u></a>	<a href="#"><u>951 255 9464</u></a>
CA	<del>San Pedro</del> <a href="#"><u>Long Beach</u></a>	<del>MILISSA DOUPONCE</del> <a href="#"><u>Lincoln Orellana</u></a>	601 E 7th Street Long Beach CA90732	<del>3104252162951</del> <a href="#"><u>255 9464</u></a>
CA	Tustin	Jim Williams	412 E 1st Street, Tustin CA 90638	(562) 746-3869
CO	Aurora	Rebecca Hommertzheim	15087 E. Mississippi Aurora CO	720-878-1685
CO	Boulder	Ayu Djaputra	2614 Broadway Street Boulder, CO	510-520-3002
CO	Denver	Kash Kelloff	8879 Harlan Street Westminster, CO80005	720-442-5981

CO	Denver	Travis Fonseca	22293 E Dorado Avenue Aurora, CO 80015	(303) 503-1367
CO	Denver	Mark Walker	720 W 84th Ave., Denver, CO 80260	303-884-0864
CO	Lakewood	Chris Krieger	1090 S. Wadsworth Blvd. Lakewood CO	303-748-1268
CT	New Haven	Jazz Skair	466 Foxon Boulevard New Haven CT 06513	917-861-9535
FL	Hialeah	John Copper	5966 W. 16th Ave Hialeah FL	(305) 322-4443
FL	Ocean Ridge	Chris Byrnes	1550 North Federal Highway, Suite 1 Boynton, FL 33436	561-389- 0432
<u>GA</u>	<u>Marietta GA</u>	<u>Amit Mudaliar</u>	<u>270 Cobb Parkway, Marietta GA 30062</u>	<u>770 871 1870</u>
IL	Algonquin	Matthew Waldschmidt	4830 W Diversey Avenue, Suite 2, Chicago, IL 60639	(815) 721-3931
LA	New Orleans	James Allen	4001 Frenchman St New Orleans, LA 70123	662-213-9180
<del>MD</del>	<del>Capitol Heights</del>	<del>Paul Perry</del>	<del>1434 Addison Rd Capitol Heights MD</del>	<del>202 491 9944</del>
MD	Gaithersburg	Stephanie Lewis	215 Muddy Branch Rd, Gaithersburg MD, 20878	240-477-4467
MD	Gaithersburg	Zijian Mo	129 Lamont Ln Gaithersburg, MD 20878	716-803-0301
<u>MD</u>	<u>Rockville</u>	<u>Angela Lambert</u>	<u>180 Rollins Avenue Rockville MD</u>	<u>504-491-9764</u>
MI	Lansing	Rick Morgan	4929 S Cedar St Suite 1, Lansing, MI 48910	(810) 335-2338
MI	Portage	Dan Templin	2641 Avalon Woods Crt Portage, MI	269-251-2104
MI	Southgate	Lee Jackson	13248 Fort Street Southgate MI 48195	360-720-1246
MI	Wyoming	Jason Langscheid	1633 28th St SW Wyoming MI	6195207664
MN	St. Paul	Jeff Pogalz	1320 Maryland Ave E St. Paul, MN 55106	651-528-6972
NC	Cary	Geoff Miller	1404 Hunters Point Way, Cary NC 27511	919-971-2313
NC	Durham	Gary Colen	3222 Guess Road, Durham NC	617-803-6185
NC	Raleigh	Geoff Miller	107 Fairchild Downs Place Cary, NC 27518	919 971 2313
<u>ND</u>	<u>Fargo</u>	<u>Bryan Odegard</u>	<u>2551 South 45th St. Fargo ND 58103</u>	<u>612.804.4814</u>

NE	Omaha	George P Payne III	5092 Ames Ave Omaha NE 68131	(336) 688-7377
OH	Grosbeck	PK Tickoo	8449 Colerain Ave Grosbeck OH	513 767 8660
<u>OH</u>	<u>Maple Heights</u>	<u>Angela Simmons</u>	<u>20980 Libby Road Maple Heights OH 44137</u>	<u>216 337 6390</u>
TN	Knoxville	Jonathan Babcock	5210-A Schubert Rd, Knoxville, TN	865-803-4132
TX	Arlington	Caleb Allen	2823 W. Park Row Dr Arlington TX	713-591-9188
<u>TX</u>	<u>Bedford</u>	<u>Carlos Barboza</u>	<u>2301 Central Drive Bedford TX 76021</u>	<u>817-714-9906</u>
TX	Dallas	Adam Wagner	6805 Main Street, The Colony TX 75248	903-240-6293
TX	Garland	Brian Hughes	1311 Marketplace Dr, Suite 100 Garland, TX 75041	214-507-7658
TX	Grand Prairie	Caleb Allen	540 S Carrier Parkway, Grand Prairie TX 75051	713-591-9188
TX	Haltom City	<del>Stephen Vaughn</del> Caleb Allen	3534 Denton Hwy Haltom City, 76117	<del>817-412-0010</del> <u>713-591-9188</u>
TX	McAllen	Luis Webb	2200 S 49th Street, McAllen TX 78503	(214) 914-3134
TX	Mesquite	Mark Cunningham	529 N. Galloway Ave., Ste. 16 Mesquite, Texas 75149	972-754-5130
TX	Plano	Carey Chaffin	3611 14th Street, Suite 170 Plano TX 75074	214-336-6188
TX	San Antonio	Jose Alonso	2525 Jackson Keller Rd. San Antonio, TX 78230	(915) 526-4439
TX	San Antonio	Jason Lawhorn	7519 Marbach #102 San Antonio TX	(210) 376-7983
TX	San Antonio	Matt Strange	210 Royal Oaks Dr. San Antonio TX 78209	210-379-8804
TX	San Antonio	David Levenhagen	1552 Babcock Rd, San Antonio, TX 78258	913 626 1821
TX	Temple	Joe Fugitt	1516 S. 31 St., Temple TX	(254) 226-1605
TX	Temple	Joe Fugitt	10 Olaf Drive Temple TX	(254) 226-1605
UT	Midvale	David Royster	48 W 7200 S, Midvale, UT 84047	385-557-4665
WA	Vancouver	Heidi Boehme	8109 NE Vancouver Mall Drive, Washington 98662	(503) 702-2925

**Franchise Agreement Signed But Outlet Not Yet Open (as of 12/31/~~2023~~2024):**

State	City	Franchisee Name	Address	Phone
AR	Little Rock	Creighton Ralls	139 El Dorado Dr Little Rock AR 72201	501 747-8209
AZ	Chandler	Jason Wellman	1741 W Laredo St M/S 42-F Chandler, AZ 85224	480-329-7264
<u>AZ</u>	<u>Chandler</u>	<u>Conan Gregar</u>	<u>19901 Flagstone Ln Chandler AZ 92646</u>	<u>310 780 1651</u>
AZ	Phoenix	Hatem Sabawi	3307 W Saint Anne Ave. Phoenix, AZ 85041	858-945-0333
AZ	Phoenix	Joshua Smith	13334 W Jesse Red Dr. Phoenix, AZ 85383	(719) 201-6490
AZ	Phoenix	Alex Broderick	Phoenix AZ	(414) 807-5830
AZ	<del>Tempe</del> <u>Queen Creek</u>	<del>Stephanie Edwards</del> <del>Mae Wen</del>	<del>1445 E Broadway Rd Unit 204</del> <del>Tempe AZ 85282</del> <u>1881 SOUTH 187TH WAY Queen Creek AZ 85142</u>	<del>(480) 937-7345</del> <u>678 635 6080</u>
CA	<del>Acampo, CA</del> <u>Agua Dulce</u>	<del>Vincent DeCenzo</del> <del>Lincoln Orellana</del>	<del>22647 N Peltier Ct Acampo, CA 95220</del> <u>9919 White Fox Lane Agua Dulce CA 91390</u>	<del>951-255-9464</del> <u>(661) 733-7187</u>
CA	Coronado	Zac Armstrong	102 Trinidad Bend Coronado, CA 92118	850-748-3684
<u>CA</u>	<u>Huntington Beach</u>	<u>John Shinuda</u>	<u>19901 Flagstone Ln Huntington Beach CA 92646</u>	<u>310 780 1651</u>
CA	Manteca	Marvin Brocchini	6926 E Woodward Ave. Manteca, CA 95337	2093058028
CA	Sacramento	Orlando Batturaro	3238 DeForest Way Sacramento, CA 95816	916-834-0258
CA	San Diego	Andrew Hamelynck	2888 Luciernaga, San Diego CA 92009	858 736 4279
<u>CO</u>	<u>Aurora</u>	<u>Franklin Wanasi</u>	<u>15200 E Girard Ave ste Aurora CO 80018</u>	<u>(720) 254-0595</u>
<u>CO</u>	<u>Colorado Springs</u>	<u>Mahason Darbouze</u>	<u>6128 Shavers Dr Colorado Springs CO 80925</u>	<u>(561) 720-3629</u>
CO	Commerce City	Michelle Lee	16480 Fairway Drive, Commerce City, CO	720-434-1790
CO	Denver	Larry Hofer	8306 Zephyr Street Arvada, CO 80005	303-668-7324

CO	Denver	Andrew Henley	6705 Morrison Dr., Denver CO 80221	505-608- 1266
FL	Brandon	Rob Alfonso	949 Heritage Groves Dr Brandon, FL 33510	727-647- 3239
FL	Freeport	Efrem Rivers	158 Mill Pond Cove Freeport, Florida 62269	816-309- 1178
FL	Geneva	Colette Robertson	398 Seminole Woods Blvd, Geneva FL 32732	407.477.4450
FL	Tampa	Anthony Inniss	1215 Hillandale Reserve Dr Tampa, FL 33613	813-494- 5440
<del>GAIL</del>	<del>Milton Burr Ridge</del>	<del>Amitabh Mudaliar Manuel Lopez</del>	<del>954 Hunter Way, Milton GA 30004 8S030 South Vine St Burr Ridge IL 60527</del>	<del>770-871- 4870 312- 617-6185</del>
IN	Borden	Matthew Carter	17825 Dow Knob Road, Borden, IN 47106	502-939- 3782
IN	Indianapolis	Jigar Patel	1445 Bank Place, Indianapolis IN 46231	317 289 7729
MD	Odenton	Baljit Cheema	1303 Rome Ct., Odenton, MD 21113	240-727- 4299
<del>MD</del>	<del>Odenton</del>	<del>Derin Abass Awodeyi</del>	<del>1629 Benoli Court Odenton, MD 21113</del>	<del>(240) 581- 2586</del>
MD	Phoenix	Timothy Roberts	3504 Hampshire Glen Ct. Phoenix, Maryland 21131	410-999- 7012
MI	Lowell	Jason Langschieid	10669 Kissing Ridge Dr SE Lowell, MI 49331	619-520- 7664
MI	Northville	Navneet Gill	50509 Tamarack Trail Northville, MI 48168	734-771- 7277
<del>MI</del>	<del>Troy</del>	<del>Sandeep Hukku</del>	<del>1972 French Creek Dr Troy MI 48098</del>	<del>(847) 932- 9168</del>
MN	Dalton	Bryan Odegard	11472 Morningside Drive, Dalton MN 56324	612.804.4814
MN	Woodbury	Nick Montpetit	9111 Sierra Court Woodbury, MN 55125	651-233- 8681
NC	Charlotte	Rob Ponton	1205 Biltmore Dr Charlotte, NC 28207	919-616- 4694
NJ	Basking Ridge	Gus Bekdash	176 Smoke Rise Rd., Basking Ridge, NJ 07920	908-642- 5552
NJ	Wayne	Anil Markose	6421 S Englewood Ave., Wayne NJ 33611	(972) 800- 7856
OH	Marysville	Yuki Takahashi	1506 Asher Ct, Marysville, OH 43040	614-571- 5850
<del>OH</del>	<del>Walton Hills, OH</del>	<del>Angela Simmons</del>	<del>14180 Ryan Dr., Walton Hills, OH 44146</del>	<del>216-337- 6390</del>

OK	Lexington	Anthony Reid	15001 120th Street, Lexington OK 73051	(405) 795- 3402
PA	Sellersville	John Higgins	505 Delaware Drive, Sellersville PA 18960	609 273 7916
SC	Greenville	Rob Moser	3 Round Pond Rd Suite 100 Greenville, SC 29607	864-607- 0099
SC	MT Pleasant	John Stine	1490 Windlass Way, Mt. Pleasant SC 29466	914-960- 4914
TN	Franklin	Mike McCray	6132 Silverado Trace Franklin, TN 37064	615-260- 1101
TX	Arlington	Jason Adams	2702 Zinfandel Lane Arlington, TX 76001	817-966- 4138
TX	Austin	Joseph Shorter	14304 McCoy Loop Austin, TX 78717	813-463- 8236
TX	<del>Hurst</del> <u>Houston</u>	<del>Carlos</del> <del>Barboza</del> <u>Rocky</u> <del>Turley</del>	<del>8204 Trinity Vista Trl,</del> <del>Hurst TX 76022</del> <u>16222</u> <u>Hickory Point Road</u> <u>Houston TX 77095</u>	<del>817-714-</del> <del>9906832</del> <u>774</u> <u>7266</u>
TX	Plano	Ray Sbati	6301 Windhaven Parkway, Plano TX 75093	469-449- 5286
TX	Plano	Pravinkumar Chaudhari	3800 Pebble Creek CT, Unit#719, Plano TX 75023	(845) 866- 0763
TX	McKinney	Kevin Ng	5512 Datewood Ln, McKinney, TX 75071	214-425- 7956
TX	Richardson	Joe Mitchell	1221 Cheyenne Dr Richardson, TX 75080	(214) 642- 4226
TX	Richmond	Olufemi Olowogbade	9207 Clearwater Ranch Ln, Richmond, TX 77407	832-866- 2641
TX	Round Rock	Rick Houlihan	3401 Arrowhead Circle, Round Rock, TX 78681	512-671- 0456
TX	Spring	Jordan Smith	31303 Whispering Oaks Ln, Spring TX 77386	(609) 969- 8022
TX	Spring	Jonathan Poche	4310 Mahogany Wind LN, Spring TX 77386	(337) 962- 5535
<u>UT</u>	<u>Heber City</u>	<u>Bob</u> <u>Hammerberg</u>	<u>244 N Ibapah Peak Dr</u> <u>Heber City UT 84032</u>	<u>(319) 560-</u> <u>3199</u>
<u>VA</u>	<u>Great Falls</u>	<u>Juan Flores</u>	<u>10654 Chadwell Ct Great</u> <u>Falls VA 22066</u>	<u>(301) 219-</u> <u>6112</u>
<u>WA</u>	<u>Bothel</u>	<u>Dametra</u> <u>Johnson-Marletti</u>	<u>18333 32nd Avenue SE</u> <u>Bothel WA 98012</u>	<u>(213) 361-</u> <u>7391</u>

## EXHIBIT H

### **FORMER FRANCHISEES** (For the fiscal year ended 12/31/~~2023~~2024)

The following is a list of the names of all Franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### California

<u>CA</u>	<u>Long Beach</u>	<u>MILISSA DOUPONCE</u>	<u>601 E 7th Street Long Beach CA</u>	<u>(310) 425-2162</u>
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(Transfer)

#### **Maryland**

<u>MD</u>	<u>Capitol Heights</u> <u>Rockville</u>	<u>Paul Perry</u> <u>Elmer Rivero</u>	<u>180 Rollins Ave</u> <u>Rockville, MD 208521434</u> <u>Addison Road South, Capitol Heights MD</u>	<u>240-252-9173(202)</u> <u>491-9944</u>
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(Terminated)

#### North Carolina

<u>NC</u>	<u>Cary</u>	<u>Collis Jackson</u>	<u>107 Fairchild Downs Place</u> <u>Cary, NC 27518</u>	<u>919-617-6544</u>
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(Transfer)

(Abandoned Business, bankruptcy)

#### **Texas**

<u>TX</u>	<u>Dallas</u> <u>Haltom City</u>	<u>Jonathan Swartz</u> <u>Stephen Vaughn</u>	<u>6805 Main Street, The Colony</u> <u>TX 752483534 Denton Hwy</u> <u>Haltom City, 76117</u>	<u>(972) 742-7573</u> <u>817-412-0010</u>
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(Transfer)

<u>TX</u>	<u>Plano</u>	<u>Pravinkumar Chaudhari</u>	<u>3800 Pebble Creek CT,</u> <u>Unit#719 Plane TX 75023</u>	<u>(845) 866-0763</u>
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(Never opened)

**EXHIBIT I**

**FINANCIAL STATEMENTS**

The following statement applies to the unaudited portion of the financial statements which follows:

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

## Wavemax Franchise LLC

### Balance Sheet

As of June 30, 2024

UNAUDITE

D

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
10000 Checking 7287	108,121.96
10010 Checking 7274 (Operating)	11,094.40
10030 NAVY FEDERAL CU Checking	271,443.48
10040 NAVY FEDERAL CU Savings	308,228.77
10050 Checking 9800 (Escrow Account)	100.00
<b>Total Bank Accounts</b>	<b>\$698,988.61</b>
Accounts Receivable	
<del>11999 Accounts Receivable</del>	105,015.00
<b>Total Accounts Receivable</b>	<b>\$105,015.00</b>
Other Current Assets	
12500 Deferred Commission - Current Portion	593,941.18
<b>Total Other Current Assets</b>	<b>\$593,941.18</b>
<b>Total Current Assets</b>	<b>\$1,397,944.79</b>
Fixed Assets	
15000 Furniture and Fixtures	4,910.00
16000 Accumulated Depreciation	-4,910.00
<b>Total Fixed Assets</b>	<b>\$0.00</b>
Other Assets	
13000 Deferred Commissions - Net of current portion	4,008,412.80
<b>Total Other Assets</b>	<b>\$4,008,412.80</b>
<b>TOTAL ASSETS</b>	<b>\$5,406,357.59</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
20002 BoA Bus. Advantage 2154	3,061.58
20003 Citi Bus AAdvantage Card 7114	737.08
<b>Total Credit Cards</b>	<b>\$3,798.66</b>
Other Current Liabilities	
22000 Accrued Expenses	53,110.47
25000 Deferred Franchise Fee - Current Portion	779,105.48
<b>Total Other Current Liabilities</b>	<b>\$832,215.95</b>
<b>Total Current Liabilities</b>	<b>\$836,014.61</b>
Long-Term Liabilities	
27000 Deferred Franchise Fee - Net of Current Portion	5,999,830.22
<b>Total Long-Term Liabilities</b>	<b>\$5,999,830.22</b>
<b>Total Liabilities</b>	<b>\$6,835,844.83</b>

## Wavemax Franchise LLC

### Balance Sheet

As of June 30, 2024

	TOTAL
Equity	
30010 Capital Stock	100.00
31500 Distribution	-313,952.72
32000 Retained Earnings	-1,434,903.63
Net Income	319,269.11
<b>Total Equity</b>	<b>\$ -1,429,487.24</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,406,357.59</b>

## Wave Max Franchise LLC

Profit Loss  
January - June, 2024  
UNAUDITED

	TOTAL
<b>Income</b>	
40000 Franchise Revenue Sharing	383,553.80
41000 Royalty Revenue Sharing	665,834.09
45000 Interest Income	278.25
47000 Management Project Revenue	195,000.00
<b>Total Income</b>	<b>\$1,244,666.14</b>
<b>Expenses</b>	
51000 Automobile	0.00
51010 Parking	124.00
51030 Gasoline	2,567.52
<del>51040 Maintenance</del>	<del>279.21</del>
<b>Total 51000 Automobile</b>	<b>2,970.73</b>
52000 Bank Charges	36.06
52010 External Transfer Fee	5.00
52020 Wire Transfer Fee	73.00
<b>Total 52000 Bank Charges</b>	<b>114.06</b>
52200 Charitable Contributions	824.90
52500 Computer Software	134.00
54000 Dues & Memberships	21,848.00
55000 Filing Fees	3,482.01
56000 Insurance	26,897.09
57800 Management Fees	2,485.60
59000 Office Supplies	128.99
60000 Payroll	146,000.00
61000 Payroll Taxes	16,377.00
62000 Postage & Shipping	60.70
63000 Professional Fees	0.00
63010 Accountant	11,000.00
63020 Commissions	296,184.28
63021 Sales Representation Fee	11,600.00
<b>Total 63020 Commissions</b>	<b>307,784.28</b>
63025 Consultant Fee	39,687.50
63027 Convention Registration Fee	335.25
63030 Legal	10,372.99
63040 Payroll Processing Fees	1,223.01
63068 Surety Bond Fee	5,000.00
63090 Website Maintenance	71.94
<b>Total 63000 Professional Fees</b>	<b>375,474.97</b>
64300 Royalty Sharing Payment	296,334.42
65500 Taxes	4,642.00
66000 Telephone	772.99

## Wave Max Franchise LLC

### Profit Loss

January - June, 2024

	TOTAL
67000 Travel	0.00
67010 Car Rental	377.01
67020 Flights	3,297.63
67030 Hotel	888.97
67040 Meals	794.64
67060 Taxi	102.46
67070 Toll	309.70
67090 Airport Fee	29.03
<b>Total 67000 Travel</b>	<b>5,799.44</b>
71000 E-Mail System	7,512.60
<del>79999 Retirement 401K</del>	<del>14,760.00</del>
<b>Total Expenses</b>	<b>\$926,619.50</b>
NET OPERATING INCOME	<b>\$318,046.64</b>
Other Income	
46000 Other Income	379.00
48000 Cash Back Rewards	843.47
<b>Total Other Income</b>	<b>\$1,222.47</b>
NET OTHER INCOME	<b>\$1,222.47</b>
NET INCOME	<b>\$319,269.11</b>

**WaveMAX Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2024 and 2023**

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**Metwally CPA PLLC**  
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**Independent Auditor's Report**

To the members of  
WaveMAX Franchise, LLC

**Opinion**

We have audited the accompanying financial statements of WaveMAX Franchise, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WaveMAX Franchise, LLC as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WaveMAX Franchise, LLC 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 Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Bedford, Texas  
March 19, 2025

**WaveMAX Franchise, LLC**  
**Balance Sheets**  
**December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 655,794	\$ 776,071
Accounts receivable	202,230	105,015
Deferred commissions - current portion	620,907	553,811
<b>Total Current Assets</b>	<b>1,478,931</b>	<b>1,434,897</b>
<b>Non-Current Assets</b>		
Deferred commissions - net of current portion	4,136,703	4,109,580
<b>Total Non-Current Assets</b>	<b>4,136,703</b>	<b>4,109,580</b>
<b>Total Assets</b>	<b>\$ 5,615,634</b>	<b>\$ 5,544,477</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 73,909	\$ 56,749
Deferred revenue - current portion	848,288	767,107
<b>Total Current Liabilities</b>	<b>922,197</b>	<b>823,856</b>
<b>Non-Current Liabilities</b>		
Deferred revenue - net of current portion	6,089,212	6,155,425
<b>Total Non-Current Liabilities</b>	<b>6,089,212</b>	<b>6,155,425</b>
<b>Total Liabilities</b>	<b>7,011,409</b>	<b>6,979,281</b>
<b>Members' Equity (Deficit)</b>		
Members' equity (deficit)	(1,395,775)	(1,434,804)
<b>Total Members' Equity (Deficit)</b>	<b>(1,395,775)</b>	<b>(1,434,804)</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<b>\$ 5,615,634</b>	<b>\$ 5,544,477</b>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Royalties	\$ 1,395,622	\$ 1,073,425
Initial franchise fees	796,842	731,458
Gross sales rebates	429,000	351,000
Other revenue	7,002	16,223
<b>Total Revenue</b>	<u><b>2,628,466</b></u>	<u><b>2,172,106</b></u>
<b>Operating Expenses</b>		
Royalties expenses	685,000	579,128
Commissions	576,741	527,889
General and administrative	379,192	386,675
Wages and salaries - related party	378,844	356,547
Management fees - related party	60,000	60,000
Depreciation	-	643
<b>Total Operating Expenses</b>	<u><b>2,079,776</b></u>	<u><b>1,910,882</b></u>
<b>Other Income/(Expenses)</b>		
Interest income	-	607
<b>Total Other Income/(Expenses)</b>	<u><b>-</b></u>	<u><b>607</b></u>
<b>Net Income (Loss)</b>	<u><b>\$ 548,689</b></u>	<u><b>\$ 261,831</b></u>

*The accompanying notes are an integral part of the financial statements.*

WaveMAX Franchise, LLC  
Statements of Members' Equity (Deficit)  
Years Ended December 31, 2024 and 2023

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<b>Members' Equity (Deficit) At December 31, 2022</b>	<b><u>\$ (1,700,033)</u></b>
Net income (loss)	261,831
Members' contributions	3,882
Members' distributions	(484)
<b>Members' Equity (Deficit) At December 31, 2023</b>	<b><u>\$ (1,434,804)</u></b>
Net income (loss)	548,689
Members' contributions	1,310
Members' distributions	(510,970)
<b>Members' Equity (Deficit) At December 31, 2024</b>	<b><u>\$ (1,395,775)</u></b>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities:</b>		
Net income / (loss)	\$ 548,689	\$ 261,831
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	-	643
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(97,215)	(19,508)
Deferred commission	(94,219)	(209,155)
Accounts payable and accrued liabilities	17,160	8,998
Deferred revenue	14,968	227,642
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u><b>389,383</b></u>	<u><b>270,450</b></u>
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Members' contributions	1,310	3,882
Members' distributions	(510,970)	(484)
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<u><b>(509,660)</b></u>	<u><b>3,398</b></u>
<b>Net Change In Cash And Cash Equivalents During The Year</b>	<u><b>(120,277)</b></u>	<u><b>273,848</b></u>
Cash and cash equivalents - beginning of the year	776,071	502,223
<b>Cash And Cash Equivalents - End of The Year</b>	<u><b>\$ 655,794</b></u>	<u><b>\$ 776,071</b></u>

The accompanying notes are an integral part of the financial statements.

**WaveMAX Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2024 and 2023**

**1. COMPANY AND NATURE OF OPERATIONS**

WaveMAX Franchise, LLC (the Company) was formed on April 4, 2016, and is registered with the State of Florida as a limited liability Company. The principal objective of the Company is to enter into franchise agreements with unit franchisees or area representatives. Unit franchisee agreements provide the use of the name, trademarks, business model, and expertise to franchisees who will make use of such resources to operate a laundromat business under the name "WaveMAX Laundry" as defined in a franchise agreement.

The Company entered into franchise agreements and received initial franchise fees for 14 units during 2024 and 13 units during 2023 in addition to the 93-unit agreements in place on December 31, 2022. Once operational, each franchised unit is subject to certain royalty terms and conditions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts Receivable arise primarily from royalties and gross sales rebates and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2024 and 2023 .

**D. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

#### **E. Federal Income Taxes**

The Company has elected to be taxed for U.S. Federal, and to the extent applicable, U.S. State purposes under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, federal income tax liabilities relating to the Company's profits are the members' responsibility; therefore, no provision has been made for federal income taxes.

#### **F. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

#### **G. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

#### **H. Revenue Recognition**

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation.

#### Franchise Fees

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically 10-20 years. This performance obligation is satisfied over the renewal term, which is typically 10-20 years, while payment is fixed and due at the time the renewal is signed.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company

collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

#### Gross sales rebates

The Company receives vendor rebates primarily from laundry equipment. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

#### Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

#### **I. Royalty Expense**

In exchange for an initial franchise fee, area representatives receive 50% of the net initial franchise fees for each franchisee they recruit in their area and 50% of the net royalties collected from operation franchise locations within the territory. Royalties' fees are charged to operations when incurred.

#### **J. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

#### **K. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

#### **L. Reclassifications**

Certain reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation. There were no changes to previously reported members' equity or net income as a result of the reclassifications.

### 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024 and 2023 the Company's cash balance exceeded the FDIC insurance limit by \$154,718 and \$174,323, respectively.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024 and 2023 the Company had approximately \$655,794 and \$776,071 in cash in its bank accounts.

### 4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2024 and 2023, accounts receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Royalties' receivable	\$ 124,230	\$ 105,015
Gross sales rebates receivable	78,000	-
<b>Total Accounts Receivable</b>	<b>\$ 202,230</b>	<b>\$ 105,015</b>

### 5. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the Company paid management fees of \$60,000 and \$60,000 respectively to Gilded Business Management Corporation, a related party owned by the members of the Company.

During the years ended December 31, 2024 and 2023, the Company paid wages to the members in an aggregate amount of \$378,844 and \$356,547 respectively.

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Revenue recognized over time	\$ 796,842	\$ 731,458
Revenue recognized at a point in time	<u>1,831,624</u>	<u>1,440,648</u>
<b>Total Revenue</b>	<b>\$ 2,628,466</b>	<b>\$ 2,172,106</b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 4,663,391	\$ 4,454,236
Additional deferred expenses	670,960	737,044
Expenses recognized – additional deferred expenses	<u>(576,741)</u>	<u>(527,889)</u>
<b>Deferred expenses</b>	<b>4,757,610</b>	<b>4,663,391</b>
Less: current maturities	<u>(620,907)</u>	<u>(553,811)</u>
<b>Deferred Expenses, net of current maturities</b>	<b>\$ 4,136,703</b>	<b>\$ 4,109,580</b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2024 and 2023 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 6,922,532	\$ 6,694,890
Additional deferred revenue	811,810	959,100
Revenue recognized – additional deferred revenue	<u>(796,842)</u>	<u>(731,458)</u>
<b>Deferred revenue</b>	<b>6,937,500</b>	<b>6,922,532</b>
Less: current maturities	<u>(848,288)</u>	<u>(767,107)</u>
<b>Deferred Revenue, net of current maturities</b>	<b>\$ 6,089,212</b>	<b>\$ 6,155,425</b>

## 7. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2024 and 2023, were \$258 and \$0 respectively, included in the general and administrative expenses on the accompanying statements of operations. These costs were expensed as incurred.

**8. DEFINED CONTRIBUTION PLANS – 401(K)**

The Company provides a Section 401(k) defined contribution. For the years ended December 31, 2024 and 2023 the Company paid \$44,000 and \$201,608 respectively, in employer contributions into the plan which are included in the wages and salaries expenses on the accompanying statements of operations.

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 19, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**WaveMAX Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2023 and 2022**

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### **Independent Auditor's Report**

To the members of  
WaveMAX Franchise, LLC  
Jacksonville, Florida

#### **Opinion**

We have audited the accompanying financial statements of WaveMAX Franchise, LLC (a Florida Limited Liability Company), which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WaveMAX Franchise, LLC 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 Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Bedford, Texas  
March 06, 2024

**WaveMAX Franchise, LLC**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 776,071	\$ 502,223
Accounts receivable	105,015	85,506
Deferred commissions - current portion	553,811	490,860
<b>Total Current Assets</b>	<b>1,434,897</b>	<b>1,078,589</b>
<b>Non-Current Assets</b>		
Property and equipment, net	-	643
Deferred commissions - net of current portion	4,109,580	3,963,376
<b>Total Non-Current Assets</b>	<b>4,109,580</b>	<b>3,964,019</b>
<b>Total Assets</b>	<b>\$ 5,544,477</b>	<b>\$ 5,042,608</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 56,749	\$ 47,751
Deferred revenue, current portion	767,107	682,448
<b>Total Current Liabilities</b>	<b>823,856</b>	<b>730,199</b>
<b>Non-Current Liabilities</b>		
Deferred revenue, net of current portion	6,155,425	6,012,442
<b>Total Non-Current Liabilities</b>	<b>6,155,425</b>	<b>6,012,442</b>
<b>Total Liabilities</b>	<b>6,979,281</b>	<b>6,742,641</b>
<b>Members' Equity (Deficit)</b>		
Members' equity (deficit)	(1,434,804)	(1,700,033)
<b>Members' Equity (Deficit)</b>	<b>(1,434,804)</b>	<b>(1,700,033)</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<b>\$ 5,544,477</b>	<b>\$ 5,042,608</b>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Initial franchise fees	\$ 731,458	\$ 632,222
Royalties	1,073,425	764,068
Gross sales rebates	351,000	345,897
Other revenue	16,223	12,629
<b>Total Revenue</b>	<b><u>2,172,106</u></b>	<b><u>1,754,815</u></b>
<b>Operating Expenses</b>		
Commissions	527,889	449,824
Management fees - related party	60,000	60,000
Wages and salaries - related party	356,547	401,750
Depreciation	643	702
Royalties expenses	579,128	410,063
General and administrative	386,675	364,789
<b>Total Operating Expenses</b>	<b><u>1,910,882</u></b>	<b><u>1,687,128</u></b>
<b>Other Income/(Expenses)</b>		
Interest income	607	300
<b>Total Other Income/(Expenses)</b>	<b><u>607</u></b>	<b><u>300</u></b>
<b>Net Income (Loss)</b>	<b><u>\$ 261,831</u></b>	<b><u>\$ 67,687</u></b>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Members' Equity (Deficit)**  
**Years Ended December 31, 2023 and 2022**

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<b>Members' Equity (Deficit) At December 31, 2021</b>	<u>\$ (1,767,567)</u>
Net income (loss)	67,687
Members' distributions	(153)
<b>Members' Equity (Deficit) At December 31, 2022</b>	<u>\$ (1,700,033)</u>
Net income (loss)	261,831
Members' contributions	3,882
Members' distributions	(484)
<b>Members' Equity (Deficit) At December 31, 2023</b>	<u>\$ (1,434,804)</u>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
Net income / (loss)	\$ 261,831	\$ 67,687
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	643	702
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(19,508)	(73,031)
Deferred commission	(209,155)	(403,737)
Accounts payable and accrued liabilities	8,998	44,773
Deferred revenue	227,642	440,441
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>270,450</u>	<u>76,835</u>
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Members' contributions	3,882	-
Members' distributions	(484)	(153)
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<u>3,398</u>	<u>(153)</u>
<b>Net Change In Cash And Cash Equivalent During The Year</b>	<u>273,848</u>	<u>76,682</u>
Cash - beginning of the year	502,223	425,541
<b>Cash And Cash Equivalent - End Of The Year</b>	<u>\$ 776,071</u>	<u>\$ 502,223</u>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2023 and 2022**

**1. COMPANY AND NATURE OF OPERATIONS**

WaveMAX Franchise, LLC (the "Company") was formed on April 4, 2016, and is registered with the State of Florida as a limited liability Company. The principal objective of the Company is to enter into franchise agreements with unit franchisees or area representatives. Unit franchisee agreements provide the use of the name, trademarks, business model, and expertise to franchisees who will make use of such resources to operate a laundromat business under the name "WaveMAX Laundry" as defined in a franchise agreement. Area representative agreements offer area representatives a specific territory in which they recruit and support WaveMAX unit franchise owners. The Company maintains its corporate office in Jacksonville, Florida.

The Company entered into franchise agreements and received initial franchise fees for 13 units during 2023 and 28 units during 2022 in addition to the 65-unit agreements in place on December 31, 2021. Once operational, each franchised unit is subject to certain royalty terms and conditions. During 2023 the Company enters into 1 new area representative agreement. There were 14 area agreements in place on December 31, 2023. In exchange for an initial franchise fee, area representatives receive 50% of the net initial franchise fees for each franchisee they recruit in their area and 50% of the net royalties collected from operation franchise locations within the territory.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts Receivable arise primarily from notes receivable and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2023 and 2022.

#### **D. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

#### **E. Federal Income Taxes**

The Company has elected to be taxed for U.S. Federal, and to the extent applicable, U.S. State purposes under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, federal income tax liabilities relating to the Company's profits are the members' responsibility; therefore, no provision has been made for federal income taxes.

#### **F. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn't exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

#### **G. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

#### **H. Revenue Recognition**

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation.

#### **Franchise Fees**

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically 10-20 years. This performance obligation is satisfied over the renewal term, which is typically 10-20 years, while payment is fixed and due at the time the renewal is signed.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

#### Gross sales rebates

The Company receives vendor rebates primarily from laundry equipment. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

#### Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

#### **I. Royalty Expense**

In exchange for an initial franchise fee, area representatives receive 50% of the net initial franchise fees for each franchisee they recruit in their area and 50% of the net royalties collected from operation franchise locations within the territory. Royalties fees are charged to operations when incurred.

#### **J. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

#### **K. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

#### **L. Reclassifications**

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation. There were no changes to previously reported members' equity or net income as a result of the reclassifications.

### 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023 and 2022 the Company's cash balance exceeded the FDIC insurance limit by \$174,323 and \$1,015, respectively.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2023 and 2022 the Company had approximately \$776,071 and \$502,223 in cash in its bank accounts.

### 4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2023 and 2022, Accounts Receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Royalties' receivable	\$ 105,015	\$ 85,506
<b>Total Accounts Receivables</b>	<b>\$ 105,015</b>	<b>\$ 85,506</b>

### 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consist of the following.

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 4,910	\$ 4,910
Less: accumulated depreciation	(4,910)	(4,267)
<b>Property and Equipment, net</b>	<b>\$ -</b>	<b>\$ 643</b>

Depreciation expenses for the years ended December 31, 2023 and 2022 were \$643 and \$702 respectively.

### 6. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022 the Company paid management fees of \$60,000 and \$60,000 respectively to Gilded Business Management Corporation, a related party owned by the members of the Company.

During the years ended December 31, 2023 and 2022 the Company paid wages to the members in an aggregate amount of \$356,547 and \$401,750 respectively.

## 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time	\$ 731,458	\$ 632,222
Revenue recognized at a point in time	<u>1,440,648</u>	<u>1,122,594</u>
<b>Total Revenue</b>	<b><u>\$ 2,172,106</u></b>	<b><u>\$ 1,754,815</u></b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 4,454,236	\$ 4,050,499
Additional deferred expenses	737,044	853,561
Expenses recognized – additional deferred expenses	<u>(527,889)</u>	<u>(449,824)</u>
<b>Deferred expenses</b>	<b>4,663,391</b>	<b>4,454,236</b>
Less: current maturities	<u>(553,811)</u>	<u>(490,860)</u>
<b>Deferred Expenses, net of current maturities</b>	<b><u>\$ 4,109,580</u></b>	<b><u>\$ 3,963,376</u></b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2023 and 2022 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 6,694,890	\$ 6,254,449
Additional deferred revenue	959,100	1,072,663
Revenue recognized – additional deferred revenue	<u>(731,458)</u>	<u>(632,222)</u>
<b>Deferred revenue</b>	<b>6,922,532</b>	<b>6,694,890</b>
Less: current maturities	<u>(767,107)</u>	<u>(682,448)</u>
<b>Deferred Revenue, net of current maturities</b>	<b><u>\$ 6,155,425</u></b>	<b><u>\$ 6,012,442</u></b>

## 8. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2023 and 2022, were \$0 and \$5,588 respectively.

**9. DEFINED CONTRIBUTION PLANS – 401(K)**

The Company provides a Section 401(k) defined contribution. For the years ended December 31, 2023 and 2022 the Company paid \$201,608 and \$59,344 respectively, in employer contributions into the plan which are included in the wages and salaries expenses on the accompanying statements of operations.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 06, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**WaveMAX Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2022 and 2021**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

4500 Mercantile Plaza Dr STE 300, Fort Worth TX 76137

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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**Independent Auditor's Report**

To the members of  
WaveMAX Franchise, LLC  
Jacksonville, Florida

**Opinion**

We have audited the accompanying financial statements of WaveMAX Franchise, LLC (a Florida Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WaveMAX Franchise, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WaveMAX Franchise, LLC 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.

**Other Matter**

The financial statements of the Company as of and for the year ended December 31, 2021 were audited by other auditors whose report, dated February 17, 2022, expressed an unmodified opinion on those statements.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Fort Worth, Texas  
April 05, 2023

**WaveMAX Franchise, LLC**  
**Balance Sheets**  
**December 31, 2022 and 2021**

	<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>			
Cash and cash equivalents		\$ 502,223	\$ 425,541
Accounts receivable		85,506	12,475
Deferred commissions - current portion		490,860	406,062
<b>Total Current Assets</b>		<b>1,078,589</b>	<b>844,078</b>
<b>Non-Current Assets</b>			
Property and equipment, net		643	1,345
Deferred commissions - net of current portion		3,963,376	3,644,437
<b>Total Non-Current Assets</b>		<b>3,964,019</b>	<b>3,645,782</b>
<b>Total Assets</b>		<b>\$ 5,042,608</b>	<b>\$ 4,489,860</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 47,751	\$ 2,978
Deferred revenue - current portion		682,448	575,181
<b>Total Current Liabilities</b>		<b>730,199</b>	<b>578,159</b>
<b>Non-Current Liabilities</b>			
Deferred revenue - net of current portion		6,012,442	5,679,268
<b>Total Non-Current Liabilities</b>		<b>6,012,442</b>	<b>5,679,268</b>
<b>Total Liabilities</b>		<b>6,742,641</b>	<b>6,257,427</b>
<b>Members' Equity (Deficit)</b>			
Members' equity (deficit)		(1,700,033)	(1,767,567)
<b>Members' Equity (Deficit)</b>		<b>(1,700,033)</b>	<b>(1,767,567)</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>		<b>\$ 5,042,608</b>	<b>\$ 4,489,860</b>

The accompanying notes are an integral part of the financial statements.

**WaveMAX Franchise, LLC**  
**Statements Of Operations**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Initial franchise fees	\$ 632,222	\$ 511,231
Royalties	764,068	451,237
Program fees	345,897	-
Other revenue	12,629	538
<b>Total Revenue</b>	<b><u>1,754,815</u></b>	<b><u>963,006</u></b>
<b>Operating Expenses</b>		
Commissions	449,824	356,561
Management fees - related party	60,000	60,000
Wages and salaries - related party	401,750	187,399
Depreciation	702	702
General and administrative	774,852	556,215
<del>Total Operating Expenses</del>	<del><u>1,687,128</u></del>	<del><u>1,160,878</u></del>
<b>Other Income/(Expenses)</b>		
Interest income	300	17
<b>Total Other Income/(Expenses)</b>	<b><u>300</u></b>	<b><u>17</u></b>
<b>Net Income (Loss)</b>	<b><u>\$ 67,687</u></b>	<b><u>\$ (197,871)</u></b>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Members' Equity (Deficit)**  
**Years Ended December 31, 2022 and 2021**

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<b>Members' Equity (Deficit)At December 31, 2020</b>	<b>\$ (1,569,696)</b>
Net income (loss)	<u>(197,871)</u>
<b>Members' Equity (Deficit)At December 31, 2021</b>	<b><u>(1,767,567)</u></b>
Net income (loss)	67,687
Members' distributions	(153)
<b>Members' Equity (Deficit)At December 31, 2022</b>	<b><u>\$ (1,700,033)</u></b>

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*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Net income / (loss)	\$ 67,687	\$ (197,871)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	702	701
Bad debt	-	25,000
<b>Change in operating activities</b>		
Change in accounts receivable	(73,031)	50,000
Change in deferred commission	(403,737)	(780,138)
Change in accounts payable and accrued liabilities	44,773	(1,501)
Change in deferred revenue	440,441	902,713
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>76,835</u>	<u>(1,096)</u>
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Members' distributions	(153)	-
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<u>(153)</u>	<u>-</u>
<b>Net Change In Cash And Cash Equivalent During The Year</b>	<u>76,682</u>	<u>(1,096)</u>
Cash - beginning of the year	425,541	426,637
<b>Cash And Cash Equivalent - End Of The Year</b>	<u>\$ 502,223</u>	<u>\$ 425,541</u>

*The accompanying notes are an integral part of the financial statements.*

**WaveMAX Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2022 and 2021**

**1. COMPANY AND NATURE OF OPERATIONS**

WaveMAX Franchise, LLC (the "Company") was formed April 4, 2016 and is registered with the State of Florida as a limited liability Company. The principal objective of the Company is to enter into franchise agreements with unit franchisees or area representatives. Unit franchisee agreements provide the use of the name, trademarks, business model, and expertise to franchisees who will make use of such resources to operate a laundromat business under the name "WaveMAX Laundry" as defined in a franchise agreement. Area representative agreements offer area representatives a specific territory in which they recruit and support WaveMAX unit franchise owners. The Company maintains its corporate office in Jacksonville, Florida.

The Company entered into franchise agreements and received initial franchise fees for 28 units during 2022 and 27 units during 2021 in addition to the 38-unit agreements in place at December 31, 2020. Once operational, each franchised unit is subject to certain royalty terms and conditions. During 2022 the Company did not enter into any new area representative agreements. There were 13 area agreements in place at December 31, 2022. In exchange for an initial franchise fee, area representatives receive 50% of the net initial franchise fees for each franchisee they recruit in their area and 50% of the net royalties collected from operation franchise locations within the territory.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts Receivable arise primarily from notes receivable and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2022.

**D. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

#### **E. Federal Income Taxes**

The Company is a limited liability Company and has elected to be taxed as an S Corporation, accordingly, no provision is made for federal income taxes because the income or loss of the Company is included in the individual tax returns of its members.

#### **F. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn't exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

#### **G. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

#### **H. Revenue Recognition**

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation.

#### Franchise Fees

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically 10 years. This performance obligation is satisfied over the renewal term, which is typically 10 years, while payment is fixed and due at the time the renewal is signed.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company

collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

#### Management Program fees

The Company receives program management fees primarily from laundry equipment sale package to franchisees. These management fees are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor management fees is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

#### Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. ~~As such, direct franchise license costs are recognized over the franchise and renewal term,~~ which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

#### **I. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

#### **J. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

#### **K. Reclassifications**

Certain reclassifications have been made to the 2021 financial statements in order to conform to the 2022 presentation. There were no changes to previously reported member's equity or net income as a result of the reclassifications.

### **3. CASH AND CASH EQUIVALENTS**

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposits Insurance Corporation (FDIC) for up to \$250,000. On December 31, 2022 and 2021, the Company's cash balance exceed the FDIC insurance limits for one bank account by an amount of \$1,015 and \$97,823 respectively.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. For the years ended December 31, 2022 and 2021, the Company had approximately \$502,223 and \$425,541 in cash in its operating bank account respectively.

#### 4. ACCOUNTS RECEIVABLES

At the years ended December 31, 2022 and 2021, Accounts Receivables consisted of the following:

	2022	2021
Royalties receivable	\$85,506	\$12,475

Bad debt expense for the years ended December 31, 2022 and 2021 were \$0 and \$25,000 respectively.

#### 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021 consist of the following.

	2022	2021
Furniture and equipment	\$4,910	\$4,910
Less: accumulated depreciation	<u>(4,267)</u>	<u>(3,565)</u>
Property and equipment, net	\$643	\$1,345

Depreciation expenses for the years ended December 31, 2022 and 2021 were \$702 and \$702 respectively.

#### 6. FRANCHISEE SETTLEMENT

In June 2019, the Company entered into a settlement agreement with a franchisee operator of a unit franchise and an area franchise territory (the Franchisee). The settlement agreement releases the Franchisee from unpaid franchise fees of \$345,000 and provides an advance of \$25,000 to the Franchisee to be repaid upon the transfer of the unit agreement or the area representative agreement to another party. In connection with the settlement, the Company reduced accounts receivable of \$345,000 and reduced deferred franchise revenue by \$385,000 to reflect the actual franchise fees collected. During 2021 the Company charged the \$25,000 advance to bad debt expense as management no longer deemed it collectible.

#### 7. RELATED PARTY TRANSACTIONS

From time to time the members may advance funds to the Company to pay operating expenses. There were no related party advances made during the years ended December 31, 2022 or 2021.

During the years ended December 31, 2022 and 2021 the Company paid management fees of \$60,000 and \$60,000 respectively to Gilded Business Management Corporation, a related party owned by the members of the Company.

During the years ended December 31, 2022 and 2021 the Company paid wages to the members in an aggregate amount of \$401,750 and \$187,399 respectively.

## 8. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2022	2021
Revenue recognized over time	\$632,222	\$511,231
Revenue recognized at a point in time	1,122,594	451,775
<b>Total Revenue</b>	<b>\$1,754,815</b>	<b>\$963,006</b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	2022	2021
Beginning balance	\$4,050,499	\$3,270,361
Additional deferred expenses	853,561	1,136,699
Expenses recognized – additional deferred expenses	(449,824)	(356,561)
<b>Deferred expenses</b>	<b>4,454,236</b>	<b>4,050,499</b>
Less: current maturities	(490,860)	(406,062)
<b>Deferred expenses, net of current maturities</b>	<b>\$3,963,376</b>	<b>\$3,644,437</b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2022 and 2021, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2022	2021
Beginning balance	\$6,254,449	\$5,351,737
Additional deferred revenue	1,072,663	1,262,589
Revenue recognized – additional deferred revenue	(632,222)	(359,877)
<b>Deferred revenue</b>	<b>6,694,890</b>	<b>6,254,449</b>
Less: current maturities	(682,448)	(575,181)
<b>Deferred revenue, net of current maturities</b>	<b>\$6,012,442</b>	<b>\$5,679,268</b>

## 9. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2022 and 2021, were \$5,588 and \$51 respectively.

## 10. DEFINED CONTRIBUTION PLANS – 401(K)

The Company provides a Section 401(k) defined contribution. For the years ended December 31, 2022 and 2021 the Company paid \$59,344 and \$36,398, respectively, in employer contributions into the plan which are included in the wages and salaries expenses on the accompanying statements of operations.

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 05, 2023, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

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## EXHIBIT J

### AREA REPRESENTATIVE DISCLOSURES

The following is a list of the names of all current Area Representatives and the address and telephone number of each of their outlets, as of the date of this Disclosure Document.

#### Arizona

Matt Goff  
6616 S. Bridal Vail Dr.  
Gilbert, AZ, 85298  
480-250-8978

#### California

Sean Hansen  
2574 Stratford Cir  
El Dorado Hills, CA 95762  
(916) 757-3123

Jim Williams  
14426 Mansa Drive  
La Mirada, California 90638  
(562) 746-3869

#### Colorado

Thomas Lein  
6013 Alkire Ct  
Arvada, CO 80004  
303-886-8708

#### Delaware

Stephanie Lewis  
9205 Potomac School Drive  
Potomac, MD 20854  
240-706-7906

#### Georgia

Phillip Kennedy  
3307 Cranmore Chase  
Marietta, GA 30066  
(404) 372-1461

#### Illinois

Zach Carter  
20242 US Hwy 85  
Spearfish, SD 57783

605-645-4776

**Iowa**

Jeff Pogalz  
13687 Ashcroft Alcove  
Savage, MN 55378  
(952) 200-5479

**Maryland**

Stephanie Lewis  
9205 Potomac School Drive  
Potomac, MD 20854  
240-706-7906

**Michigan**

Rick Morgan  
7694 Setters Pointe Dr.  
Brighton, Michigan 48116  
(810) 335-2338

**Minnesota**

Jeff Pogalz  
13687 Ashcroft Alcove  
Savage, MN 55378  
(952) 200-5479

**North Carolina**

Shannon Michael  
3107 Saint Regis Road  
Greensboro, NC 27408  
(336) 508-5082

**Pennsylvania**

Stephanie Lewis  
9205 Potomac School Drive  
Potomac, MD 20854  
240-706-7906

**South Carolina**

Shannon Michael  
3107 Saint Regis Road  
Greensboro, NC 27408  
(336) 508-5082

**Tennessee**

Phillip Kennedy

3307 Cranmore Chase  
Marietta, GA 30066  
(404) 372-1461

**Texas**

Neal Benedict  
17419 Moreton Lane  
Spring, TX 77379  
(216) 334-4557

Caleb Allen  
1258 Bolton Ct  
Southlake TX 76092  
(817) 996-7944

John Tyrrell  
7145 Nottaway Drive  
Tyler, TX 75703  
903-372-1493

**Wisconsin**

Jeff Pogalz  
13687 Ashcroft Alcove  
Savage, MN 55378  
(952) 200-5479

**EXHIBIT K  
STATE EFFECTIVE DATES**

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

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

<b>State</b>	<b>Effective Date</b>
California	<del>August 26,</del> <del>2024</del> <u>Pending</u>
Hawaii	<del>October 1,</del> <del>2024</del> <u>Pending</u>
Illinois	<del>August 16,</del> <del>2024</del> <u>Pending</u>
Indiana	<del>April 15,</del> <del>2024</del> <u>Pending</u>
Maryland	<del>September 6,</del> <del>2024</del> <u>Pending</u>
Michigan	October 10, 2024
Minnesota	<del>September 3,</del> <del>2024</del> <u>Pending</u>
New York	<del>August 12,</del> <del>2024</del> <u>Pending</u>
North Dakota	<del>August 12,</del> <del>Pending</del> <b>2024</b>
Rhode Island	<del>August 16,</del> <del>Pending</del> <b>2024</b>
Virginia	<del>September 20,</del> <del>Pending</del> <b>2024</b>
Washington	<del>August 27,</del> <del>2024</del> <u>Pending</u>
Wisconsin	<del>August 9,</del> <del>Pending</del> <b>2024</b>

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

## EXHIBIT L

### 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 WaveMAX Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If WaveMAX Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit B.

The franchisor is WaveMAX Franchise LLC, 929 McDuff Ave. S. Suite 107 Jacksonville, FL 32065. Its telephone number is 904-880-2522.

Issuance date: April ~~10, 25, 2025~~ ~~2024 as amended July 29, 2024~~

The franchise sellers for this offering are as follows:

\_\_\_Michael Roberts, 929 McDuff Ave S Suite 107 Jacksonville, FL 32065, 904-880-2522.

\_\_\_Dennis Mulgannon, 2201 Francisco Dr. Suite 140-544, El Dorado Hills, California 95762, (408) 318-5606;

\_\_\_Geoff Batchelder, 538 Summertree Drive, Livermore, California 94551, (925)-218-2332.

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

We authorize the respective state agencies identified on Exhibit B to receive service of process for it us the particular state.

I have received a disclosure document dated April ~~10, 25, 2025~~ ~~2024 as amended July 29, 2024~~ that included the following Exhibits.

Exhibit A      State Addenda to the Disclosure Document

- Exhibit B State Administrators and Agents for Service of Process
- Exhibit C Franchise Agreement
  - Attachment 1: Franchised Business – Particulars
  - Attachment 2: Holders of Ownership Interest in the Franchisee
  - Attachment 3: Automatic Bank Draft Authorization
  - Attachment 4: Personal Guaranty
  - Attachment 5: Franchisee Disclosure Acknowledgment Statement
  - Attachment 6: Rider to Lease Agreement; Landlord’s Agreement (Laundrylux), Franchisor Waiver and Subordination Agreement with Landlord Consent (Laundrylux)
  - Attachment 7: State Addenda to the Franchise Agreement
- Exhibit D Employee Confidentiality Agreement
- Exhibit E General Release and Waiver of Claims
- Exhibit F Table of Contents of Franchise Operations Manual
- Exhibit G List of Franchisees
- Exhibit H Former Franchisees
- Exhibit I Financial Statements
- Exhibit J Area Representative Disclosures
- Exhibit K State Effective Dates
- Exhibit L Receipts

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

Franchisee Name: \_\_\_\_\_

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

Please sign, date and retain this copy for your records.

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New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- Exhibit I Financial Statements
- Exhibit J Area Representative Disclosures
- Exhibit K State Effective Dates
- Exhibit L Receipts

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

Franchisee Name: \_\_\_\_\_

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

Please sign, date, and return this copy to WaveMAX Franchise LLC, 929 McDuff Ave. S. Suite 107 Jacksonville, FL 32065