JUNK KING®

a neighborly® company

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT

JUNK KING SPV LLC
a Delaware limited liability company
1010 North University Parks Drive
Waco, TX 76707
1-888-888-JUNK
junkking@nbly.com (email)
www.junk-king.com (website)

As a franchisee you will operate a retail junk removal, dumpster, and recycling business under the name Junk King® and provide related services and products pursuant to certain standards and specifications.

The total investment necessary to begin operation of a Junk King® franchise ranges from $~~93,300~~125,400 to $~~180,000~~300,000. This includes $~~54,000~~56,250 to $~~78,000~~78,250 (for a typical territory with population of ~~450,000 – 650,000~~500,000 – 700,000 people) that must be paid to the franchisor and our affiliates.

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 to you. To discuss the availability of disclosures in different formats, contact Bradley Stevenson, 1010 North University Parks Drive, Waco, TX, 76707, (888) 888-JUNK (5865).

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

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

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

Issuance Date: April 1, ~~2024, as amended January 9,~~ 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E & F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only JUNK KING business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a JUNK KING franchisee?	Item 20 or Exhibits E & F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

2. **Mandatory Minimum Payments**. You must make minimum license fee 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. **Spousal Liability**. Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. **Sales Performance Requirement**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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.

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

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

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

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

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

(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, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(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 franchisee 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 obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

(j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
G. Mennen Williams Building, First Floor
525 West Ottawa
Lansing, Michigan 48933
Telephone: 517-373-7117

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EXHIBITS

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT M.

ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

For ease of reference in this disclosure document, the franchisor, JUNK KING SPV LLC, is referred to as "we," "us" or "Franchisor," and sometimes "Junk King", and the person who buys the franchise is referred to as "you", "your", or "Franchisee". The business that is operated under the Franchise Agreement is referred to as the "franchise" or the "Business" and the right to operate granted by the Franchise Agreement is sometimes referred to as the "license" or "franchise." If you are a legal entity, the provisions of the Franchise Agreement and related agreements apply to your owners.

This disclosure document outlines and summarizes some contractual obligations of both the Franchisor and the Franchisee which are found in the Franchise Agreement and other agreements. For ease of reference and understanding, these obligations may be paraphrased or described in general terms in this document.

The Franchisor

The Franchisor is JUNK KING SPV LLC. We are a Delaware limited liability company organized on November 16, 2022. We maintain our principal place of business at 1010 North University Parks Drive, Waco, TX, 76707. We do business under our corporate name and under the name JUNK KING®. Our agents for service of process are listed on Exhibit B.

Predecessors

Our predecessor and affiliate is Junk King Franchise Systems, LLC, a Delaware limited liability company formed on April 12, 2019 ("Predecessor"), with a principal business address at 1616 Gilbreth Road, Burlingame, CA 94010. Predecessor offered Junk King franchises from April 2020 until December 2022. From April 2019 to March 2020, it also served as the franchisor to Junk King® franchisees and area representatives in the United States that began operating prior to April 2019, providing support services to them. On January 1, 2023, all existing U.S. franchise agreements and related agreements for Junk King franchised businesses were transferred from Predecessor to us, and we became the franchisor of all existing and future Junk King franchise and related agreements (such transfer, the "Securitization Asset Transfer"). Ownership and control of the U.S. trademarks and certain intellectual property relating to the operation of Junk King businesses in the U.S. were also simultaneously transferred to us as part of the Securitization Asset Transfer. Predecessor has not offered franchises in any other line of business and it has not engaged in any other business activities.

Junk King Industries, LLC, a Delaware limited liability company ("JKI"), is another of our predecessors, which offered Junk King® franchises between July 2019 and March 2020 when it merged with and into Junk King Franchise Systems, LLC. Its principal business address was 1616 Gilbreth Road, Burlingame, CA 94010.

Junk King Franchise Systems, Inc., a California corporation formed on January 11, 2010 ("JKFSI") is another one of our predecessors. Its principal business address is 1616 Gilbreth Road, Burlingame, CA 94010. JKFSI offered Junk King® unit franchises in the United States from January 2010 to April 2019 and Junk King® area representative franchises in the United States from 2011 to 2013 and 2016 to 2017, but it no longer offers or supports franchises or has any involvement in the operation of our franchise system.

We have not had any other predecessors during the 10-year period immediately before the date of this disclosure document.

Manager

At the time of the closing of the Securitization Asset Transfer, Neighborly Company ("Manager") entered into a management agreement with us to provide the required support and services to Junk King franchisees under their franchise agreements. Manager also acts as our franchise sales agent. We will pay management fees to Manager for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

Our Business Experience

We began offering Junk King® franchises in January 2023, although our predecessors first started offering franchises for the operation of a junk removal and recycling business and related services and products pursuant to certain standards and specifications under the Junk King® marks in February 2005. We do not operate a business of the type being franchised, but our affiliate, Junk King Enterprises, LLC, a Delaware limited liability company ("JKE"), with the same principal office address as us, from time to time purchases franchised businesses from our franchisees that wish to sell their business and then it resells such businesses to our existing or new franchisees, as part of our resale program.

Other than Junk King® franchises, we have never offered any other franchises in any other line of business. We do not conduct any other business activities other than selling and supporting Junk King® franchises.

As of December 31, ~~2023~~2024, there were a total of ~~169~~172 JUNK KING franchises ~~and three affiliate-operated locations~~ in operation in the U.S.

Our Parents and Affiliates

On November 1, 2022, Viking Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Dwyer Franchising LLC d/b/a Neighborly ("Neighborly") merged with and into Junk King Holdings, LLC, a Delaware limited liability company and the parent of Predecessor, with Junk King Holdings, LLC being the surviving entity in the merger ("Merger"). As a result of the Merger, Predecessor became an indirect, wholly-owned subsidiary of Neighborly.

We are a direct, wholly-owned subsidiary of Neighborly Assetco LLC ("Parent"). The name and principal business address of each of our direct or indirect parents that exercise control over the policies and direction of the System (as defined below) are as follows:

Name of Company	**Principal Business Address**	**Ownership or Control of Company**
Nest Holdings LP ("**Nest Holdings**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. ("**KKR**")
Nest Holdings Inc. ("**Nest Holdco**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Holdings

Name of Company	Principal Business Address	Ownership or Control of Company
Nest Topco Guarantor Inc. ("**Nest Guarantor**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Holdco
Nest Topco Borrower Inc. ("**Nest Topco Borrower**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Guarantor
Nest Bidco Inc. ("**Nest Bidco**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Topco Borrower
Balcones Holdco, Inc. ("**Balcones Holdco**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Bidco
TDG Intermediate, LLC ("**Intermediate**")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Balcones Holdco
Neighborly Company ("**Manager**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Intermediate
~~Dwyer Acquisition Parent, Inc. ("**DAP**")~~	~~1010 North University Parks Drive~~ ~~Waco, Texas 76707~~	~~Wholly owned by Manager~~
TDG Holding Company ("**TDGHC**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by ~~DAP~~Manager
The Dwyer Group, Inc. ("**TDG**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by TDGHC
The Dwyer Group LLC ("**Dwyer**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by TDG
Dwyer Franchising LLC d/b/a Neighborly ("**Neighborly**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Dwyer
Neighborly SPV Guarantor LLC ("**SPV Guarantor**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Neighborly
Neighborly Issuer LLC ("**Issuer**")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by SPV Guarantor
Neighborly Assetco LLC	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Issuer

On August 31, 2021, Nest Bidco, a Delaware corporation, purchased from TDG Investment Holdings, LP all of the issued and outstanding shares of common stock of Balcones Holdco under the terms of a Stock Purchase Agreement dated June 30, 2021 by and among Nest Bidco, Balcones Holdco, and TDG Investment Holdings, LP ("KKR Acquisition"). Upon the closing of the KKR Acquisition, Nest Bidco became Balcones Holdco's and its subsidiaries' parent company. Nest Bidco is controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., which is a leading global investment firm ("KKR").

Affiliates

The following affiliates are wholly-owned direct subsidiaries of Parent and they offer franchises in the U.S. under separate franchise disclosure documents:

Since 1992, Aire Serv SPV LLC, a Delaware limited liability company ("Aire Serv"), and its predecessor (Aire Serv LLC) have offered franchises which provide installation, maintenance and repair of residential and commercial heating, ventilating and air-conditioning equipment under the name AIRE SERV®. ~~At various times since 1992, predecessor of Aire Serv also offered regional or area franchises which solicited prospective Aire Serv franchisees in selected areas and/or provided services to Aire Serv franchisees in selected areas. There are currently no Aire Serv franchisees with regional or area franchise rights, and Aire Serv's predecessor has not offered or sold any regional or area franchises since at least 2012.~~ Aire Serv maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total ~~197~~208 Aire Serv franchises in operation in the U.S. Aire Serv has never conducted business or offered franchises of the type described in this disclosure document.

Since April 2011, Dryer Vent Wizard SPV LLC, a Delaware limited liability company ("DVW") and its predecessor (Dryer Vent Wizard International LLC) have been offering franchises for the operation of businesses providing installation and repair of, and cleaning products and services for: dryer vents, bathroom vents, kitchen vents, appliances, exhaust vents, air movement systems and washing machine filters and hoses to enhance the performance and safety of clothes dryers and other household appliances to residential and commercial customers, under the Dryer Vent Wizard® name. DVW maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~147~~165 Dryer Vent Wizard franchises in operation in the U.S. DVW has never conducted business or offered franchises of the type described in this disclosure document.

Since September 2007, Five Star Painting SPV LLC, a Delaware limited liability company ("Five Star Painting"), and its predecessors (Five Star Painting, LLC and Five Star Painting, Inc.) have offered franchises which perform and provide residential and commercial painting services and other related products and services under the name Five Star Painting®. Five Star Painting maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~234~~245 Five Star Painting franchises in operation in the U.S. Five Star Painting has never conducted business or offered franchises of the type described in this disclosure document. On March 25, 2016, ProTect Painters International, LLC ("ProTect Painters"), a Michigan limited liability company, merged with and into Five Star Painting's predecessor, with Five Star Painting's predecessor being the surviving entity in the merger (the "Merger"). As a result of the Merger, Five Star Painting's predecessor offered, and now Five Star Painting offers, franchises under both, the Five Star Painting marks and the ProTect Painters marks. As of December 31, ~~2023~~2024, there were two ProTect Painters franchises in the U.S.

Since March 2004, Glass Doctor SPV LLC, a Delaware limited liability company ("Glass Doctor"), and its predecessor (Synergistic International, LLC) have offered franchises that repair and replace auto and/or flat glass under the name GLASS DOCTOR®. From 1977 to March 2004, Glass Doctor's predecessors offered similar franchises. Glass Doctor maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~165~~171 Glass Doctor franchises in operation in the U.S. Glass Doctor has never conducted business or offered franchises of the type described in this disclosure document.

Since April 2010, The Grounds Guys SPV LLC, a Delaware limited liability company ("Grounds Guys"), and its predecessor (The Grounds Guys LLC) have offered franchises which perform and provide commercial, residential and municipal property maintenance, landscaping and hardscaping services, snow and ice maintenance services, trash and debris removal, arboriculture services, lawn renovation, turf care services and other related products and services under the name The Grounds Guys®. Grounds Guys maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~225~~228 The Grounds Guys franchises in operation in the U.S. Grounds Guys has never conducted business or offered franchises of the type described in this disclosure document.

Since 1979, HouseMaster SPV LLC, a Delaware limited liability company ("HMS"), and its predecessors (HM Services, LLC) have been offering franchises for the operation of a building inspection and related services business under the HouseMaster™ trademark. HMS maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~242~~235 HouseMaster franchises in operation in the U.S. HMS has never conducted business or offered franchises of the type described in this disclosure document.

Since January 2023, Lawn Pride SPV LLC, a Delaware limited liability company ("LAP") has been offering franchises for the operation of a business that provides lawn care and maintenance services through the application of fertilizer and other products, perimeter pest control services, and performance of related services including fungus control and prevention, grub treatments, aeration, mole control, and tree and shrub feeding and insect control (but specifically excluding mosquito or other flying pest, tick and flea control services), to both residential and commercial customers under the Lawn Pride trademark. LAP maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were ~~five~~35 Lawn Pride franchised outlets and one affiliate-operated Lawn Pride business in operation in the U.S. LAP has never conducted business or offered franchises of the type described in this disclosure document.

Since May 1984, Molly Maid SPV LLC, a Delaware limited liability company ("Molly Maid"), and its predecessors (Molly Maid LLC and Molly Maid, Inc.) have offered franchises for the operation of businesses that offer professional residential housekeeping services as well as a carpet cleaning program under the name Molly Maid®. Molly Maid maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~464~~448 Molly Maid franchises in operation in the United States and Puerto Rico. Molly Maid has never conducted business or offered franchises of the type described in this disclosure document.

Since 2012, Mosquito Joe SPV LLC, a Delaware limited liability company ("MoJo"), and its predecessor (Mosquito Joe Franchising, LLC) have been offering franchises for the operation of businesses providing services and equipment to both residential and commercial customers to control undesirable outdoor insects, such as mosquitoes, ticks and fleas, under the Mosquito Joe® name. MoJo maintains its principal business address at 4490 Holland Office Park, Suite 100, Virginia Beach, VA 23452. As of December 31, ~~2023~~2024, there were a total of ~~416~~415 Mosquito Joe franchises in operation and two affiliate operated units in the U.S. MoJo has never conducted business or offered franchises of the type described in this disclosure document.

Since August 1996, Mr. Appliance SPV LLC, a Delaware limited liability company ("Appliance") and its predecessor (Mr. Appliance LLC) have offered franchises which perform and provide service and repair on all major appliances for residential and commercial customers under the name MR. APPLIANCE®. Appliance maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~325~~310 Mr. Appliance franchises in operation in the U.S. Appliance has never conducted business or offered franchises of the type described in this disclosure document.

Since 1994, Mr. Electric SPV LLC, a Delaware limited liability company ("Electric"), and its predecessor (Mr. Electric LLC) have offered franchises which perform electrical services and repairs under the name MR. ELECTRIC®. ~~At various times since 1995, Electric's predecessor had also offered regional or area franchises which solicited prospective Mr. Electric franchisees and/or provided services to Mr. Electric franchisees in selected areas. There have been no Mr. Electric franchisees with regional or area franchise rights since 2014 and Electric's predecessor has not offered or sold any regional or area franchises for at least the last decade.~~ Electric maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~189~~211 Mr. Electric franchises in operation in the U.S. Electric has never conducted business or offered franchises of the type described in this disclosure document.

Since January 2000, Mr. Handyman SPV LLC, a Delaware limited liability company ("Mr. Handyman"), and its predecessor (Mr. Handyman International, L.L.C.) have offered franchises for the operation of companies dedicated to performing business and residential maintenance and repair services under the name Mr. Handyman®. Mr. Handyman maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~329~~347 Mr. Handyman franchises in the U.S. Mr. Handyman has never conducted business or offered franchises of the type described in this disclosure document.

Since 1993, Mr. Rooter SPV LLC, a Delaware limited liability company ("Rooter"), and its predecessor (Mr. Rooter LLC) have offered franchises which provide plumbing and plumbing repair services; sewer, drain and pipe cleaning services; septic tank pumping; water heater replacement; TV pipe inspection; line and leak detection; hydronics; excavation and replacement of sewer lines and other related services and products in homes and commercial buildings under the names MR. ROOTER® and AMERICA'S TROUBLE SHOOTER®. ~~At various times since 1990, predecessors of Rooter also offered area franchises which solicited prospective Mr. Rooter franchisees and/or provided services to Mr. Rooter franchisees in selected areas. There are currently no Mr. Rooter franchisees with regional or area franchise rights, and Rooter no longer offers any regional or area franchises.~~ Rooter maintains its principal place of business at 1010 North University Parks Drive, Waco, TX 76707. As of December 31, ~~2023~~2024, there were a total of ~~215~~229 Mr. Rooter franchises and three affiliate-operated locations in operation in the U.S. Rooter has never conducted business or offered franchises of the type described in this disclosure document. As of December 31, ~~2023~~2024, Rooter also had ~~4~~3 franchised locations in the UK (through a master franchise relationship).

Since February 2005, Precision Door Service SPV LLC, a Delaware limited liability company ("PDS") and its predecessor (Precision Holdings of Brevard, Inc.) have been offering franchises for the operation of a business that provides garage door repair and service under the Precision Garage Door Service™ trademark. PDS maintains its principal business address at 2395 Washington Avenue, Suite 5, Titusville, Florida 32780. As of December 31, ~~2023~~2024, there were a total of ~~118~~132 Precision Garage Door Service™ franchised outlets in operation in the U.S. PDS has never conducted business or offered franchises of the type described in this disclosure document.

Since 1981, Rainbow International SPV LLC, a Delaware limited liability company ("Rainbow International"), and its predecessor (Rainbow International LLC) have offered franchises which provide carpet cleaning, dyeing, repair, reinstallation and related services; upholstery, drapery and ceiling cleaning and related services; and deodorization services under the names RAINBOW RESTORATION®, RAINBOW INTERNATIONAL®, RAINBOW INTERNATIONAL CARPET CARE & RESTORATION SPECIALIST®, RAINBOW INTERNATIONAL RESTORATION & CLEANING® and RAINBOW INTERNATIONAL RESTORATION®. In 1997, Rainbow International's predecessor added an option to perform air duct cleaning services. In 2000, Rainbow International's predecessor added water, smoke and disaster restoration services. In 2001, Rainbow International's predecessor added an option to perform mold remediation services. ~~At various times since 1993, Rainbow International's predecessor had also offered regional or area franchises which solicited prospective Rainbow International franchisees and/or provided services to Rainbow International franchisees in selected areas. There are currently no Rainbow International franchisees with regional or area franchise rights, and Rainbow International's predecessor has not offered or sold any regional or area franchises since at least 2012.~~ Rainbow International maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~313~~330 Rainbow Restoration franchises in operation in the U.S. In addition, Rainbow International offers Rainbow Restoration franchises in the UK (through a master franchise relationship), with ~~50~~48 franchises in operation in the UK as of December 31, ~~2023~~2024. Rainbow International has never conducted business or offered franchises of the type described in this disclosure document.

Since 2005, Real Property Management SPV LLC, a Delaware limited liability company ("RPM"), and its predecessor (Property Management Business Solutions, LLC) have been offering franchises for the operation of businesses providing property management services, including management of maintenance and repair services and rent collection under the Real Property Management name. RPM maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~423~~447 Real Property Management franchises in operation in the U.S. RPM has never conducted business or offered franchises of the type described in this disclosure document.

Since May 2008, ShelfGenie SPV LLC, a Delaware limited liability company ("ShelfGenie"), and its predecessor (ShelfGenie Franchise Systems, LLC) have been offering franchises for the operation of a business that designs and installs customized solutions for new and existing cabinets, pantries and other structures under the ShelfGenie™ trademark. ShelfGenie maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~255~~261 ShelfGenie franchised outlets and ~~16~~20 affiliate-operated outlets in operation in the U.S. ShelfGenie has never conducted business or offered franchises of the type described in this disclosure document.

Since 1998, Window Genie SPV LLC, a Delaware limited liability company ("Window Genie"), and its predecessor (FOR Franchising, LLC) have offered franchises for the operation of a residential and commercial window cleaning, window tinting and pressure washing business operated under the Window Genie® name. Window Genie maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~106~~103 Window Genie franchises in operation in the U.S. Window Genie has never conducted business or offered franchises of the type described in this disclosure document.

The following portfolio company of KKR offers franchises in the U.S.:

~~Modern Market Franchising, LLC ("MMF"). MMF~~Qdoba Restaurant Corporation ("Qdoba"). Qdoba is a franchisor ~~that offers franchises for premium fast casual~~of Mexican restaurants under the name "~~Modern Market Eatery~~Qdoba" and related trademarks with a menu consisting of ~~freshly prepared~~

~~sandwiches, salads, plated dishes, soups, pizzas, and beverages. MMF's~~Mexican-inspired food. Qdoba's principal place of business is ~~1600 Champa Street, Suite 340, Denver, Colorado 80202. MMF~~350 Camino De La Reina, Suite 400, San Diego CA 92108. Qdoba became a KKR-affiliated franchise program in ~~February 2019. MMF~~August 2022. Qdoba has been franchising since ~~2020~~1998, and~~,~~ as of December ~~31~~22, ~~2023~~2024, there were ~~31 Modern Market~~784 Qdoba restaurants (~~7~~616 franchised/licensed and ~~24~~168 company-owned). ~~MMF~~Qdoba has not offered franchises in any other line of business.

The affiliates named above offer franchises using separate franchise disclosure documents. We will make any of those disclosure documents available to you upon request.

The following affiliates are direct or indirect wholly-owned subsidiaries of Neighborly and they offer franchises outside the U.S.:

Our affiliate, JKFS Canada Inc. ("JKFS Canada"), offered junk removal franchises under the JUNK WORKS mark in Canada from November 2012 until December 31, 2022. From October 2012 until December 31, 2022, JKFS Canada also offered JUNK WORKS area representative franchises in Canada. Its principal business address was 1616 Gilbreth Road, Burlingame, CA 94010, and it was incorporated on October 10, 2012. As of January 1, 2023, the right to offer Junk Works franchises in Canada was transferred from JKFS Canada to our affiliate, The Dwyer Group Canada, Inc., as described immediately below. JKFS Canada no longer offers any franchises and it does not provide any products or services to our franchisees. As of December 31, 2023, there were five JUNK WORKS franchises operating in Canada.

The Dwyer Group Canada, Inc. ("TDGC"), a wholly owned subsidiary of Neighborly since January 1998, was incorporated in the Province of Ontario, Canada on January 21, 1998. TDGC has the right to offer and sell Aire Serv, Dryer Vent Wizard, Five Star Painting, Glass Doctor, HouseMaster, Junk Works, Mr. Appliance, Mr. Electric, Mr. Handyman, Mr. Rooter, Rainbow Restoration, ShelfGenie and The Grounds Guys franchises in Canada under 3-party agreements between TDGC, us or the applicable affiliate-franchisor, and the franchisee. TDGC, in cooperation with us or such affiliate-franchisor, provides, support and supervision and, at times, assistance or guidance, to Canadian franchisees operating under our or the affiliate's trademarks and systems. TDGC maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, TDGC had 13 Mr. Handyman franchises, 24 Mr. Rooter franchises, ~~18~~15 Rainbow Restoration franchises, ~~12~~10 Glass Doctor franchises, ~~12~~13 Mr. Appliance franchises, 8 Mr. Electric franchises, ~~10~~5 Aire Serv franchises, ~~6~~5 Dryer Vent Wizard franchises, ~~14~~15 Five Star Painting franchises, ~~28~~26 The Grounds Guys franchises, ~~24~~18 HouseMaster franchises, ~~18~~20 ShelfGenie franchises and ~~5~~6 Junk Works franchises in operation in Canada. TDGC has never conducted business of the type described in this disclosure document.

~~Real Property Management Canada, LLC, f/k/a Real Property Management Canada, Inc. ("RPMC"), was incorporated on September 5, 2008 and is located at 1010 North University Parks Drive, Waco, Texas 76707. RPMC was formed to be the franchisor of Real Property Management businesses in Canada, and it is currently operating in that capacity. RPMC has offered and sold one Real Property Management master franchise in Canada under the name Real Canadian Property Management Limited Partnership, with 38 sub-franchises in operation in Canada as of December 31, 2023. RPMC does not offer franchises in any other line of business. Additionally, RPMC has never conducted business or offered franchises of the type of business described in this disclosure document.~~

Dwyer (UK Franchising) Limited ("Dwyer UK"), a wholly-owned subsidiary of Neighborly since March 9, 2012, was incorporated in England and Wales on March 9, 2012. Dwyer UK has the right to offer and sell Aire Serv and Mr. Electric franchises in the United Kingdom using agreements between Dwyer UK and the franchisee. Dwyer UK, in cooperation with Aire Serv and Electric, provides support and supervision and, at times, assistance or guidance, to franchisees operating under those trademarks and systems in the United Kingdom. Dwyer UK maintains its principal place of business in Five Mile House, 128 Hanbury Rd., Stroke Prior, Bromsgrove, Worcester EG B60 4JZ, United Kingdom. As of December 31, ~~2023~~2024, Dwyer UK had ~~3~~2 Mr. Electric franchises and 2 Aire Serv franchises. Dwyer UK has the right to offer franchises in the United Kingdom for the same type of business as Aire Serv and Electric offer in the U.S. under separate franchise disclosure documents.

Since October 2015, a wholly-owned subsidiary of Neighborly, Drain Doctor Holdings Limited (f/k/a Dwyer DD UK Limited), a private limited company registered in England and Wales, has been offering Mr. Rooter franchises in the U.K. under the name Drain Doctor®~~, and it had 67~~. There were 66 Drain Doctor® franchises in the UK as of December 31, ~~2023~~2024.

Rainbow International Systemzentrale Deutschland GmbH ("Rainbow Germany"), a wholly-owned subsidiary of Neighborly since September 18, 2014, was incorporated in Germany on September 18, 2014. Rainbow Germany has the right to offer and sell Rainbow Restoration franchises in Germany using agreements between Rainbow Germany and the franchisee. Rainbow Germany, in cooperation with Rainbow Restoration, provides support and supervision and, at times, assistance or guidance, to franchisees operating under the Rainbow marks and system in Germany. Rainbow Germany maintains its principal place of business at Flözstraße 18, 73433 Aalen, Germany. As of December 31, ~~2023~~2024, Rainbow Germany had ~~36~~39 Rainbow Restoration franchises in Germany. Rainbow Germany has the right to offer franchises in Germany for the same type of business as Rainbow Restoration offers in the U.S. under a separate franchise disclosure document.

Locatec Ortungstechnik GmbH ("Locatec") is a wholly-owned subsidiary of Neighborly since April 27, 2016. Locatec has the right to offer and sell Locatec franchises in Austria and Germany using agreements between Locatec and the franchisee. Locatec, in cooperation with our affiliates, provides support and supervision and, at times, assistance or guidance to franchisees operating under Locatec trademarks and systems in Germany and Austria. Locatec maintains its principal place of business at Flözstraße 18, 73433 Aalen, Germany. Locatec franchisees offer non-destructive detection of all types of leaks in pipe systems (indoor and outdoor including pipes for gas, water, sewage, and district heat) and flat roofs as well as emergency repair services. As of December 31, ~~2023~~2024, Locatec had ~~44~~50 franchises in Germany and 4 in Austria.

Bright and Beautiful UK Limited ("Bright and Beautiful") is a wholly owned subsidiary of Neighborly since April 13, 2017. Bright and Beautiful has the right to offer and sell Bright and Beautiful franchises in the United Kingdom using agreements between Bright and Beautiful and the franchisee. Bright and Beautiful provides support and supervision and, at times, assistance or guidance to franchisees operating under Bright and Beautiful trademarks and systems in the United Kingdom. Bright and Beautiful franchisees offer domestic cleaning services. As of December 31, ~~2023~~2024, Bright and Beautiful had ~~85~~86 franchises in the United Kingdom.

Countrywide Garden Maintenance Services Limited ("Countrywide") is a wholly owned subsidiary of Neighborly since May 2, 2017. Countrywide has the right to offer and sell Countrywide franchises in the United Kingdom using agreements between Countrywide and the franchisee. Countrywide provides support and supervision and, at times, assistance or guidance to franchisees operating under Countrywide trademarks and systems in the United Kingdom. Countrywide franchisees offer commercial grass cutting, landscape maintenance, grounds maintenance and winter gritting services. As of December 31, ~~2023~~2024, Countrywide had ~~45~~43 franchises in the United Kingdom.

Dream Doors Holdings Limited ("Dream Doors") has been a wholly owned subsidiary of Neighborly since February 26, 2019. Dream Doors has the right to offer and sell Dream Doors franchises in the United Kingdom using agreements between Dream Doors and the franchisee. Dream Doors provides support and supervision and, at times, assistance or guidance to franchisees operating under Dream Doors trademarks and systems in the United Kingdom. Dream Doors franchisees offer fully-fitted kitchen makeovers, replacement doors and countertops and the installation of new appliances. As of December 31, ~~2023~~2024, Dream Doors had ~~95~~91 franchises in the United Kingdom.

GreenSleeves Lawn Care Limited (UK) ("GreenSleeves") is a wholly owned subsidiary of Neighborly since October 28, 2022. GreenSleeves has the right to offer and sell GreenSleeves franchises in the United Kingdom using agreements between GreenSleeves and the franchisee. GreenSleeves provides support and supervision and, at times, assistance or guidance to franchisees operating under GreenSleeves trademarks and systems in the United Kingdom. GreenSleeves franchisees offer lawn care services including fertilizer treatments, moss treatments and debris removal in the United Kingdom. As of December 31, ~~2023~~2024, GreenSleeves had ~~96~~99 franchised and ~~8~~11 corporate locations in the United Kingdom.

The following affiliates provide services to our franchisees:

ZorWare SPV LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("ZorWare"), may in the future provide software to us and our affiliates and technical support to franchisees and may in the future collect fees from franchisees for certain software programs. ZorWare maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. ZorWare does not own or operate any franchises nor has it offered franchises in any line of business.

ProTradeNet SPV LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("ProTradeNet"), negotiates, and sometimes enters into contracts, with some of the vendors, suppliers and others who do business or propose to do business with our and our affiliates' franchisees with the goal of obtaining better terms and conditions on which franchisees purchase goods and services for their businesses. ProTradeNet maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. ProTradeNet does not own or operate any franchises nor has it offered franchises in any line of business.

Neighborly Service Solutions SPV LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("Neighborly Service Solutions") was formed in June 2021 to, among other things, negotiate, and sometimes enter into, contracts with some of the Key Accounts. Neighborly Service Solutions also may offer certain marketing and other services. Neighborly Service Solutions maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. Neighborly Service Solutions does not own or operate any franchises nor has it offered franchises in any line of business.

BackOffice SPV LLC ("BackOffice"), a Delaware limited liability company and a wholly-owned affiliate of Neighborly, has been providing certain temporary bookkeeping assistance and training services to the franchisees of several of our affiliates~~, RPM~~, and BackOffice may in the future provide some of these services to our franchisees. Back Office is located at 1010 North University Parks Drive, Waco, Texas 76707. BackOffice has not offered any franchises in any line of business. BackOffice does not and has not previously conducted business of the type operated by our franchisees.

Except as noted above, none of our affiliates have offered franchises in the same line of business as offered in this disclosure document or in any other line of business, nor have they conducted any other business.

Description of the Franchise

Our franchisees remove and haul away junk from residential and commercial customers using a truck with a customized truck box that meets our specifications, for disposal, re-use, and recycling. The franchised businesses operate under our service mark JUNK KING®, and the additional principal service marks, trademarks, trade names, logos, emblems, slogans or indicia of origin which are or may be designated by us in the future (the "Marks"), in accordance with the methods and processes developed by us in connection with the franchise (the "System") within a specified geographical area (the "Territory"). The System includes our operating systems, marketing systems, business techniques, and methods, processes, policies and procedures for providing junk removal, recycling, resale and related services, along with items of trade dress and sales, leadership and management training for the development and operation of JUNK KING Businesses, including all training materials, all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time. You may, if we approve, convert an existing business offering similar services to a Business or add additional territory to a Business under the terms stated in the Franchise Agreement and related agreements.

The "junk" that our franchises remove and haul consists of items not typically removed through normal municipal pick-up. JUNK KING Businesses are not in the business of regular pick-up of trash along designated residential or commercial routes, or the hauling or disposal of any hazardous materials, including, but not limited to: oil or gasoline; asbestos; any material containing or contaminated with PCBs; liquid waste of any sort; sludge of any sort; septic tank sludge or waste; or solvents, liquids paints, or chemicals.

The standard form of franchise agreement we are now offering is included in this disclosure document as Exhibit A (the "Franchise Agreement"). When we update our disclosure document, the form of franchise agreement and other agreements may change, fees and other obligations may increase, and the terms and conditions on which you may obtain a franchise may be less favorable as compared with a previous disclosure document.

Uniformity of franchise agreements among our franchisees may not always be possible or practical. We and our predecessors have offered in the past and we may offer in the future, franchise agreements to other franchisees on terms materially different from those included in this disclosure document. We also may materially vary the franchise agreement terms, conditions, and obligations (including those relating to fees, territories, training and other items) offered to other franchisees and except as may be required by applicable law we have no obligation to disclose these variations to you or to grant the same or similar variation to you.

~~Franchisees may also~~You must begin to offer a dumpster removal service to residential and business customers (the "Dumpster Services") ~~provided that the franchisee has complied with the~~upon the earlier of: (a) the 36 months' anniversary of the effective date of your Franchise Agreement, ~~achieved a certain level of market penetration, operated the Franchised Business for at least six months, met certain other qualifications and obtained our approval~~or (b) the date on which the Business achieves $600,000 in cumulative Gross Sales. The Dumpster Services shall include (i) dropping off a dumpster (typically, a 12 cubic-yard dumpster) at the customer's property for a short-term rental period and (ii) ~~returning with a specialized truck to pick-up~~picking up the dumpster after it is filled by the customer~~ and~~, using a specialized truck, and properly disposing of its contents. ~~If~~When you ~~meet our qualifications for the~~begin offering Dumpster Services~~, we will approve you to offer Dumpster Services, provided that you sign our then-current form of Dumpster Program amendment to the Franchise Agreement ("Dumpster Program Amendment"), which is currently attached to the Franchise Agreement as Schedule H,~~ you must purchase and maintain at least seven dumpsters and a second vehicle capable of hauling a dumpster (your first hauling vehicle cannot be used for this), and comply with other specifications and standards that we specify. ~~We may terminate~~If you~~r~~ ~~right~~fail to offer Dumpster Services ~~if you are not compliant with the Franchise~~

~~Agreement, including the Dumpster Program Amendment, do not earn revenue from Dumpster Services in any month, or decline to offer Dumpster Services (or timely fail to take~~by the required ~~steps to do so).~~

deadline as noted above~~For new franchisees, we will provide you with a period of 36 months immediately following the effective date of your Franchise Agreement to begin to offer Dumpster Services under the Dumpster Program Amendment. If you begin offering Dumpster Services within that 36-month period, we will not charge you any initial Dumpster Services fee for the grant of the additional rights. For new franchisees, if you fail to gain our approval to offer Dumpster Services within that 36-month period~~, we reserve the right to: (~~a~~x) grant the rights to provide Dumpster Services in your Territory to another third party; ~~and/~~or (~~b~~y) charge you ~~our then-current initial dumpster services fee (currently $25,000) for the right to~~a fee of up to $600 per month until you begin offering Dumpster Services~~ in your Territory; provided, that you meet our qualifications, cure any deficiencies and agree to comply with the Dumpster Program Amendment~~.

For franchisees currently in the Junk King® franchise system, if you request the right to offer Dumpster Services, and we grant you the right to do so, we may require you ~~must~~to pay us ~~the then-current~~an initial dumpster services fee~~, which is currently~~ of up to $25,000, plus a $300 amendment fee, for the right to offer Dumpster Services in your Territory, due upon execution of an addendum to the Franchise Agreement setting forth the Dumpster Services qualifications and requirements ("Existing Franchisee Dumpster Addendum"). We reserve the right to ~~increase~~reduce or waive this fee. For franchisees currently in the Junk King® franchise system, if you do not begin offering Dumpster Services within 22 months immediately following the execution of the then-current form of the Existing Franchisee Dumpster Addendum, we reserve the right to (a) grant the rights to provide Dumpster Services in your Territory to another third party; and/or (b) charge you our then-current initial dumpster services fee based on the population of the Territory for the right to offer Dumpster Services in your Territory.

~~In certain Territories, we are permitting franchisees to segment their existing Territory into two separate Territories. In that case, a franchisee will be required to sign our then-current franchise agreement for the second location in its existing Territory but will not be required to pay any additional initial franchise fee and it will be required to sign Schedule I to the Franchise Agreement (Segmentation Addendum) to segment the existing Territory into two Territories. Our approval of this request depends on a Franchised Business' market penetration in the Territory.~~

~~Although we have never offered area representative franchises, in certain areas of the country, our predecessor previously (prior to 2019) licensed area representatives, which were intended to provide certain support and sales services to us and our franchisees. Our one remaining area representative (one as of the date of this Disclosure Document) no longer has any management responsibility relating to the sale or operation of franchises and will not provide any support services to you. As a result, there are no additional disclosures about our area representative in this disclosure document.~~

The Business offers services to the general public, including residential and commercial customers, and the services are offered in an established, but growing market. You will compete with national, regional and local junk removal and recycling businesses. Demand may be impacted by the services offered by the trash removal services offered by municipalities. Our target market includes homeowners, property managers, contractors, realtors, storage companies, and various other types of businesses. The franchisees of our affiliate, Mr. Handyman, perform maintenance and repair services, including occasionally debris removal, and you may compete in your Territory with a MR. HANDYMAN® franchisee if they perform debris removal services, when you open for business or sometime in the future as the Mr. Handyman system expands.

Industry Specific Regulations

You must comply with federal, state and local laws and regulations for business licensing, commercial vehicle licensing laws and regulations, commercial driver licensing, insurance, local zoning, and environmental and waste disposal requirements pertaining to the junk removal and hauling business. Municipalities and neighborhoods may have laws, regulations, or rules relating to the placement and transportation of dumpsters. These laws vary from place to place. You are responsible for obtaining all licenses and permits required by applicable laws for performing the work of the franchise. There may be other laws that apply to the Business. You should investigate the application of these laws.

ITEM 2

BUSINESS EXPERIENCE

President: David Flax

Mr. Flax has been our President since January 2025, in Dallas, TX. Since January 2022, he has also been the President for our affiliate Window Genie, in Dallas, Texas. From March 2021 until December 2021, he was Window Genie's Vice President of Operations in Atlanta, Georgia. From July 2019 until March 2021, Mr. Flax was Window Genie's predecessor's Vice President of Operations in Cincinnati, Ohio. From June 2018 until July 2019, Mr. Flax was a Franchise Developer for Window Genie's predecessor. From August 2015 until June 2018, Mr. Flax provided outside franchise development services to Window Genie's predecessor through his entity, DJF Sales Group, in Alpharetta, Georgia. From May 2010 until September 2019, Mr. Flax was the President of DJF Holdings Inc. in Roswell, Georgia, which was a Window Genie Franchisee.

~~Brand Ambassador: Mike Andreacchi~~

~~Mr. Andreacchi has served as our Brand Ambassador since January 2023. From November 2022 until December 2022, he was the Brand Ambassador for Predecessor. From April 2019 until October 2022, he was Predecessor's President, CEO, CFO, and one of its managers. Mr. Andreacchi held the same roles for our other predecessor, Junk King Industries, LLC ("JKI"), from July 2019 to March 2020. Mr. Andreacchi also served as the CEO and as a manager of Predecessor's parent from April 2019 until November 2022. He has also served as President, CEO, and CFO (a) since April 2019 for Junk King Bay Area, LLC ("JKBA"), our affiliate until October 2022 and a franchisee since November 2022, and (b) from August 2019 until November 2022 for our affiliate Junk King Enterprises, LLC. He also served as the President and one of the Directors of JKFS Canada from October 2012 until November 2022. Mr. Andreacchi has served as one of the Directors of JKFSI since January 2010 and its CEO since April 2013. He also co-founded Junk King, LLC in April 2005 and has served as its Co-President since then. He serves in his current capacities in San Francisco, California.~~

Vice President of Operations: Christine Catherine Bruno

Ms. Christine Catherine Bruno has been our Vice President of Operations since January 2025, in ~~Waco~~Dallas, TX. Since January 2022, she has also been the Vice President of Operations for our affiliate Window Genie in ~~Waco~~Dallas, TX. From January 2018 until December 2021, she was a Franchise Business Coach with Neighborly in Waco, TX.

~~Vice President of Information Technology: Anthony J. DeAngelis, Jr.~~

~~Mr. DeAngelis has served as Vice President of Information Technology since January 2023. From March 2022 until December 2022, he was the VP of Information Technology for Predecessor. Prior to that, he served as Predecessor's Director of Information Technology from August 2020 to February 2022. He serves in her current capacity in San Francisco, California.~~

~~The following individuals are included here because they are either officers of Manager or they have management responsibility relating to the sale or operation of franchises offered by this disclosure document:~~

Chief Executive Officer for Neighborly and Manager: Michael Anthony Davis

Mr. Davis has been ~~the~~our Chief Executive Officer ~~of Neighborly, as of July 8,~~since November 2024. ~~As of~~ Since July ~~8,~~ 2024, he has also been the Chief Executive Officer of a number of our affiliates and parent companies, including Neighborly, Manager ~~and of~~, The Dwyer Group LLC, The Dwyer Group, Inc., TDG Intermediate, LLC, Balcones Holdco, Inc., Nest Bidco Inc., Nest Topco Borrower Inc., Nest Topco Guarantor Inc., and Nest Holdings Inc.~~, as well as the Chief Executive Officer of a number of our other parent companies and affiliates.~~ From July 2022 until July ~~5,~~ 2024, he was the CEO of Mathnasium Center Licensing, LLC in Los Angeles, CA. From April 2021 till July 2022, he was ~~a~~ self-employed as a consultant in Los Angeles, CA. From May 2017 until April 2021, he was the CEO of Valpak Direct Marketing Systems, LLC in St. Petersburg, FL.

~~Group President: Vera Peterson~~

~~Ms. Peterson has been Group President of Neighborly for the "Maintain" group of the Neighborly brands, which group includes the Junk King brand, since April 2023. From March 2021 until March 2023, Ms. Peterson was the President of our affiliate Molly Maid SPV LLC (and from September 2020 until March 2021, Molly Maid's predecessor, Molly Maid, LLC). From December 2013 until September 2020, she was the Senior Vice President of Miracle-Ear for Amplifon, Inc. in Minneapolis, MN.~~

Senior VP of Finance: Heather Robertson

Ms. Robertson has been our Senior VP of Finance, and the Senior VP of Finance for a number of our affiliates and parent companies since November 2024. Ms. Robertson has been our Interim Treasurer from September 2023 until July 2024. Also from September 2023 until July 2024, she was the interim Chief Financial Officer of Neighborly and Manager and certain of our other parents and affiliates. From March 2022 until September 2023, she was the Senior VP of Finance of Neighborly, and from January 2018 until March 2022, she was the VP of Finance for Neighborly.

Chief Marketing Officer: Stacy Lynn Bourgeois

Ms. Bourgeois has been our Chief Marketing Officer as well as the Chief Marketing Officer of Neighborly and a number of our other affiliates since December 2024. From May 2023 till November 2024, she was the Head of Product, Quality and Ops for Renewed with Amazon in Seattle, WA. From February 2021 until April 2023, she was the U.S. Head of Musical Instruments with Amazon in Seattle, WA. From October 2019 until January 2021, she was the U.S. Head of Marketing for PCs with Amazon in Seattle, WA.

Secretary of Manager and Franchisor, and EVP, General Counsel and Secretary of Neighborly: Grayson Brown

Mr. Brown has been the Secretary of Manager since May 2018. He has also been the Executive Vice President, General Counsel and Secretary of Neighborly and The Dwyer Group Inc. since May 2018. Previously, he was Vice President and General Counsel of Neighborly from August 2015 until May 2018. He has been our Secretary since November 2022. He is also the Secretary of our affiliates listed in Item 1 that offer franchises in the U.S. under separate franchise disclosure documents.

Vice President of Information Technology: Anthony J. DeAngelis, Jr.

Mr. DeAngelis has served as Vice President of Information Technology since January 2023. From March 2022 until December 2022, he was the VP of Information Technology for Predecessor. Prior to that, he served as Predecessor's Director of Information Technology from August 2020 to February 2022. He serves in her current capacity in San Francisco, California.

The following individuals are included here because they are either officers of Manager or they have management responsibility relating to the sale or operation of franchises offered by this disclosure document:

Group President: Vera Peterson

Ms. Peterson has been Group President of Neighborly for the "Maintain" group of the Neighborly brands, which group includes the Junk King brand, since April 2023. From March 2021 until March 2023, Ms. Peterson was the President of our affiliate Molly Maid SPV LLC (and from September 2020 until March 2021, Molly Maid's predecessor, Molly Maid, LLC). From December 2013 until September 2020, she was the Senior Vice President of Miracle-Ear for Amplifon, Inc. in Minneapolis, MN.

Chief Growth Officer for Neighborly: Reese Edward Neumann

Mr. Neumann has been the Chief Growth Officer of Neighborly since January 2025. From September 2024 till January 2025, he was a consultant for Purposed Brands in Plano, TX. From September 2015 until June 2024, he was the VP Strategy, CFO of Yum Brands in Plano, TX.

Chief Development Officer for Neighborly: Bradley Stevenson

Mr. Stevenson has been Chief Development Officer for Neighborly since October 2019. ~~From November 2013 to October 2019, Mr. Stevenson was Vice President of Sales – Grocery of MillerCoors LLC in Chicago, Illinois.~~

~~Chief Marketing Officer: Stacy Lynn Bourgeois~~

~~Ms. Bourgeois has been Chief Marketing Officer of Neighborly since December 2024. From May 2023 till November 2024, she was the Head of Product, Quality and Ops for Renewed with Amazon in Seattle, WA. From February 2021 until April 2023, she was the U.S. Head of Musical Instruments with Amazon in Seattle, WA. From October 2019 until January 2021, she was the U.S. Head of Marketing for PCs with Amazon in Seattle, WA.~~

Vice President of Brand Management, National for Neighborly: Crissy Russo

Mrs. Russo has served as Vice President of Brand Management, National for Neighborly since January 2024. From January 2023 until January 2024, she was our Sr. Vice President of Marketing. From March 2022 until December 2022, she was the Sr. VP of Marketing for Predecessor. Prior to that, she served as Predecessor's Vice President of Marketing from April 2021 to February 2022. Prior to that, she served as Predecessor's Senior Director of Marketing from December 2019 to March 2021. From December 2015 to November 2019, she served as Vice President, Marketing for Gary D. Nelson and Associates in Sonoma, California. She serves in her current capacity in San Francisco, California.

Group Vice President of Franchise Development for Neighborly: Brian Wieters

Mr. Wieters has been the Group Vice President of Franchise Development for Neighborly since February 2022 in Waco, TX. From March 2018 until February 2022, he was the Executive VP of Enviro-Master Services in Charlotte, NC.

Senior VP Franchise Support Services for Neighborly: David Luke Stanton

Mr. Stanton has been the Senior VP, Franchise Support Services of Neighborly since December 2024. From January 2018 until December 2024, he was the President of our affiliates ProTradeNet and NS Neighborly Service Solutions SPV LLC and their predecessors.

Except as otherwise stated above, the location of each of the positions described above was 1010 North University Parks Drive, Waco, Texas 76707.

ITEM 3

LITIGATION

Donkae, Inc. v. Junk King SPV LLC, case no. 23009285CI, filed on Nov. 30, 2023 in the circuit court of the sixth judicial circuit in Pinellas County, FL. Plaintiff is a former Junk King franchisee who sold his Junk King franchised business to a third party buyer, EBY Management; however, following the sale, plaintiff sued EBY Management and obtained an injunction from a court mandating EBY Management to transfer the franchised business back to plaintiff. Plaintiff then sued us in this action after we terminated EBY Management's franchise rights. Plaintiff alleges tortious interference, civil conspiracy and fraudulent misrepresentation and seeks actual, consequential, and special damages, including lost profits, in an amount to be determined at trial, as well as a permanent injunction compelling us to transfer the franchise rights to plaintiff. ~~The case is currently in the pleading stage, with our motion to dismiss currently pending a hearing.~~ We deny all allegations and intend to vigorously defend against the claims asserted by the plaintiff. The case is currently awaiting a show cause order to be issued by the court for why the case should not be dismissed for lack of prosecution.

Prior Actions

Sidney J. Dumas, Sand Pointe Properties, LLC, ECO-X-PRESS, LLC v. Junk King Franchise Systems, Inc., (Case No. 01-15-0005-3308) filed before the American Arbitration Association ("AAA") on or about October 14, 2015. The plaintiffs, former franchisees, sought unspecified damages, general, economic, compensatory, special damages, punitive damages, costs and attorney fees in excess of $75,000 claiming that, as amended, JKFSI caused them to purchase a franchise as a result of fraud, negligent misrepresentation, promissory fraud, and also committed a breach of the covenant of good faith and fair dealing and a breach of contract. JKFSI vigorously denied the claims and filed a counterclaim for breach of the franchise agreement seeking $75,000 in damages, attorneys' fees, costs, and other fees incurred in this matter. On February 28, 2020, the parties entered into a settlement agreement in which the parties mutually released all claims against each other and agreed to dismiss the arbitration with prejudice by May 3, 2020.

Rondale, Inc. vs. Junk King Franchise Systems, Inc., (Case No. 01-19-0001-1633) filed before the AAA on or about April 15, 2019. The plaintiff, one of our area representatives, alleged that JKFSI breached its agreement by failing to report and share fees generated by a franchisee that operated in its territory and by failing to provide the plaintiff with an opportunity to exercise an option to purchase additional territory. The plaintiff sought $999,999 in damages, attorneys' fees, and specific performance. JKFSI denied the claims. On May 31, 2019, JKFSI filed a counterclaim asserting fraud in the execution of the master franchise (area representative) agreement, breach of contract, and breach of the implied covenant of good faith and seeking reformation of the master franchise agreement due to unilateral mistake, damages, attorneys' fees, and declaratory relief. On November 1, 2019, the plaintiff filed an amended claim adding us and Parent as defendants. On December 2, 2019, the parties entered into a stipulated dismissal dismissing JKFSI and Parent from the arbitration, leaving us as the sole defendant. On February 28, 2020, the parties entered into a settlement agreement in which, (i) neither party admitted any wrongdoing, (ii) the arbitration was dismissed with prejudice, (iii) the parties mutually released all claims against each other, (iv) we repurchased the area representative's territorial rights, terminating all agreements between the parties, and (v) we paid the plaintiff $2,721,380.43 in consideration of the foregoing.

JK Georgia LLC and JNKK Enterprises LLC v. Junk King Franchise Systems, Inc., (Case No. 17CIV04821) filed before the Superior Court of California, County of San Mateo on or about October 19, 2017. The plaintiffs, former franchisees, sought unspecified general, consequential, and incidental damages, attorneys' fees and costs, rescission of the Franchise Agreement, an injunction, and a declaratory judgment. The plaintiffs asserted claims of breach of contract, breach of the implied covenant of good faith and fair dealing, violations of California's Franchise Investment Law, negligent misrepresentation, fraud in the inducement, and unfair competition due to alleged misrepresentations in the Franchise Disclosure Document and other marketing materials provided to franchisees, alleged failures to provide training, marketing, and operational support, and allegations that the Franchise Agreement was against public policy. JKFSI vigorously denied the claims. The complaint was dismissed with prejudice on March 12, 2018 after the parties entered into a settlement agreement whereby JKFSI agreed to (i) pay $110,000 to JK Georgia LLC, (ii) assume JK Georgia LLC's truck loans, and (iii) repurchase the territory and assets from JNKK Enterprises LLC for an initial payment of $15,000 and $135,000 to be paid over 6 years. JK Georgia agreed to pay past-due royalties and ad fund fees of $1,475.40 and JNKK Enterprises LLC agreed to pay past-due royalties and ad fund fees of $1,873.56 plus outstanding debts to vendors.

Administrative Orders involving Affiliates and not involving the Franchisor:

The Commissioner of Business Oversight of the State of California v. FOR Franchising LLC d/b/a Window Genie and Richard Nonelle. On November 14, 2017, FOR Franchising LLC ("FOR"), a predecessor to our affiliate Window Genie that offered Window Genie franchises until March 2021, and Richard Nonelle, then-president of FOR, entered into a Consent Order with the Commissioner of Business Oversight of the State of California (the "Consent Order"). The Commissioner alleged that FOR and Mr. Nonelle had violated Section 31156 of the California Franchise Investment Law by failing to submit to the Commissioner copies of two advertisements offering a Window Genie franchise before such documents were provided to California residents in 2013. In an effort to resolve the matter in the most economical manner, and without admitting any liability or wrongdoing, FOR and Mr. Nonelle entered into the Consent Order and agreed, in full, final and complete resolution of the matter, that (a) FOR and Mr. Nonelle would desist and refrain from violations of section 31156 of the California Franchise Investment Law; (b) FOR would pay an administrative penalty in the total amount of $5,000 (which amount FOR paid) and (c) within 90 days of the date of the Consent Order, Mr. Nonelle and all persons employed by FOR who assist in preparing franchise registrations or who assist in franchise selling would attend remedial education of eight hours of franchise law training courses per person (which requirement has been completed).

State of Kansas vs. Molly Maid, Inc., (18th Judicial District, Sedgwick County, Kansas, Case No. 10CV4719). On November 29, 2010, Molly Maid, Inc. ("MMI"), a predecessor to our affiliate Molly Maid, entered into a Journal Entry of Consent Judgment and Permanent Injunction (the "Consent Judgment"). The District Attorney for the Eighteenth Judicial District alleged that MMI had violated the Kansas Consumer Protection Act ("KCPA") as a result of one Molly Maid franchisee being unable to document that background checks were performed on certain of its employees and the sale of gift certificates after the franchise was terminated. MMI vigorously denied any violation of the KCPA, however in an effort to resolve the matter in the most economical manner, and without admitting any liability or wrongdoing, MMI entered into the Consent Judgment and agreed to pay a civil penalty of $25,000 and to reimburse the District Attorneys' office $25,175 for its costs associated with the investigation, and to be enjoined from engaging in any act or practice, as alleged to have violated the KCPA. The Consent Judgment was marked satisfied on April 29, 2011 and MMI is in full compliance with the Consent Judgment.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

Bankruptcy proceedings involving portfolio compan~~y~~ies controlled by KKR (at the time of the bankruptcy proceeding) and not involving the Franchisor:

In re. The Collected Group LLC. The Collected Group LLC, a Delaware limited liability company (a fashion brand owner), located at 4775 Eucalyptus Avenue, Chino, California, filed a prepackaged Chapter 11 Plan of Reorganization in the United States Bankruptcy Court for the District of Delaware on April 5, 2021 (Case No.: 21-10663). The company emerged from bankruptcy on May ~~26~~25, 2021 after completing a restructuring.

In re. Envision Healthcare Corporation. Envision Healthcare Corporation, a healthcare provider headquartered at 20 Burton Hills Blvd, Suite 500, Nashville, Tennessee, filed a Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of Texas on May 15, 2023 (Case No.: 23-90341). The company emerged from bankruptcy on November 3, 2023, after completing a restructuring.

In re. Genesis Care Pty Limited. Genesis Care Pty Limited, a healthcare provider, headquartered at Building 1 The Mill, 41-43 Bourke Road, Sydney, New South Wales, Australia, filed Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of Texas on June 1, 2023 (Case No.: 23-90614). The company emerged from bankruptcy on February 16, 2024, after completing a restructuring.

In re. IPI Legacy Liquidation Co. IPI Legacy Liquidation Co. (f/k/a Impel Pharmaceuticals Inc.), a commercial-stage pharmaceutical company, headquartered at 201 Elliott Avenue West, Suite 260, Seattle, Washington, filed a Chapter 11 reorganization in the United States Bankruptcy Court for the Northern District of Texas on December 19, 2023 (Case No.: 23-80016). The company emerged from bankruptcy on April 5, 2024, after completing a restructuring.

Café Coffee Day, an operator of a retail chain of cafes in India, headquartered at #23/2, Vittal Mallya Road, Bangalore, Karnataka 560001, India, filed an insolvency resolution in the Bangaluru Bench of the National Company Law Tribunal on August 8, 2024 (Company Petition (IB) No. 152/BB/2023). As of February 27, 2025, the Chennai bench of the National Company Law Appellate Tribunal passed the order, allowing the appeal of Coffee Day Enterprises, and set aside the National Company Law Tribunal's (NCLT) August 2024 insolvency order against the company. The initial petition for insolvency was filed on January 18, 2021 by creditors of Café Coffee Day.

Other than the above-listed proceedings, no other bankruptcy proceeding is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee (the "Initial Franchise Fee") upon executing your franchise agreement. Your Initial Franchise Fee depends on the number of persons that live in your Territory based on the most recently published data from the U.S. Census Bureau or such other source as we may indicate. The Initial Franchise Fee is calculated as $~~0.12~~0.11 (~~tw~~eleven cents) multiplied by the number of persons living in your Territory. As a Territory will contain between ~~450,000~~500,000 and ~~650,000~~700,000 people, the Initial Franchise Fee will typically range between $~~54,000~~55,000 to $~~78,000~~77,000.

~~If you are purchasing an existing JUNK KING business, we will discount your Initial Franchise Fee to $5,000.~~

You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon receipt and is non-refundable. We do not offer any financing arrangement for the initial franchise fee.

In the year ended December 31, ~~2023~~2024, the average initial franchise fee paid by JUNK KING franchisees was approximately $~~65,469~~45,916 and the initial franchise fee paid during that period ranged from $~~36,874~~40,046 to $~~84,607~~114,000 based on the population in the territory purchased.

VetFran Discount

As a member of the International Franchise Association ("IFA"), we participate in the IFA's VetFran Program. If you are a United States or Canadian honorably discharged veteran (as such term is defined by us in our sole discretion) who meets our qualifications for purchasing a franchise, we will discount the Initial Franchise Fee by 15%. In determining who is a "veteran," we may be guided, in whole or in part, by any definitions we find appropriate, including definitions used by the federal government of the United States or Canada, as applicable, in determining who is eligible for federal benefits intended for veterans.

~~Deposit for an Option for Additional Territory~~

~~If you qualify under our then-current Expansion Criteria (see also Item 12), you may purchase an option for an additional territory by paying us, at the time you purchase your franchise, a fee of $10,000 for such additional territory and executing an Option to Purchase Agreement (in the form attached to this disclosure document as Exhibit G). Under the Option to Purchase Agreement, at any time within the 18 month period beginning from the effective date of your franchise agreement, you may purchase the additional territory if you are in compliance with your franchise agreement by paying us the balance of the initial franchise fee~~

~~applicable to such territory. The $10,000 deposit will be applied to the initial franchise fee for the additional territory. We do not refund your deposit if you decide not to purchase the additional territory.~~

First Responder Discount

If you present us with evidence of past employment as a first responder, including a law enforcement professional or firefighter, your Initial Franchise Fee will be reduced by $5,000.

Roll-In Discount for Sales Volume Rolled in from an Existing Business

If you have an existing business with annual gross sales of at least $150,000, that business is similar to the franchise and you agree to merge it with the Business, we will discount the initial franchise fee by the percentage described in the table below, determined based on the amount of annual Gross Sales of your existing business that you agree to "roll-in" into the Business (the "Roll-In Discount"):

Percentage Discount	Annual Gross Sales of Existing Business
10%	$150,000 - $249,999
15%	$250,000 - $349,999
20%	$350,000 - $449,999
25%	$450,000 - $549,999
30%	$550,000 - $649,999
35%	$650,000 - $749,999
40%	$750,000 - $849,999
45%	$850,000 - $949,999
50%	$950,000 and above

Combination and Application of Discounts

You cannot use both the Roll-In Discount and the First Responder Discount.

Any questions about application or combination of discounts, including the order in which discounts may be applied, will be resolved by us in our sole judgment.

Incentive Development Program Discount for Purchased TAFS.

We currently offer an incentive program to existing franchisees who meet our expansion criteria and who have been generating a portion of their franchised business' Gross Sales outside of their Territory, in an area that is not currently serviced by another Junk King franchisee (such area, as further described in Item 12, "TAFS"). If you are a qualified existing franchisee generating Gross Sales in an assigned TAFS and you enter, on or before July 31, 2025, into another Franchise Agreement with us for a territory that encompasses such TAFS (or into an amendment to your existing Franchise Agreement that adds such TAFS to your existing Franchise Agreement ("Territory Amendment")), we will discount the Initial Franchise Fee under such Franchise Agreement or Territory Amendment by 50%. If you are a qualified existing franchisee generating Gross Sales in an assigned TAFS and you enter, between August 1, 2025 and December 31, 2025, into another Franchise Agreement or Territory Amendment with us for a territory that encompasses such TAFS, we will discount the Initial Franchise Fee under such Franchise Agreement or Territory Amendment by 25%.

Purchase of an Existing JUNK KING Franchise.

If you are purchasing an existing JUNK KING business, we do not charge you an Initial Franchise Fee but you must pay us, upon signing of your Franchise Agreement, a non-refundable $3,000 training fee for which we will provide you our initial training program. (The training fee is in addition to any travel expenses you may incur in connection with the training).

Software System Enrollment Fee.

You must pay to us, or our designee, a nonrefundable enrollment fee for use of our Software System (currently, Junk King Junkware, enhanced security platforms, financial reporting platform (currently Qvinci), Tableau software, one Microsoft Office365 E1 email account, and one Microsoft Office365 Exchange email account). The amount of the enrollment fee is currently $1,250. The enrollment fee is currently collected via automatic bank draft from your bank account, at signing of the Franchise Agreement.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
License Fee[1, 2]	(a) 8% of Gross Sales for the first 18 months immediately following the opening of the Franchised Business, and (b) beginning in the 19th month of operation of the Franchised Business, the greater of (i) 8% of Gross Sales; or (ii) $2,000 per month ("Minimum License Fee"). For "Roll-In" sales, please see the separate Fees Chart below in this Item 6.	By the 10th day of each calendar month	If you fail to timely submit a report, we will enter in a zero report for that week and you will automatically be charged the Minimum License Fee. For avoidance of doubt, all Gross Sales generated by the Business in servicing customers in TAFS or under the Preferred Lead Program or any Key Accounts program shall be subject to the License Fee (and any other fee calculated as percentage of Gross Sales).
MAP Fee[1, 2, ~~3~~3,4]	The greater of (i) 2% of Gross Sales or (ii) Minimum MAP Fee. The ~~C~~currently~~ly,~~ Minimum MAP fee is $625 per month for the first 12 months of operation and ~~then~~ $845 per month for each month thereafter. See the Fees Chart for MAP Fees for "Roll-In" sales.	At the same time as License Fee	Marketing, Advertising and Promotion Fund fee. See Fees Chart and notes. ~~This~~The minimum MAP ~~f~~Fee may be increased by up to ~~20~~30% on an annual basis.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Local Marketing Groups[1, 2, ~~3~~3,4]	Not to exceed 3% of Gross Sales; currently $400/month (and currently new franchisees receive a 6-month waiver of this fee). We may require that a portion of your LMG contribution be paid for use towards the Neighborly marketing and brand awareness initiatives.	Determined by LMG members	We designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, "LMGs"), and you must participate in and contribute to the LMG advertising and marketing programs in your market. Your contribution to the LMG will count towards any required Minimum Local Marketing Spending but any required Minimum Local Marketing Spending will not represent a limit on your LMG contributions (see Item 11).
Customer Care Center Fee[1, 2]	5% of Gross Sales.	Same as License Fee	You must participate in our customer care center program that processes customer requests for services, schedules estimates, refers service requests to franchisees and otherwise handles customer inquiries ("Customer Care Center"). ~~We will not charge the Customer Care Center Fee on the Gross Sales derived from recycling services and resale services.~~ We reserve the right to increase the fee to 6% of Gross Sales upon 30 days' prior notice. We also reserve the right to terminate the program and instead require franchisee to use a third-party vendor for customer care/call center services. ~~We reserve the right to change these fees upon 30 days' notice or require you to use a different provider, which may be us or another affiliate.~~

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
~~Unclosed Estimate Program~~[1]	~~$250/month~~	~~Upon demand~~	~~You must participate in our Unclosed Estimate Program, pursuant to which our Customer Care Center follows up (via phone calls, text and email messages) with potential customers for whom you prepared job estimates in an effort to close the customer sale.~~ ~~This fee is paid to us on behalf of Customer Care Center.~~
Software System Fees[1]	$~~150~~159 per month, plus: Additional Microsoft Office365 ~~("O365")~~ Exchange ~~email accounts are $4.00 per month, O365 E1 email accounts are $10.00 per month,~~, E1 and ~~O365~~ E3 email accounts are available at $~~23.00 per~~ 4.50 - $24/month depending on type of email account. ~~Finally, a~~Additional access rights to the Tableau data warehouse (beyond the first license) may be granted for an additional $12/month or $144/year~~, again, collected on the same June date each calendar year~~. ~~Before the end of the year 2024,~~If you obtain QuickBooks Online ~~will be added to the Software System and you will pay to ZorWare a fee for the use of QuickBooks, which fee will be added to the Software System Fees. The fee for QuickBooks Online will be~~through ZorWare, you will pay an additional fee of $30-$200 per month	Monthly (Additional Tableau access rights, if paid annually, are due in June each year).	This fee currently covers the cost of the following technology platforms: license fee for Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license, ~~two~~one Microsoft Office365 ~~("O365")~~E1 email account~~s~~, one Microsoft Office 365 Exchange email account and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary software system (the "Software System"). ~~Before the end of 2024, QuickBooks Online will be added to the Software System.~~ We have the right to audit you for compliance with the required number of email account licenses. If you obtain QuickBooks Online through ZorWare, QuickBooks Online will also be included in the Software System. These fees may increase in the future, but ~~not~~as of the date of this Disclosure Document we

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	depending on the license tier that you select.		do not anticipate the fees to increase by more than ~~by~~ ~~20~~30% annually, in addition to increases due to additional or different software being added to the Software System and direct price increases from third-party vendors. (See also Items 8 and 11). You must execute the Software System User and Maintenance Agreement included as Exhibit K to this Disclosure Document. We may update the Software System from time to time and require you to use different and/or additional proprietary and/or other software and you will be required to purchase/enter into software agreements/ licenses for such software as we (or the third-party supplier) specify and you will be required to pay to us or the third-party supplier fees for such software.
Late Fees (on Software System Monthly Fees)[1]	$25 per month or the maximum amount allowed under the law, whichever is less.	As incurred	If you fail to pay the Software System Monthly Fees within 30 days of the invoice date, you will be required to pay this late fee.
Annual Convention ("Reunion") Fee~~s~~[1]	Currently $1,000 ~~or less~~plus travel, lodging, meals and other expenses	When you are billed, which may be via automatic bank draft, or within 30 days after Reunion via automatic bank draft	You are required to attend the Reunion each year (see Item 11). We charge you a per-person registration fee to attend the Reunion. ~~You must attend Reunion each year (see Item 11). We will charge you this fee regardless of whether you actually attend.~~ We may charge you up to $2,000 if you do not attend or participate in the Reunion and/or Meeting.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			We may increase these fees but as of the date of this Disclosure Document we don't anticipate these fees to increase by more than 30% annually in addition to any increases from third-party vendors.
Regional Meeting (the "Meeting") Fee[1]	Currently $99 plus travel, lodging, meals and other expenses	Fee payable to us upon notice, expenses payable as incurred	We require you to attend the Meeting each year (see Item 11). We charge you a per-person registration fee to attend the Meeting. We may charge you up to $2,000 if you do not attend or participate in the Meeting and/or Reunion. We may increase these fees but as of the date of this Disclosure Document we don't anticipate these fees to increase by more than 30% annually in addition to any increases from third-party vendors.
Transfer Fee[1]	The greater of: (i) $7,500 or (ii) 5% of the sale price.	~~$2,500 upon your listing of the Business for sale; remainder upon closing of the~~Before transfer.	We may discount or waive the transfer fee if the transfer is to a legal entity you control or to a member of your immediate family (See Section 10.C. of the Franchise Agreement).
Late Fees[1] (Franchise Agreement)	$10 per day	On demand	Applies to fees that are overdue.
Administrative fee – Late Payment, Dishonored Check or ACH Draft[1]	$~~150~~50	On demand	You must pay us this fee for each check returned or ACH draft refused by your financial institution for insufficient funds in your account or if your payment is late.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest[1]	12% on unpaid balances	On demand	Payable on all overdue amounts. The twelve percent (12%) charge is calculated as a per annum rate but may be collected on demand, including weekly or monthly through automatic bank draft.
~~Failure to Maintain Insurance[1]~~	~~Our actual cost for insurance premiums and a reasonable fee for expenses we incur~~	~~On demand~~	~~If you fail to maintain the required insurance coverage on your franchise, we may acquire and pay for the insurance coverage and charge you.~~
Audit[1]	Cost of audit plus expenses, plus any amount owed as shown by the audit, plus interest and late fees	When you are billed	Payable only if we find an understatement of Gross Sales of 2% or more or if you fail to provide requested information within 30 days of our request
Audit Noncompliance Fee	$500 per document (up to $2,500 per audit) that you fail to timely make available to us in connection with an audit; And/or: cost of audit, if audit is rescheduled due to your failure to cooperate with the audit	On demand	Payable if you fail to timely make available to us requested documents in connection with an audit. In addition, if we must reschedule an audit due to your lack of cooperation, you will be required to pay for the cost of the audit.
Renewal Fee[1]	$5,000	On renewal	See Item 17 for terms and conditions for renewal.
Amendment Fee[1]	$300	When you are billed	You must pay us a processing fee for modifications to your franchise agreement that are made at your request. When you request an amendment to your franchise agreement or related agreements, we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
~~Non-Compliance Fee~~[~~1~~]	~~Our then-current fee; currently $20/day of non-compliance~~	~~Upon demand~~	~~If you fail to comply with the Manual, and fail to remedy the non-compliance within the cure period provided by us, we may charge you this fee for each day that the non-compliance remains uncured.~~
~~Unapproved Suppliers~~[~~1~~]	~~Our actual out-of-pocket costs of inspection or testing~~	~~On demand~~	~~See Item 8.~~
Indemnification and attorneys' fees and costs[1]	Varies according to loss	On demand	If we must engage an attorney to enforce our rights under the Franchise Agreement and we prevail, or if we are sued because of something you do or fail to do, you must indemnify us and/or reimburse us for all costs, including reasonable attorneys' fees (which may include outside counsel fees and in-house legal costs charged at rates comparable to outside attorneys), interest, court costs and expenses expended or incurred in enforcing our rights.
Tax Reimbursement[1]	Varies according to tax	When you are billed	You must pay us or to taxing authorities (as applicable) an amount equal to any sales tax, use tax, gross receipts tax, documentary stamp tax or similar tax (other than income tax), fees or charges imposed on us due to any required payments you make to us. You must pay us such additional amounts as necessary so that we receive all payments from you in full as if no such tax applied.
Key Account fees[~~4~~5]	Varies, typically a fee equal to ~~1~~2% to 20% of the invoice amount	At time of invoicing	If we handle the billing, invoicing, and collections for a Key Account, we will pay to you the Gross Sales we receive from the Key Account related to services provided by you in

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			the Territory, less this administrative fee specified for each job by us. We determine the fee for each job based on the size of the load and our arrangement with the Key Account.
Key Account Non-compliance fee	The dollar value of the applicable Key Account job plus 20% processing fee	Upon demand	If you refuse or otherwise fail to service a Key Account job, you will be required to pay us an amount equal to the dollar value of the Key Account job plus a 20% processing fee; provided that your payment of such amount shall not waive any of our other rights or remedies under the Franchise Agreement and under applicable law, including, without limitation, termination of the Franchise Agreement if you thereafter continue to fail to comply with your obligations under the Key Accounts program.
Third-Party Payments[1]	Our actual costs, including interest and penalties, plus a fee of the greater of $35 or 5% of the payment amount	As incurred	If we pay monies to a third party on your behalf (including a supplier due to your non-payment), you agree to reimburse these costs to us, along with these fees to compensate us for our administrative costs.
Additional Training Fees[1]	~~Then-current fee; Currently: $1,200 per trainee for additional trainees during initial training program; or $1,000 per day for additional training (in addition to the initial training program) or replacement manager training~~The then-current fee, currently $500 per day, plus out-of-pocket expenses.	When you are billed	If you request training in addition to the initial training program (~~S~~see Item 11)~~ or you wish for us to train more than four individuals during the initial training program or we retrain any individuals or train replacement managers~~, we may charge you a training fee, plus you must pay your costs and expenses in connection with such training.~~ As of the date of this Disclosure Document, we may conduct our training programs~~

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			~~remotely/virtually. Therefore, you may not incur travel expenses if your training is done remotely/virtually.~~ We may increase the fee but as of the date of this Disclosure Document we don't anticipate the fee to increase by more than 30% annually.
~~Paradox ATS Fee~~	~~The then-current annual fee.~~ ~~The fee for 2024 is $271.~~ ~~-~~ ~~The annual fee for 2025 will be between $500 and $650.~~	~~January 2024, when you're billed;~~ ~~January 2025 and annually thereafter~~	~~We make this optional third-party web-based applicant tracking system (ATS) available to you, subject to your agreement to Paradox Inc's terms of use.~~ ~~We may increase the fee annually to reflect price increases from the vendor, Paradox, Inc., but the fee will not increase more than 5% over prior year.~~ ~~You may opt out of the Paradox ATS at any time.~~

Notes:

1. **Fee Payment Information**. All fees are non-refundable and, except as otherwise provided, all fees are uniformly imposed. All fees are imposed by us and are payable to us, except the fees for any LMG fees, which are imposed by us, and may be payable to us or the LMG. You may be required to pay by automatic bank draft all current and future fees specified in this Item 6. See Item 11 for information about electronic reporting of Gross Sales and payment of fees by automatic bank draft. Some banks or other financial institutions may charge a fee for electronic transfers.

Currently, we require that you also license QuickBooks Online either directly from our designated vendor, Intuit Limited, ~~and pay a license fee directly to the vendor, which fee currently ranges from $63 to $140 depending on the license tier you select. As~~or through ZorWare. If you license QuickBooks Online through ZorWare, you will pay the QuickBooks Online fee to ZorWare as noted in the Item 6 table above~~, before the end of the year 2024, we will add~~ and your use of QuickBooks Online will be subject to the Software System User and ~~you will pay a fee for QuickBooks (noted in the table above) directly to ZorWare as part of the Software System Fees~~Maintenance Agreement.

2. **Gross Sales**. Gross Sales include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of — or in connection with — your Business whether under any

of the Marks or otherwise. Gross Sales exclude sales taxes collected from customers and paid to the appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing.

3. **License Fees and MAP Fees**. From and after you execute your Franchise Agreement, you begin to report Gross Sales and pay us a monthly License Fee and MAP fee based on the Gross Sales during the previous calendar month, determined as described in the Fees Chart below. All payments of the License Fees and MAP Fees (together with the report of Gross Sales) must be submitted to us by the 10th day of the calendar month for the prior month's Gross Sales.

4. **Minimum Local Marketing Spending; Local Marketing Groups/Advertising Cooperatives**.

You must spend an amount annually on approved local marketing and advertising of your Business (the "Minimum Local Marketing Spending") equal to the following:

Annual Gross Sales for Prior Calendar Year	**Annual Minimum Local Marketing Spending Requirement for Current Calendar Year**
0 to $1,000,000	The greater of (i) $50,000 or (ii) 15% of the prior calendar year's Gross Sales
$1,000,000 - $1,500,000	12% of the prior calendar year's Gross Sales
$1,500,000 - $3,000,000	10% of the prior calendar year's Gross Sales
$3,000,000 +	8% of the prior calendar year's Gross Sales

~~3.~~ ~~**Minimum Local Marketing Spending; Local Marketing Groups/Advertising Cooperatives**~~. ~~For the first three years after the scheduled opening date of your Franchised Business, you must spend an amount each month on approved local marketing and advertising of your Business (the "Minimum Local Marketing Spending") equal to the greater of: (a) 10% of the average Gross Sales of the Franchised Business per month during the immediately preceding calendar quarter or (b) $3,000. We may reduce the required amount after the third (3rd) anniversary of the scheduled opening date based upon the depth of your market penetration in the Territory.~~ The amount you spend on Minimum Local Marketing Spending will be in addition to any MAP fees you must pay to us. Amounts paid to an LMG will count towards the Minimum Local Marketing Spending, as more particularly described in the Manuals. If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Spending and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. Should your franchise agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Spending collected to the MAP Fund.

If advertising cooperatives are set up, franchisor-owned outlets will not have controlling voting power, although as franchisor, we will set the contribution rates and franchisor-owned outlets will contribute at the same rate. If your territory is in a geographic area that is subject to an existing advertising cooperative, the cooperative may determine your contribution rate.

If local marketing groups are set up, the franchisor will set the contribution rates and franchisor-owned outlets will contribute at the same rate; the members will have no votes but they will advise the franchisor on the local marketing group's strategies and initiatives.

~~4~~5. **Key Accounts and Third Party Fees.** You must participate in our Key Accounts program and comply with all Key Accounts standards and procedures described in the Operations Manual and/or as we may otherwise communicate to you, which participation may, in some cases, require you to use us or an affiliate as the billing provider on the account. Key Accounts may require use of additional software.

FEES CHART

LICENSE FEES AND MAP FEES

ALL FEES EXPRESSED IN PERCENTAGES ARE CALCULATED BY MULTIPLYING THE PERCENTAGE STATED BY GROSS SALES FOR EACH MONTHLY PERIOD. SEE NOTES BELOW.

License Fees[1]			
Type of Fee	**Months 1-18**	**Months 19-24**	**Month 25 - End**
Standard	8%	Greater of 8% or Minimum License Fee	Greater of 8% or Minimum License Fee
Small Roll-In	Greater of 4% or Minimum License Fee	Greater of 7% or Minimum License Fee	Greater of 7% or Minimum License Fee
Medium Roll-In	Greater of 4% or Minimum License Fee	Greater of 6% or Minimum License Fee	Greater of 6% or Minimum License Fee
Large Roll-In	Greater of 4% or Minimum License Fee	Greater of 4% or Minimum License Fee	Greater of 5% or Minimum License Fee

MAP Fees[1]				
Type of Fee	**Year 1**	**Year 2**	**Year 3**	**Year 4 - End**
Standard	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee
Small Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee
Medium Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee

Large Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee

Notes:

1. **Small Roll-In, Medium Roll-In, and Large Roll-In**. A "Small Roll-In" is an Existing Business with $150,000 to $249,999 in annual gross sales volume that you agree to "roll-in" to the franchise; a "Medium Roll-In" is an Existing Business with $250,000 to $499,999 in annual gross sales volume that you agree to "roll-in" to the franchise; and a "Large Roll-In" is an Existing Business with $500,000 or more in annual gross sales volume that you agree to "roll-in" to the franchise. Special License Fee and MAP Fee rates apply with respect to Small Roll-In, Medium Roll-In, and Large Roll-In at certain times, as described in the two tables above.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (Note 1)	$~~54,000~~55,000	$~~78,000~~77,000	Lump sum	At signing of Franchise Agreement	Us
Travel and Living Expenses While Training (Note 2)	$~~1,500~~1,200	$~~7,000~~5,000	As incurred	Before opening	Third-party Vendors
Inventory and Supplies (Note 3)	$~~500~~800	$~~1,000~~1,500	As incurred	Before opening	Third-party Vendors
Fixtures, Furniture, and Equipment (Note 4)	~~$2,000~~0	$3,000	As incurred	Before opening	Third-party Vendors
Signage (Note 5)	$~~1,000~~500	$~~2,000~~1,000	Lump sum	Before opening	Third-party Vendors
Vehicles (Note 6)	$~~15,000~~19,200	$~~20,000~~100,000	Lump sum	Before opening	Third-party Vendors
Office and Warehouse Lease (Note 7)	$1,500	$~~6,000~~7,000	As incurred	Monthly	Landlord
~~Leasehold Improvements~~Professional Fees (Note 8)	$0	$~~5,000~~3,000	~~Lump sum~~As incurred	~~Before opening~~As incurred	Third-party Vendors
Security Deposits, Utility Deposits, Business Licenses and Other Prepaid ~~e~~Expenses~~/ Insurance~~ (Note 9)	$~~1,800~~2,200	$~~3,000~~5,000	Lump sum	Before opening	~~Insurance Agent/Company~~Outside Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
~~Pre-Opening Payroll (Note 10)~~	~~$1,000~~	~~$5,000~~	~~Bi-weekly~~	~~As incurred~~	~~Employees~~
Additional Funds- 3 months (Note ~~11~~10)	$~~15,000~~45,000	$~~50,000~~97,500	As incurred	Before opening	Suppliers, Utilities, etc.
TOTAL (Note ~~12~~11)	**$~~93,300~~125,400**	**$~~180,000~~300,000**			

Notes:

Unless otherwise noted, all fees payable to us are nonrefundable. Refundability of fees paid to third parties depends upon their policies.

Note 1. The initial franchise fee is $~~0.12~~0.11 (~~tw~~eleven cents) multiplied by the population in the Territory. The estimate is based on the purchase of a Territory with ~~450,000 to 650,000~~500,000 to 700,000 persons. You must pay the initial franchise fee in full when you sign the franchise agreement. We may agree to finance a portion of the initial franchise fee, depending on your credit-worthiness, the collateral that you have available and our then-current financing policies. Monthly payments depend on the amount financed. See Item 5 for more information about the initial franchise fee (including applicable discounts), see Item 10 for more information about financing and see Item 12 for more information about Territory.

Note 2. Travel and living expenses to attend initial training will vary significantly depending upon the distance you travel to attend initial training, whether you travel at peak or off season, which day of the week you travel, the amount of advance time before booking, the grade or level of lodging that you choose, and grade of restaurants at which you predominantly choose to eat. ~~We require at least one person to attend initial training, but we allow you to bring up to four employees. The estimate assumes one to two people will attend training.~~

Note 3. You will need uniforms and standard office supplies.

Note 4. Unless you have these items already, you will need a computer with internet access, anti-virus protection, printer, e-mail, telephone, scanner, desk, chairs, file cabinet, tools, trash cans, recycling bins, cell phones, GPS, and truck equipment. Further, you must maintain a dedicated telephone number for use as a franchisee. Further, we reserve the right to specify your purchase and use of reasonable software for operation of the Business.

Note 5. You will need to purchase signage for your office/warehouse space.

Note 6. You will need to purchase ~~a Mitsubishi or~~an Isuzu truck cab equipped with a custom-made 18-cubic yard box on the back or a Ford F550 equipped with a custom-made 18-cubic yard box on the back or a similar approved vehicle as we deem appropriate. The estimate includes a down payment on the customized truck and the box. If you choose to pay cash, or if you are unable to obtain financing, the cash price of the truck will be approximately $96,000 to $100,000, plus applicable delivery charges and tax. You may lease your truck only if it is a lease to own.

Note 7. You must secure warehouse/administrative office space and space for recycling. You must maintain sufficient space to operate computer and telephone equipment, maintain records, and provide a processing area for material that will be recycled. We estimate that you will need approximately 1,200 to 2,500 square feet of space to begin operation of the Business, however, up to 5,000 square feet is acceptable.

This estimate assumes that you will rent a space between approximately 1,200 to 2,500 square feet of space. If your facility is larger, your costs will be higher.

The estimate assumes you will lease the space and includes your first and last month's rental payment. Your rent will depend on the site's size, condition, accessibility, and location, local market conditions, and demand for the premises among prospective lessees. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C. and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. You should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market.

Note 8. Professional Fees. These are estimates for fees that will be charged by your attorney to review the franchise agreement and other documents, to advise you and to incorporate a business entity on your behalf if desired. This estimate also includes fees charged by an accountant and/or financial advisor. Actual fees will depend on the specific work you request, the advisors you select and the rates for professional fees in your area.

Note 9. This estimate includes the cost of various permits, local and state license and government fees, utility deposits, prepaid tax payments, which you may be required to pay in connection with setting up the business.

~~You may choose to purchase, rather than rent, real estate on which a building suitable for the office and warehouse already is constructed or could be constructed. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for an office or warehouse.~~

~~Note 8. If you build out or refurbish your office space, you may incur expenses for this work. Your costs may be significantly more, depending on the changes that you elect to make to the space.~~

~~Note 9. You must purchase the insurance coverage described in Item 8. This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening. This estimate covers the operation of one vehicle. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums. If you do not obtain the required insurance coverage, we can purchase it for you and bill you for our costs.~~

~~Note 10. We recommend a minimum of one full-time and three part-time employees to start this business, which includes a minimum of one driver and two navigators. Wage rates and benefits vary by geographic area and the nature of job position. This estimate includes payroll costs that you may incur prior to opening, including insurance. Liability and Workman's Compensation equate to $500 to $1,500 of this estimate.~~

Note ~~11~~10. This is an estimate of the amount of additional operating capital that you may need during the pre-opening period and the first three months after opening your business. This estimate includes additional funds you may need to pay employee salaries and wages, ~~local license and other government fees, utilities, payroll taxes (including payroll to cover the pre-opening training period for your staff),~~ License Fees, MAP Fees, Customer Care Center Fund fees, legal and accounting fees, your monthly advertising obligations, insurance premiums, health and workers' compensation/Workman's Compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, ongoing rent, ~~state tax and license fees, deposits, prepaid expenses,~~ and other miscellaneous items. ~~The preceding list is by no means intended~~

~~to be exhaustive of the extent of possible categories of expenses.~~ We recommend a minimum of one full-time and three part-time employees to start this business, which includes a minimum of one driver and two navigators. Wage rates and benefits vary by geographic area and the nature of job position. This estimate includes payroll costs that you may incur prior to opening (including during training). The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and the amount of business you generate. Costs of insurance may not be refundable and may vary widely. You must purchase insurance coverage. This estimate does not include compensation for your time or labor. Therefore, you will also need sufficient savings or source of income to cover your personal living expenses during the start-up phase of the Business.

Note ~~12~~11. We have relied on our ~~14~~15 years of experience in the business as well as information provided to us by our franchisees to compile these estimates. These figures are estimates of your initial expenses covering the pre-opening period and your initial three months of operation.

This estimate does not include the cost of providing Dumpster Services because you ~~will~~are not required to offer Dumpster Services during the first three months of the operation of the Franchised Business. When you ~~are eligible~~begin to offer Dumpster Services in your Territory through your Franchised Business, you must purchase at least seven dumpsters and a second vehicle capable of hauling a dumpster (which collectively are estimated to cost between $~~145,000~~130,000 and $~~155,000~~150,000 plus applicable delivery charges and tax).

Renewal and Purchase of Operating Franchises

If you are renewing your franchise or if you are purchasing an operating franchised business (as opposed to a territory that has not yet been developed), the above costs will not apply except to the extent they apply in your ongoing business. You will pay a Renewal Fee of $5,000 instead of an Initial Franchise Fee when you renew the franchise. Also, in the case of a resale/transfer (purchase of an existing Business), we charge a ~~$7,500~~ transfer fee ~~and the buyer/transferee pays a reduced Initial Franchise Fee in the amount of $5,000~~in an amount equal to the greater of (a) $7,500 and (b) 5% of the sales price of the business and you must pay us a $3,000 training fee for which we will provide you our initial training program. If you choose to have legal review of your renewal franchise documents, the cost item above titled "Professional Fees" would apply but we estimate the amount to be approximately $4,000 for a renewal since your business has already been formed. The $5,000 estimated in the case of review of a franchise agreement and formation of a legal entity to be the franchisee, if needed, would apply in the case of a resale/transfer. This estimate does not include the cost of preparing and negotiating the purchase agreement with the owner of the franchised business you are purchasing, if applicable, and you must make your own estimate of those costs. If you are acquiring an operating franchise, you will pay to the selling franchisee a purchase price for the business, which purchase price you will negotiate with the selling franchisee.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must maintain the highest standards of quality and workmanship in order to provide the highest quality of service to your customers. You must use in the operation of your Business, and in the offer and sale of the services and products we approve, only those techniques, procedures, and supplies we specify in writing. You must offer all, and only such, products and services as we approve from time to time. We may change any of our requirements periodically. We will notify you of any changes to the standards or the Manuals.

Approved Supplies and Suppliers

We may furnish you from time to time lists of approved supplies and approved suppliers. We reserve the right to require that you only use approved products, inventory, supplies, uniforms, tools, equipment, signs, telephone and internet equipment and service, advertising materials, and other items (the "approved supplies") in the Business as described in the approved supplies and approved suppliers' lists, as we may amend from time to time. We also may develop and research new products or services as we determine necessary. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or our affiliates may be that single source. You must pay the then-current price in effect for any purchases from us or our affiliates. You may not contract with an alternative supplier for any products and/or services for which we have designated a supplier.

You may purchase from other suppliers if you follow our supplier approval procedures, as described in the Manuals, and obtain our prior written approval. You must give us at least thirty (30) business days' prior written notice if you wish to purchase from a source other than our approved suppliers. We may require that samples be delivered to us or to a designated independent testing laboratory for testing before our approval is given. You must pay upon demand our (or the third party's) actual costs of the testing and any related costs/expenses (regardless of whether we grant an approval). We will usually notify you of our decision within 10 days after we receive the test results. Additional or different procedures may be required for approval of services, software or other special items, as described in the Manuals. We reserve the right to revoke our approval at any time upon the supplier's failure to meet our then-current criteria.

Currently, you must purchase the following from our specific vendors: accounting software from Intuit QuickBooks Online, human resource, payroll, and benefits outsourcing services from Paychex, and invoicing software from Intuit Merchant Services, and GPS services from Linxup GPS.

We may also require that other products, supplies, equipment, inventory or services you use in connection with the operation of your Business meet our then-current specifications (as we may from time to time modify). Currently, you must purchase the following items pursuant to our specifications: computer hardware and software, equipment, signs, supplies, and tools, Vehicles, truck equipment, advertising materials, employee uniforms, insurance, dumpsters, and the site of the Franchised Location.

Software System

You must obtain the Software System from us and pay us the Software System Fee for your usage, as described in Item 6. We may update the Software System from time to time and require you to use different and/or additional proprietary and/or other software and you will be required to purchase/enter into software agreements/licenses for such software as we (or the third-party supplier) specify and you will be required to pay to us or the third-party supplier fees for such software.

Customer Care Center; Unclosed Estimate Program

Currently, you must participate in our Customer Care Center and pay us the Customer Care Center Fee as disclosed in Item 6. Through the Customer Care Center, we are the sole supplier of all call center and related customer care services for your franchised business. We may modify or discontinue the Customer Care Center at any time upon notice to you.

You must also participate in our Unclosed Estimate Program, pursuant to which our Customer Care Center provides follow up outreach to potential customers of the Business for whom you have prepared job estimates in an effort to secure the customer jobs~~, and~~. In order to participate in the Unclosed Estimate Program, you must ~~pay us the corresponding fees as~~enter into the ~~dis~~Unclosed ~~in Item 6~~Estimate Program

Agreement (in the form attached as Exhibit G). We may modify or discontinue the Unclosed Estimate Program or Customer Care Center at any time upon notice to you.

Other than with respect to the Customer Care Center, the Unclosed Estimate Program and the Software System, neither we nor our affiliates are currently the only approved supplier for any products or services, but we and our affiliates may be approved suppliers for other/additional products and services in the future.

We believe the Software System fees~~, the Unclosed Estimate Program fees~~ and the Customer Care Center fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Software System fees~~, the Unclosed Estimate Program fees~~ and Customer Care Center fees include a mark-up to offset our (or our affiliate's, as applicable) costs of administering and managing the Software System related services~~, the Unclosed Estimate Program~~ and the Customer Care Center; such mark-up exceeds our (or our affiliate's, as applicable) direct costs of the Software System related services~~, the Unclosed Estimate Program~~ and the Customer Care Center, and we or our affiliate (as applicable) may derive a profit from the Software System fees~~, the Unclosed Estimate Program fees~~ and the Customer Care Center fees.

Vehicles

You must purchase one Vehicle upon startup and an additional Vehicle after you have been in operation for eight months, or when your existing Vehicles(s) average three jobs per day over an average of ten business days, whichever comes first. After that, you are required to purchase an additional Vehicle whenever your existing Vehicles average three jobs per day over a fourteen-day period. Vehicles shall meet our specifications as stated in the Manuals. You are prohibited from using any other box trucks, trailers, vehicles, or dumpsters that are not approved by us or meet our specifications. You may not lease Vehicles, unless you participate in an approved lease-to-own program that we may from time to time offer with an approved supplier.

Dumpsters

~~When you are approved to offer~~In order to be able to provide the Dumpster Services in your Territory through your Business, you must purchase at least seven dumpsters and a second vehicle capable of hauling a dumpster~~ (which collectively are estimated to cost between $145,000 and $155,000)~~. The dumpsters and vehicle must meet our minimum specifications and may need to be purchased from a vendor that we designate.

Marketing Materials

We are an approved supplier of advertising materials, but not the only approved supplier.

All advertising and promotional materials, signs and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we specify. Your advertising and promotion must meet our standards as described in the Manuals or otherwise by us in writing. You may prepare and use your own advertising or promotional materials provided that we have approved them in writing prior to use.

Telephone Numbers and Electronic Identities

The telephone numbers and electronic identities you use in connection with the Business must be owned and controlled by us or an approved supplier. We require you to "port" or transfer to an approved call routing and tracking supplier all phone numbers associated with the Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks and/or the Business.

Purchasing Arrangements and Rebates

We do not provide you with any material benefits based on your purchase of particular products or services, or your use of designated or approved sources. Our affiliate, ProTradeNet, negotiates and enters into purchase arrangements, which may include discounted pricing, special terms, rebates or other incentives with suppliers for the benefit of our franchisees. We may also negotiate or enter into these types of arrangements directly. ProTradeNet has and may enter into relationships with other buying groups, which may include competitors, for the purpose of improving negotiating strength and purchase volume for the entire group. We or an affiliate (including ProTradeNet) may make available to you the opportunity to participate from time to time in certain discounts, rebates, or other benefits in connection with approved suppliers (collectively, "Rebates"), if you meet certain conditions, such as supplier terms and conditions and attendance at annual meetings. All Rebates not returned to franchisees may be retained by us or our affiliate (including ProTradeNet) and used to cover administrative costs or to promote our system and brands. Although neither we nor ProTradeNet have any contractual obligation to pay you Rebates, in most instances, but subject to change and vendor relationships, ProTradeNet will retain 25% of all Rebates, pay 25% of all Rebates to us and pay 50% of all Rebates to you, the franchisee, based on qualifying purchases. The Rebates received by ProTradeNet from suppliers are generally a percentage of each supplier's annual billings to franchisees with respect to certain products or services provided by the supplier to the franchisees. In ~~2023~~2024, these Rebates ranged from 1% to ~~35~~25% of the suppliers' annual billings to franchisees. Some suppliers may also pay additional fees for advertising, which fees range from $500 to $35,000; for marketing, which fees range from .5% to 1% of total qualified purchases by franchisees from the supplier; and for sponsorships and tradeshow space, which fees range from $500 to $175,000, for the purpose of promoting their product or service to franchisees. All of these amounts and percentages, including the percentages of Rebates retained by ProTradeNet and paid to us and to you and all additional fees, may change in the future at our sole discretion. Rebates are typically paid on net sales for qualified purchases and ProTradeNet may or may not from time to time include purchases made by the MAP Fund in our rebate program. If MAP Fund purchases are included as qualified purchases, ProTradeNet will allocate 100% of the rebates from those purchases to the MAP Fund. The agreement you are required to sign with ProTradeNet to participate is included as Exhibit J hereto, and additional terms and conditions, which may change from time to time, are included on the ProTradeNet website, www.protradenet.com. While you are required to enter into the ProTradeNet Agreement, you are not required to purchase any items under the ProTradeNet Program except as otherwise stated in this disclosure document or required by your Franchise Agreement, our Manuals or our policies and procedures. However, certain benefits, Rebates and special pricing will be available to you only if you participate on the terms required by ProTradeNet or each individual supplier.

We may derive revenue as a result of your required purchases. Amounts listed below are based on cash received and cash disbursed. Some Rebates may be received and the portion of any that are disbursed may be held until the next national meeting before being disbursed. Not all suppliers provide Rebates. A complete listing of suppliers providing Rebates and their rates is available from ProTradeNet.

- In the year ended December 31, ~~2023~~2024, ProTradeNet had revenue of $~~5,567~~12,833 from required purchases by JUNK KING franchisees.

- In the year ended December 31, ~~2023~~2024, ZorWare had revenue of $~~124,289~~321,331 from required purchases by JUNK KING franchisees.

- In the year ended December 31, ~~2023~~2024, we had revenue of $~~4,518,275~~4,284,443, or about ~~29.62~~27.20% of its total revenues of $~~15,255,684~~15,752,175, as a result of purchases by JUNK KING franchisees from approved suppliers or under our specifications or as a result of purchases, if any, directly from us. These figures were computed from our internal accounting records for the year ended December 31, ~~2023~~2024.

- We or our affiliates may receive a commission from the brokerage of a capital lease or other equipment finance, should you require financial assistance from third parties.

You must comply with all terms and conditions applicable to these programs to receive the discount or Rebate. Additional information is available by contacting us. These programs may be changed or discontinued at any time. Other than the ProTradeNet program described above, we do not currently participate in any purchasing or distribution cooperatives. We or our affiliate(s) may from time to time negotiate purchase arrangements with suppliers (including price terms to the extent permitted by law) for the items and services described in this Item 8 that you may obtain only from designated sources.

Key Accounts Program

We offer a Key Accounts program. From time to time we evaluate opportunities for Key Accounts which might be best administered through us, our parent, an affiliate or a third party, as we determine in our discretion. You must participate in our Key Accounts program, subject to compliance with the standards and procedures of the program. We, Neighborly Service Solutions, and/or a third party we select, may solicit Key Accounts for the franchisees of certain franchise systems affiliated with Neighborly, including us. A "Key Account" is a customer account which may be national or regional and cover multiple customer locations (within and/or outside your territory) with whom we have entered into arrangements (i) for servicing of multiple locations of such customers and/or (ii) that we determine are designed to benefit the System as a whole by gaining otherwise unavailable business or addressing the concerns of such customers that may require specific terms or provisions of our arrangement with them, including without limitation special insurance, experience, equipment, pricing, payment terms, turnaround requirements, or approvals. A Key Account is generally, but not always, a large organization with multiple locations that need products and services provided by franchisees in our franchise system and/or the franchise systems of our affiliates around the country or in a region or other area. The agreement to provide services may be formal or informal and the account may be administered by us, an affiliate or a designee of ours. In some cases our Key Accounts program provides a central number customers may call for those services. You must comply with the terms we specify, which may include provisions that require the payment of management fees or other fees, including sales commissions or similar payments, offering of special products or services at certain times or for certain prices (to the extent allowed by law) and special insurance, indemnity, quality control and other provisions. You may also be required to enter into additional agreements required by a Key Account or our policies and procedures. The Key Accounts administrator (which may be us, our affiliate or a third-party designee) may collect payments from Key Account customers and distribute payments to franchisees for work provided but has no obligation, and we have no obligation, to make any payments to you for work to the extent payment in good funds by the Key Accounts customer has not been made to us or the administrator. We and/or the administrator of the Key Accounts program have the right to charge additional amounts, including commissions or other fees or charges, to third parties and/or to Key Account customers on account of work performed on Key Accounts by you or other third-party service providers.

Insurance

Before you begin operating your Business, you must purchase, and maintain at all times during the term of your franchise agreement, at your cost, insurance coverage, from a responsible carrier, with an A.M. Best rating of A-VIII or better, with the coverage amounts, types and other features as we from time to time specify, using the insurance industry form(s) acceptable to us, and such other insurance coverage as required by law and any other agreement related to the Business. We reserve the right to designate a primary or single source for all or any of the insurance coverage for the Business, and we or our affiliates may be that primary or single source. Any person or entity with an insurable interest that we designate (each, an "Additional Insured") must be named an additional insured on all required liability policies. Each insurance policy must contain a waiver of subrogation in favor of the Additional Insureds. Your insurance must apply as primary and non-contributory. Currently, our minimum insurance requirements include (i) commercial general liability insurance, with minimum liability coverage of $1,000,000 per occurrence (including Products/Completed Operations and Personal Injury and Advertising Injury) and $2,000,000 in the aggregate; (ii) auto liability coverage, combined single limit in the amount we specify, up to $2,000,000 but no less than $1,000,000, on each owned, non-owned or hired vehicle used in connection with the Business; (iii) workers' compensation coverage, regardless of whether required by state law, with minimum coverage as required by state law (if applicable); (iv) $500,000 per claim and in the aggregate cyber-liability insurance for financial losses arising from unauthorized access, loss or corruption of data, including but not limited to privacy and data security breaches, misdirected funds, virus transmission, denial of service and loss of income from network security failures; and (v) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Business. With respect to Key Accounts, if the insurance amount required for any Key Account or for Key Account work in general exceeds the amount specified as the maximum amount required by us for any type of insurance, that higher amount required for the Key Account work will apply. Additional insurance requirements are described in the Operations Manual.

~~You may satisfy the insurance coverage limits through an umbrella policy that meets all our requirements. If you fail to purchase or maintain required insurance, we may, but are not obliged to, obtain such insurance for you and keep the same in force and effect, and you must pay us, on demand, all premiums charged for such insurance policies together with a reasonable fee for the expenses we incur in doing so. We also have the right to terminate your Franchise Agreement for cause if you fail to comply with our insurance requirements.~~ You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We also may request copies of all insurance policies. We may modify the required minimum limits and types of coverage, by written notice to you. Upon such notification, you must immediately implement the modification of the policy, and provide evidence thereof, in accordance with our request. You may satisfy the insurance coverage limits through an umbrella policy that meets all our requirements. We have the right to terminate your Franchise Agreement for cause if you fail to comply with our insurance requirements.

Accounting Software and Other Requirements

We ~~recommend~~may require that you engage the services of a certified public accountant and bookkeeper to assist you with the set-up of your books and records, in using the appropriate chart of accounts that we require and in producing monthly and annual compiled financial statements. ~~If you request, we will~~We may provide you with information about companies we are aware of that offer these services to our franchisees, which may include services provided by our affiliate BackOffice. We require that you use an appropriate chart of accounts, comply with our operating procedures and specifications, including internal audit standards, and use our required software (as part of the Software System) and that your accounting must also be compatible with our required Software System. Currently, we also require that you license QuickBooks Online (either directly from our designated vendor, Intuit Limited, or ~~al~~through ~~before the end of 2024, we intend to include QuickBooks Online into the Software System~~our affiliate ZorWare as described in Item 6).We may, upon demand, require you to provide us, within the time as we specify, with audited financial statements, using an independent certified public accountant designated by or satisfactory to us, to adopt a fiscal year consistent with ours, to cooperate with our auditors and to comply with such additional requirements as may be reasonably necessary to enable us to meet our obligations under Generally Accepted Accounting Principles and to comply with applicable accounting standards and rules.

None of our officers currently have an ownership interest in any approved supplier.

The cost of items purchased in accordance with our specifications represents approximately 10% to 20% of your total purchases in connection with the establishment of your Business and approximately 10% to 30% of your on-going purchases in connection with operation of your Business.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	2, 5(A) and Schedule A	11
b.	Pre-opening purchase/leases	5(A) – (F); 9(C)	7, 8 & 11
c.	Site development and other pre-opening requirements	5(A) – (F); 9(C)	7, 8 & 11
d.	Phase I and Phase II and ongoing training	6	11
e.	Opening	5(A) – (F); 9(C); 6; Schedule A	11
f.	Fees	8; 10(C); Schedule A	5, 6, 7 & 11
g.	Compliance with standards and policies/Operating Manual	2(A), (B); 3; 5; 6; 8(H), (I); 9;	11
h.	Trademarks and proprietary information	3; 5(G), 5(J), Schedule F	13 & 14
i.	Restrictions on products/services offered	2(A); 3(A) - (C); 5(C), (D), (K), (L), (M) and (R)	8 & 16
j.	Warranty and customer service requirements	5(N)	11
k.	Territorial development and sales quotas	2(A), (B); Schedule A	12

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
l.	Ongoing product/service purchases	5(A)-(F)	8 & 16
m.	Maintenance/appearance/remodeling requirements	5(A) and (B)	11
n.	Insurance	9(C)	6 & 8
o.	Advertising	7	11
p.	Indemnification	9(B)	6, 9, 13 & 14
q.	Owner's participation/management/ staffing	6	11 & 15
r.	Records and reports	8(H) and (I)	6
s.	Inspections and audits	5(H); 8(J)	6 & 11
t.	Transfer	10	17
u.	Renewal	4(B) and (C)	17
v.	Post-Termination obligations	5(R) and 13	17
w.	Non-competition covenants	9(D); Schedule F	17
x.	Dispute resolution	11	17
y.	Other		
	Guarantee of Franchisee Obligations (Note 1)	14(F); Schedule C	14. 15

Notes:

1. If Franchisee is a corporation or other entity, all persons having a 5% or more ownership interest must personally guarantee the obligations to be performed by the Franchisee under the Franchise Agreement.

ITEM 10

FINANCING

Except as described below, we do not offer direct or indirect financing. Except as described below, we do not guarantee your note, lease or obligation.

We have no obligation to provide you any financing, but we may agree to finance a portion of the initial franchise fee for qualified prospective franchisees under specified terms and conditions. Our decision to finance the initial franchise fee will be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies. We do not provide any financing in any transaction in which brokers are involved.

We limit the amount that we will finance -- currently to an amount less than 50% of the total equity, debt and other financial support of your Business (collectively, "obligations"). You must make a written representation to us, in a form we specify, confirming the dollar amount of your obligations. The representation must remain true through execution of your franchise agreement and we may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your Business or pay any loans payable to us and our Affiliates in full. Subject to the obligation limit, our standard financing is up to 70% of your initial franchise fee, and we may agree, in our sole discretion, to finance up to 80% of your initial franchise fee if you meet certain requirements.

You must qualify to purchase a franchise, meet our credit standards and be otherwise eligible for financing to qualify for the following interest rates. We currently charge an interest rate based on your credit score as follows:

Credit Score	Annual Interest Rate
Under 600	12%
600 - 649	11%
650 - 699	10%
700 or more	9%

If we agree to finance a portion of the initial franchise fee, you must sign a promissory note when you sign the Franchise Agreement. An example of our promissory note is attached as Schedule G to the franchise agreement. You must pay us the down payment when you sign the franchise agreement and pay the balance in monthly installments.

You must make note payments to us by automatic bank draft. Some banks and other financial institutions may charge a fee for electronic transfers. Monthly payments will begin approximately 2 months after you complete Phase I Training. The length of the repayment term may be negotiable but will generally follow these guidelines:

Loan Amount	Length of Repayment Term
Less than $45,000	Up to 5 years
$45,001 - $75,000	6 years
$75,001 - $100,000	7 years
$100,001 - $150,000	8 years
Greater than $150,000	9 years

We require a security interest in the franchise. You must sign a security agreement, substantially in the form included in the promissory note attached as Schedule G to the franchise agreement, granting us a security interest in all your assets, including after-acquired property, and we will file a UCC financing statement with the appropriate governmental authority. We have the right to require additional forms of security.

You may prepay the note at any time without penalty. If you default, including if you default under the Franchise Agreement, we may declare the entire remaining amount due. If you do not pay us the entire balance and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you. We may terminate your franchise agreement if you do not pay us.

You must waive your rights to certain notices of a collection action in our promissory note, security agreement and guaranty but there are no waivers of defense in our promissory note, security agreement or guaranty. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs. We have the right to require a spouse's personal guaranty.

~~In addition to the financing described above in this Item 10, we may offer equipment financing in certain cases. We are not required to make this financing available to you but, if we do and if you qualify for and accept the financing, you must purchase from suppliers we designate. See Item 8. If you qualify and we offer financing to you, the equipment financing is available on the following terms:~~

- ~~Under certain conditions, we may finance a portion of your equipment purchases, typically, approximately $30,000 to $35,000 of equipment purchases, if you are a new franchisee; provided, financing is not available from other sources.~~
- ~~All financing advanced to you, including any financing for your initial franchise fee, must not be more than 50% of the total equity, debt and other financial support of your business.~~
- ~~A 10% to 20% down payment will be required, depending on your credit score.~~
- ~~The term will be 4 years.~~
- ~~The interest rate will be 9% to 12%, depending on your credit score, as described above in this Item 10.~~
- ~~The same form of promissory note and security agreement (Schedule G to the Franchise Agreement) will be required and all of the additional terms, including no prepayment penalty, our right to accelerate on default, your waiver of certain notices, our right to require personal guarantee, and our right to assign the note, will apply as described above in this Item 10.~~

~~In accordance with our Manuals, if you accept this equipment financing, then, while the financing remains in effect, you must purchase 90% of your total purchases for your Business from suppliers designated by us, including suppliers who give us rebates, as described in Item 8.~~

~~We may, in limited circumstances, agree to finance a portion of any renewal fee for qualified franchisees at a 12% interest rate under specified terms and conditions. Our decision to finance a renewal fee will be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies.~~

The financing described in this Item 10 is provided by us, JUNK KING SPV LLC.

We may sell, assign or discount any promissory note or other obligation arising out of the franchise agreement to a third party. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the franchise agreement but the third party may be immune under the law to any defenses to payment you may have against us.

We may periodically agree with third party lenders to make financing available to our qualified franchisees and we may, in our sole discretion, refer you to a third party lender for financing. We have no control over whether financing will be offered to you by any third-party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a third-party lender for financing, we may agree to take a short-term promissory note (in a form we provide to you) until your financing is arranged. You must use the proceeds from the lender to pay any promissory note to us.

We do not currently derive income from referrals or placement of financing with any third-party lender. However, we may require payment from you or other persons for the placement of financing in the future. If we charge for placing financing in the future, we expect to use the payments to offset our expenses in doing so.

We do not guarantee your obligations to third parties.

We may, in limited circumstances, agree to finance a portion of any renewal fee for qualified franchisees at a 12% interest rate under specified terms and conditions. Our decision to finance a renewal fee will be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING,

COMPUTER SYSTEMS AND TRAINING

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

As noted in Item 1, we have entered into a management agreement with Manager for the provision of support and services to JUNK KING franchisees. However, we remain responsible for all of the support and services required under the Franchise Agreement.

Pre-Opening Assistance: Before you open your Business, we or our designee will:

1. Provide you with site selection guidelines and general specifications and standards, (Franchise Agreement, Section 5A).

2. Provide you with the list of approved supplies (which will include written specifications for certain items of equipment, signs, fixtures, opening inventory and supplies in some instances and approved suppliers in other instances). We do not deliver or install any items. (Franchise Agreement, Section 5D).

3. Provide you with either a written or an electronic copy of the Manuals (or electronic access to the Manuals) that detail the specifications and procedures incidental to the operation of the Business (Franchise Agreement, Section 5F).

4. Provide the training programs described below (Franchise Agreement, Sections 6B and C).

5. Provide you with opening support for your Business and any additional support we determine necessary (Franchise Agreement, Sections 6B and C).

Ongoing Assistance. During the operation of your Business, we or our designee will:

1. Maintain the Marketing, Advertising and Promotion Fund (the "MAP Fund") (Franchise Agreement, Section 7A).

2. Maintain the Customer Care Center (Franchise Agreement, Section 7E).

3. Provide updates to the lists of approved supplies and approved suppliers and continue to research and develop new products and services (Franchise Agreement, Section 5D).

4. Make periodic visits to your Business as we reasonably determine to be necessary to provide consultation and guidance (Franchise Agreement, Section 5I).

5. Provide refresher training courses, and regional meetings and conventions as we determine necessary and require you to attend. We may charge you a fee to attend (and for your employees to attend) regional meetings or conventions that we deem necessary. In this event, you must pay all expenses for you and your employees, including training materials, travel and living expenses (Franchise Agreement, Section 6C and E). For more information on the Reunion, see Item 6. As of the date of this Disclosure Document, we may conduct our training programs remotely/virtually. Therefore, you may not incur travel expenses if your training is done remotely/virtually.

6. Provide ongoing communication and support and updates to the Operations Manual (Franchise Agreement, Section 5G).

In addition, based on examples from JUNK KING businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate Key Account arrangements, including pricing, which will bind all JUNK KING businesses providing services to such Key Accounts. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law. We may offer preferred customer plans that offer customers discount prices under certain terms and conditions. ~~You are not~~Provided that it is not prohibited by applicable law, you are required to offer these plans to customers~~ but~~, ~~if you do elect to participate in our preferred customer plans, you must offer~~including the discount prices set by the plans, in accordance with the terms of the plan, as well as pursuant to our Unclosed Estimate Program. (Franchise Agreement, Sections 5M and 5N).

We are not required to provide any other service or assistance to you during your operations.

Marketing

MAP Fund and Local Advertising

We collect a MAP Fee from you for the MAP Fund equal to the greater of (a) 2% of Gross Sales or (b) a Minimum MAP Fee (currently~~, ~~ $625/month for the first 12 months of operation ~~for a new Franchised~~of the Business, then $845 per month ~~after the first 12 months of operation, as provided in~~thereafter), except that a lower percentage rate may apply for "roll-in" sales (i.e. 1% to 2% of Gross Sales). See also Item 6. (Franchise Agreement, Section 8.C)

We have established the MAP Fund and have designated the Manager (i.e., Neighborly Company) to administer the MAP Fund. The MAP Fund is not a trust or escrow account, and neither we nor the Manager have any fiduciary obligations with respect to the MAP Fund. If all of the MAP Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the MAP Fund for use in the following years. The Manager may use the MAP Fund for various purposes related to the JUNK KING franchise system, including, but not limited to, (1) broadcast, print or digital advertising; (2) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, digital radio, film and television commercials, video, digital ads, direct mail pieces, and other print advertising); (3) any marketing or related research and development; (4) advertising and marketing expenses, including product research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies; (5) the development, licensing and/or use of any tools and platforms in connection with marketing, advertising and promotional activities; and (6) expenses, administrative costs and overhead we or the Manager may incur in activities related to maintaining, administering, directing, and conducting the MAP Fund and its programs, including compensation to employees or any other individual or entity providing services to the MAP Fund.

The Manager determines the use of the monies in the MAP Fund. The Manager is not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. The Manager and the MAP Fund may collaborate with the advertising funds of certain franchise systems affiliated with us. There can be no assurance that the MAP Fund's participation in these collaborations and joint efforts will benefit the franchised businesses using the Marks proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. The Manager oversees the advertising programs and uses the MAP Fund to create marketing materials and conduct national, regional or local advertising. We will contribute to the MAP Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned JUNK KING businesses. From time to time we may contribute to the MAP Fund some amounts paid to us by outside suppliers. The Manager will prepare an annual unaudited accounting of the MAP Fund and will make it available for your review upon your written request. The Manager has its own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. Neither we nor the Manager will use any of the advertising funds for the solicitation of franchise sales, but any marketing materials the Manager produces may designate "Franchises Available."

We reserve the right to cause the MAP Fund to be incorporated or operated through another entity separate from us or the Manager at such time as we may deem appropriate, and any such successor entity will have all our rights and duties with respect to the MAP Fund. We or the Manager may use collection agents and institute legal proceedings at the MAP Fund's expense to collect MAP Fund contributions. We may also forgive, waive, settle, and compromise all claims by or against the MAP Fund. If we terminate the MAP Fund, we will refund to you your pro-rata portion of any amounts remaining in the MAP Fund, based on your contributions to the MAP Fund. (Franchise Agreement, Section 7.A)

We and the Manager assumed operation of the MAP Fund from Predecessor on January 1, 2023. During the fiscal year ~~2023~~2024, the MAP Fund contributions were allocated by Predecessor primarily toward the following uses:

Type of Expense	Percent of Expense
Production	~~7~~12%
Administrative Expenses	~~13~~14%
Digital & Other Media Placement	~~33~~58%
Public Relations	~~47~~16%
Other	0%
Total	100%

We have ~~marketing task force/~~a Franchise Advisory ~~c~~Council which collaborates with us on advertising policies. The ~~members of the council are selected by submitting their names as volunteers for a vote by franchisees and the franchisor to obtain membership on the council. The task force/council is~~council currently consists of up to five franchisees, who are elected by the franchisee body at large, and up to three representatives of the franchisor appointed by our President. The council meets to discuss matters of common interest, including advertising or marketing strategies. The council is a best practices advisory ~~only~~group. Although the ~~task force~~council may provide input on the MAP Fund activities, we will direct all activities that the MAP Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation. We will consider the council's recommendation, but we have the sole right to accept or reject its recommendations. We have the power to form, change, or dissolve the ~~advertising task force/~~council.

In addition to your payments of the MAP Fee, ~~during the first three years of operation,~~ we require you to spend the Minimum Local Marketing Spending (~~a monthly amount of 10% of average monthly Gross Sales during the preceding calendar quarter, but not less than $3,000). After your third year of operations, we may adjust the Minimum Local Marketing Spending requirement downward depending upon your level of market penetration~~equal to the greater of (i) $50,000 or (ii) 15% of prior year's Gross Sales (if prior year's Gross Sales are up to $1,000,000); and the requirement is reduced to 8-12% of prior year's Gross Sales (depending on the level of prior year's Gross Sales) if Gross Sales for prior year exceed $1 million; see also Item 6). If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Spending and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. See Item~~s 5 and~~ 6 for more information. All of your local marketing and promotion (including through social media) must be in media that we approve, conducted in a dignified manner and conform to the standards and requirements that we specify, including compliance with all Mark usage and branding standards. Specifically, you must submit all advertising materials to us at least fourteen (14) days prior to use. If we do not respond within 14 days after you submit the proposed advertising materials to us, the advertising materials will be deemed to have been not approved. Should your franchise agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Spending collected to the MAP Fund. (Franchise Agreement, Section 7.B)

We reserve the right to require advertising or marketing cooperatives and/or local marketing groups ("LMG") to be formed, changed, dissolved or merged, based on specific criteria determined by us for designated marketing areas. We typically determine the local marketing areas based on a combination of designated market area and core-based statistical area data. We have the right to establish how LMGs operate and to administer the LMGs. If an LMG is established in your market, you will be designated to be a member of the LMG. We will determine the amount of member contribution, which will be a percentage of Gross Sales and will not to exceed 3% of Gross Sales. Other franchisees that will be members of the same LMG will contribute on the same basis as you. We may require that some or all of your LMG contribution be paid to us or our affiliate, and we reserve the right to use your LMG contribution on any promotional, marketing and advertising initiatives, including digital and other marketing and brand awareness programs. As of the issuance date of this Franchise Disclosure Document, we may require that a portion of your LMG contribution be paid for use towards the Neighborly marketing and brand awareness initiatives, which may include service professional recruitment marketing. Your contribution to the LMG will count towards any required Minimum Local Marketing Spending but any required Minimum Local Marketing Spending will not represent a limit on your LMG contributions. Each company-owned or affiliate-owned Junk King® business located within the LMG's market will be a member and will contribute to the LMG on the same terms as franchisees. The LMG will not be required to operate from written governing documents although we may establish written operating guidelines and rules for the LMG. The LMG will not be required to prepare annual or periodic financial statements. All promotional and advertising materials proposed to be used by the LMG must be approved by us prior to use. As of the date of this disclosure document, the LMGs we plan to establish will be local marketing groups rather than advertising cooperatives. (Franchise Agreement, Section 7.D)

If your territory is in a geographic area that is subject to an existing advertising cooperative, you must join and actively participate in the advertising cooperative and abide by the bylaws, rules, and regulations duly required by the advertising cooperative, which we have the right to mandate or approve. The advertising cooperative may determine your contribution rate to marketing programs conducted by the advertising cooperative, which may be in addition to your MAP Fee but will count towards the Minimum Local Marketing Spending. Currently, we have 4 advertising cooperatives that are divided based on geography, and if your territory is within an existing cooperative's area, you must pay $400 per month for participation in the advertising campaign operated through the cooperative. We will provide new franchisees with a six-month waiver beginning on the execution of the Franchise Agreement. Franchisor-owned outlets contribute to the advertising cooperatives on the same basis as franchisees. We are responsible for administering the cooperatives. The cooperatives operate from written governing documents (which are available to you for review upon request) but they do not prepare any financial statements.

Customer Care Center

You must participate in our Customer Care Center and pay us the Customer Care Center Fee equal to 5% of Gross Sales, as described in Item 6 and Item 8. Through the Customer Care Center, we provide to you call center and related customer care services for your Franchised Business. As part of the Unclosed Estimate Program, the Customer Care Center staff will make multiple outbound attempts to re-engage customers and convert the unclosed estimate to a job on your schedule in the point-of-sale system using phone calls, SMS (texting), and/or email as communication channels. Customers will be offered discounted rates by Customer Care Center staff in the follow-up communications, as provided in the Unclosed Estimate Program Agreement. Discounts of up to 30% off full price rates may be offered by the Customer Care Center staff. By executing the Unclosed Estimates Program Agreement, you agree to honor quoted discounted rates. (Franchise Agreement, Section 5.S)

Computer System

You must purchase a computer system that meets our standards and requirements (the "Computer System"). You must license the Software System from us and pay license and other fees for use of same, as discussed below and in Item 6. Additionally, you may be required to license additional software from us, an affiliate, or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of such software. You will be liable for all damages and problems caused by your use of any software or the Computer System. We will have full and complete access to the information and data entered and produced by the Computer System and can use them in any way we deem appropriate. You must maintain a dedicated email account for the Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require, and that may be referenced in the Operations Manual. Except as provided in Exhibit K (Software System User and Maintenance Agreement), we have no contractual obligation to maintain, repair, update, or upgrade the Computer System. You must make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including all data protection or security laws as well as payment card industry compliance. (Franchise Agreement, Section 5.E)

At present, we require a laptop or desktop computer, e-mail and internet access, Microsoft Office, and QuickBooks. The cost of purchasing the computer equipment and software, if not already owned by you, is estimated to be approximately $1,000. The estimated annual cost for maintenance, updating, upgrading and support contracts related to the computer equipment is $250.

You must pay our affiliate ZorWare a technology fee equal to $~~150~~159 per month for use of the Software System, which currently covers the cost of the following technology platforms: license fee for

Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), two Microsoft Office365 ~~("O365")~~ email accounts, and overall upgrades and maintenance of the servers, data warehouse platforms and the Junk King® proprietary software system. (This payment includes access for the first two Junk King® email accounts. If you need additional email accounts for your employees, each additional ~~O365 Exchange~~Office365 email account ~~is~~costs $~~4.00 per month, O365 E1 email~~4.50 - $24/month depending on type of account ~~is $10.00 per month, and O365 E3 email account is $23.00 per month~~). Finally, additional access license to the data warehouse (Tableau) beyond the initial license may be granted for an additional $12/month or $144/year. These fees may increase in the future, but not more than by ~~20~~30% annually, in addition to increases due to additional or different software being added to the Software System and direct price increases from third-party vendors.

In addition, we recommend that you obtain data organization and data storage software platforms. You will pay approximately $100 per month for Microsoft Office software, internet platforms and data organization/storage platforms. ~~Currently, we also require that you license~~

You have the option to obtain QuickBooks Online ~~from our designated vendor, Intuit Limited, and pay a license fee directly to the vendor, which fee currently ranges from $63 to $140 depending on the license tier you select. Before the end of 2024, we intend to include~~directly from the third-party vendor (Intuit) or you can obtain it through our affiliate, Zorware, in which case your use of QuickBooks Online ~~into~~will also be subject to the terms of the Software System User and Maintenance Agreement and you ~~are required to license from us. You~~ will ~~then~~ pay to ZorWare the fee for QuickBooks Online (which will be $30-$200 per month depending on the license tier that you select) ~~to ZorWare and the fee will be included as part of the Software System Fees~~.

- We will provide you with secure passwords to JunkWare, our proprietary software, through the internet. We will train you how to use JunkWare. We will maintain it and provide updates as needed as provided in the Software System User and Maintenance Agreement.

- 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. You may not at any time substitute any other software for the software we require.

- We will have access to information you enter into JunkWare. JunkWare will collect sales data associated with the jobs you book and provide reports to the both of us. There are no contractual restrictions on our access to this data. We own all customer data.

- Compiled sales data regarding all franchised businesses in JunkWare will be made available to other franchisees to help manage numbers on a national, regional, and local level.

- You must participate in an electronic system of reporting Gross Sales from the operation of your franchise through JunkWare. You must report Gross Sale derived from the sale or resale of goods collected by or through the Franchised Business through all methods of distribution, including, without limitation, a separate store or online website, in the same manner as you report hauling services.

We may periodically develop other proprietary software and other systems, products and upgrades that we may require you to use. We may charge you a license fee for any new software.

Other than the Computer System requirements described above, you do not have to buy or use an electronic cash register.

We will make available to you an optional third-party web-based job applicant tracking system ("Paradox ATS"), which will allow you to create and manage local job postings online, track job applicants, and manage your recruiting efforts. Your use of the Paradox ATS will be subject to Paradox, Inc.'s terms of use. You will pay us or our affiliate an annual fee at the then-current rate (~~the fee is~~ $~~271 for 2024; for 2025 the annual fee will be between $500 and $650~~750/year). We may increase the fee in the future but as of the date of this Disclosure Document we don't anticipate an increase of more than 30% annually in addition to ~~reflect~~ any direct price increases from the vendor, Paradox, Inc. ~~See also Item 6.~~ You may opt out of using Paradox at any time. Your access to this third-party applicant tracking system in no way shifts any employee or employment related responsibility from you to us. You are, and will remain, the sole employer of your employees at all times, and you are solely responsible for all employment decisions and actions related to your employees.

Internet Service Provider

You must have a primary and we recommend a secondary or "back-up" source of internet access. Your primary internet access must be high speed business class internet service with a minimum of 1 megabit per second (Mbps) of available band width per named Software System user. We may modify these requirements in the future. You may use any independent Internet service providers ("ISP") of your choice as long as each allows you to perform all necessary functions. (Franchise Agreement, Section 5.E)

System Website, Intranet and Electronic Communications and Data

We own the domain name www.junk-king.com and use it as our primary website for information about franchised businesses. You must provide information to us promoting your Business to post on the website. You may not separately register any domain name or any social media account containing any of the Marks or establish a website or social media account for the Business without our prior written consent. We reserve the right to pre-approve, establish rules, procedures, and policies relating to any website or social media account you create for the operation of your Business. Our system standards will apply to website advertising. At our option, we may, in the future, establish one or more additional websites to advertise, market, promote and operate JUNK KING businesses and the franchise opportunity, and provide you certain additional website-related services such as a listing for your location, or a web page, and we may charge you a fee for such services (see Item 6). (Franchise Agreement, Section 5.K).

We make no warranties and disclaim any express or implied warranty relating to any software, data, Intranet, website or other related items provided or recommended by us. If we provide you with any software or require the use of any software, Intranet, website or other related items we will not be liable for any costs or expenses, including any special, indirect, or other damages (including lost profits), even if we have been advised of the possibility of damages and even if the software did not function properly or had design problems that may have contributed to any loss.

You must comply with all policies and procedures as described in our Manuals, and execute any required agreements for use of our Intranet or any electronic communication, or data storage/retrieval system, website or software, as we periodically require, including policies that require you to identify yourself in all electronic communications as an independently owned business. We may periodically modify these rules and policies at our discretion. We are not obligated to provide you with an internet or intranet email account or system but we do currently use an on-line system for the communication of information and Internet/electronic mail access. We may discontinue the current system of communication and Internet/electronic mail at any time and you may be required to maintain an account we designate with a provider of our selection and pay the required fees. See Item 6. We are not obligated to monitor or create/maintain any backup of email and information/data related to email. There are no contractual limitations on our right to access information and data on the electronic communication and

Internet/electronic mail systems. You agree you have no right of privacy with respect to such communications and data and we may access these email communications and data. Any access to, monitoring or copies of, data related to electronic communications and emails will be solely for our benefit.

We may use all data provided by you to us for any and all purposes for which we may solely determine, including financial information and assessments or similar data, and may share and disclose the data to/with our affiliates, their franchisees and our franchisees, and all prospective franchisees, without restriction and without compensation, subject to compliance with applicable laws. We will disclose such financial information and data to any other third party only after your name has been omitted unless you consent or as required by judicial process or a governmental investigation, in each case subject to compliance with applicable laws. (Franchise Agreement, Section 5E).

Site Selection

You select the site for the Business with site selection guidelines we provide. You must verify to us that your site complies with our site selection guidelines. We do not select your site. We will approve your site so long as it meets our site selection guidelines. The factors we consider in approving your site are whether the site is located within your Territory and whether it meets zoning requirements. We will attempt to approve or disapprove your selected site within 10 business days after you submit the location (together with evidence of its compliance with our site selection guidelines) to us for approval. There are no consequences if you and we can't agree upon the location, except that the franchised business cannot be operational. We do not generally own the premises for a franchised business and lease them to a franchisee. You must begin operating your Business within 6 months from the date you sign a Franchise Agreement, although you may not commence operations of your Business until you successfully complete our training program and have otherwise complied with your pre-opening obligations. (Franchise Agreement, Section 5.A).

Manuals

We will provide you online access to our Manuals, which contain mandatory and suggested specifications, standards and procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Manuals or other written materials relating to the Business. The Manuals will contain both mandatory standards and recommended standards. You must treat the Manuals, and other written materials created for or approved for use in the operation of the Business, and the information contained in them, as confidential. The Manuals will remain solely our property. We may, from time to time, revise the contents of the Manuals and you must comply with each new or changed standard. The Manuals have a combined total of 102 pages. (Franchise Agreement, Section 5.G)

The table of contents from our Manuals is as follows:

Subject	**Number of Pages**
Chapter 1: General Information	5
Chapter 2: The Brand	4
Chapter 3: Franchise Agreement Compliance Processes	16
Chapter 4: Onboarding	5
Chapter 5: Brand Operating Standards	19
Chapter 6: Staffing	13
Chapter 7: Operations Best Practices	20
Chapter 8: Emergencies, Accidents & Security	13
Chapter 9: Administration	7

Subject	Number of Pages
Total Number of Pages	**102**

Training

You, ~~your owners with a 20% or more ownership interest in you (~~or if you are an entity~~)~~, then your ~~Managing~~ Principal Owner(~~if you are an entity), and any managers (collectively, the "Required Trainees")~~s) (as defined in Item 15), must complete our initial training program to our satisfaction prior to the scheduled opening date of the Franchised Business. An outline of our initial training program is as follows (Franchise Agreement, Section 6A, B and C):

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The- Job Training	Location
~~Junk King QFAs~~Introductions & Your Why?	~~2~~1	0	Irving, TX
~~Onsite Sales~~Mindset	~~2~~.5	~~4~~0	Irving, TX
~~Image and Reliability~~The 4 Pillars of a Successful Junk King: Sales, Operations, Leadership, Finance	~~2~~1.5	0	Irving, TX
~~Truck Operations & Safety~~Marketing & Networking	~~4~~3	~~4~~0	Irving, TX
~~Customer Care Center Orientation~~Sales Training	~~4~~2.5	~~1~~0	Irving, TX
~~JunkWare~~Operations (service delivery, standards, truck maintenance, logistics, dispatching, pay, time management)	~~5~~4.75	~~1~~0	Irving, TX
~~Human Resources~~Leadership (Culture, Recruiting, Managing)	~~1~~1.75	0	Irving, TX
Financ~~ial~~e ~~Planning~~(accounting, finance, KPI's, goal setting, budget, business model)	~~4~~3	0	Irving, TX
~~Business to Business~~Field Visit with Certified Training Center	~~2~~0	~~0~~16	At a Certified Training Center of our choosing (TX, CO, CA, or MO)
~~Marketing & Advertising Systems~~	~~4~~	~~1~~	
Total	~~30~~18	~~11~~16	

The initial training session generally includes ~~four~~three days of classroom time and ~~one~~two days of field training. Training takes place at our offices in Irving, Texas ~~with five of the classroom hours being completed virtually. We will generally conduct the initial training program monthly or as often as the number of new franchisees requires. We are allowing some franchisees to complete portions of the training remotely, however, this will not negate the requirement for all of your Required Trainees to attend an in-person training session.~~for three days and then two days will be spent on site at a Certified Training Center of our choosing in California, Colorado, Missouri or Texas.

The training program is typically held 10 times per year or whenever minimum class sizes are achieved.

There is ~~currently~~ no charge for attendance at initial training for you (or, if you are not an individual, your ~~Managing~~ Principal Owner~~) and up to three additional representatives. If more than four trainees attend initial training or we retrain or train subsequent representatives~~(s)). However, if you are purchasing an existing JUNK KING business, you must pay us a non-refundable $3,000 training fee ~~of $1,200 for each additional or subsequent trainee. Any replacements for Required Trainees must also complete~~for which we will provide you our initial training~~. We do not train your other employees or provide you with advice related to hiring employees.~~ program.

The courses are principally taught by ~~Michael Andreacchi,~~ David Flax, Julian Torres, Crissy Russo, and Christine Bruno. ~~Michael Andreacchi, our Brand Ambassador, has over 18 years of experience in sales, marketing, and operations specific to the junk removal business and 13 years of experience with us and our predecessor.~~ David Flax, our President, has over 25 years of experience in operations and over 15 years of experience with us and our affiliates. Julian Torres, our VP of Technical Services, has 16 years of operations experience with us. Crissy Russo, our Neighborly Vice President of Brand Management, National, has over 18 years of experience in marketing and customer service, including 4 years of experience with us and predecessor. Christine Bruno, our Vice President of Operations, has over 25 years of experience in operations and over 7 years of experience with us and our affiliates. Our President and these Vice Presidents have responsibility for our training staff, consisting of assistants, sales and marketing staff, franchise service personnel and officers and personnel from our affiliate companies and certain designated suppliers or vendors that provide specialized training on e.g., software. These instructors' length of experience in the industry ranges from less than one year to 16 years; with less than one year to 16 years of that experience with us and Predecessor.

~~Within 180 days of your business launch (unless we and you agree to a different time period), we will provide one to three days of on-site training in your Territory to provide additional guidance on the operations and management of the Franchised Business.~~

In addition, certain additional training programs are available to you through us. Upon your request and provided personnel are available, our staff members will provide on-the-job training at your Business. If you request training in addition to the initial training program, we may charge you a training fee (currently $500/day, plus our out-of-pocket costs).

For all training programs, including initial and refresher training programs, you must pay for all travel and living expenses for you and your attendees. We provide ~~continental breakfasts~~snacks, lunches, and one dinner on training days during the initial training program at the Irving, TX location.

You ~~must also attend, every year, at your expense, the annual training or conference event specified by us and currently referred to as "~~are required to attend both of our annual franchisees' meetings (the Summit Meeting and the Reunion~~"~~ (see Item 6~~ for more detail), and any other training~~)), and additional training events. You will be charged a fee of up to $2,000 if you do not attend the Reunion and/or the Summit Meeting. You are responsible for the cost of travel, lodging, meals, etc. to attend the Summit Meeting and/or the Reunion and the applicable annual meeting fee (see Item 6). You may also be required to attend additional training courses that we designate as required. We may also require you to attend and complete a "refresher" training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training. You are responsible for the cost of travel, lodging, meals, etc. to attend any such additional training.

Any training provided by us or our affiliate to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training.

Opening of Franchise

Our franchisees typically open for business within 30 days after completing training, which will generally take place 4 to 11 weeks after signing the Franchise Agreement. The Franchise Agreement requires you to open within 6 months after signing the Franchise Agreement. The factors that affect how quickly you can open your Business include the training schedule, your ability to obtain necessary financing, any local requirements for permits or licenses and your ability to complete our recommended pre-training agenda. (Franchise Agreement, Section 5.A)

ITEM 12

TERRITORY

You will receive the right to operate a JUNK KING business at a location within your territory that meets our site selection guidelines (the "Franchise Location"). Your Franchise Agreement will also specify a designated territory that will provide you limited territory protection (the "Territory"). The Franchise Agreement does not grant you any territorial rights beyond the Territory.

A typical Territory will have a population size of ~~450,000 to 650,000~~500,000 to 700,000 people. A larger population may be allowed under certain circumstances (e.g., densely populated urban areas or a high percentage of the prospective territory is impoverished). You will maintain rights to your Territory even if the population in your Territory increases.

If you wish to relocate from your Franchise Location to a new business site within your Territory, we will authorize you to do so; provided (1) you are not in default of the Franchise Agreement, any other agreements with us, or the lease for the former Franchise Location, (2) you are current on your financial obligations to us and our affiliates and all your third-party creditors, and (3) you open for business at the new location on the same day you close your former Franchise Location. You may not operate your business from your home.

In the limited instance that Google (or another designated vendor we use for search engine optimization purposes to drive online customer marketing) requires a secondary physical location in your Territory (in addition to your Franchise Location) in order to align with the marketing areas identified by Google/the vendor, we and you will agree on how you can establish and operate the secondary location in a manner that meets Google/the vendor's requirements as well as our applicable System standards for a secondary location; provided that this requirement will not apply during the first year of operation of your Business.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we, our affiliates or third parties control, operate or franchise. However, provided you are in full compliance with your Franchise Agreement, we will not operate or grant a franchise for the operation of another JUNK KING franchise with rights to market within your Territory during the term of your Franchise Agreement.

We and our affiliates reserve all other rights not specifically granted to you, including the right, while your Franchise Agreement is in effect, to sell or allow others to sell: any products or services anywhere using different trademarks; the same or similar products and services, competitive with those you will provide, anywhere using different channels of distribution; different products and services anywhere using the Marks; or the same products and services using the same trademarks anywhere outside your Territory. In addition, we may advertise, solicit and enter into Key Accounts, which are national, regional or other accounts we believe will benefit the system as further described in the Franchise Agreement, the Manuals and Item 8, and Key Accounts may involve marketing in your Territory. In addition to allowing others to offer products and services in your Territory generally, in the specific case when a Key Account is involved we may also designate or authorize a corporate employee, another franchisee or any other third party to perform or assist you in performing services within your Territory if you refuse or, in our judgment, are not qualified, interested, able or available to perform services for any customer in the Territory, including any Key Account customer; if you request assistance; or if a customer, orally or in writing, specifically requests services in the territory from a different franchisee or any other third party. If you agree to participate in or service Key Accounts, you must do so on the terms we or a Key Account specify, which terms may include, but may not be limited to, the provision of certain insurance, equipment, products and services, and the offer of services at prices not to exceed the maximum prices specified as well as payment by you of any applicable sales or broker commissions. If we allow others to provide services in your Territory, you will not be entitled to any compensation for the sales or services performed. Subject to the rights granted to you in your Franchise Agreement, we may provide in the Manuals for other programs in which we offer and sell, and/or authorize others to offer and sell, using the Marks or other marks, goods and services in your Territory that are identical or similar to and/or competitive with those provided at your Business. We may also acquire businesses or be acquired by a business offering similar products and services anywhere.

You cannot advertise for or attempt to solicit customers for any products or services, including using Internet, telemarketing or other direct marketing, outside your Territory. If we permit you to advertise, solicit, service or sell in areas outside the Territory that are not serviced by another franchisee (each, a "Territory Available for Sale" or "TAFS"), you must comply with all of the conditions and other requirements that we may from time to time specify (in the Manuals or otherwise in writing) with respect to such activities. At any time upon our demand or upon your actual notice that a TAFS has been purchased by another franchisee, you agree to immediately cease all activities in such TAFS and to comply with our procedures for the transition of customer accounts for such TAFS.

You may only provide products/services to customers outside your Territory in accordance with our policies and procedures (including the Preferred Lead Program described below) and only with our prior written consent. We may identify in the Manuals or otherwise in writing the conditions under which we would grant our consent to your servicing or selling outside of your Territory and our consent may be conditioned upon whether you have obtained a required level or the highest level of quality or service as determined by a rating system we designate, which may change from time to time. Under our Preferred Lead Program, you may provide services within a specified area outside your Territory (such area, "designated area"), if such services are provided to your existing customer that has locations inside your Territory and within the designated area and the franchisee who owns the territory in which the designated area is located also participates in the Preferred Lead Program. Additional terms and conditions of the Preferred Lead Program are described in the Manuals. You must meet the qualifications described in the Manuals before you may participate in the Preferred Lead Program.

Our Manuals may also set specific rules for engaging in, and what may constitute, marketing within your Territory and other related matters, including what telephone area codes and exchanges may be used within the Territory (depending on the areas covered by those area codes/exchanges); which publications or media you may advertise in (depending on whether the circulation of the publication/media is wholly or mostly within your Territory); participation in promotional events, tradeshows, continuing education programs, chambers of commerce and industry association meetings; the post office box or mailing address that may be displayed on advertising; which phone numbers may be displayed on your vehicles; how, when and from which customers or accounts you may solicit work (depending on their location and the location and/or duration of the work); requirements for referral of work; enforcement, administration and interpretations of provisions of marketing/territory rules and procedures; and other matters; and we may update and change these rules from time to time.

We do not otherwise limit or restrict your solicitation of customers in your Territory.

Neither we nor any other party are required to pay you as a result of us exercising in your Territory any of our rights described in this Item.

Beginning with the second full calendar year of operations, your Business must achieve (a) in each calendar year, annual Gross Sales that are in the top 90% of the annual Gross Sales per franchised business for the JUNK KING franchise system for that calendar year (the "Gross Sales MPS") and (b) a Net Promoter Score (or another customer satisfaction survey score we designate) ("NPS") that is not more than 10 points below the average NPS for the JUNK KING franchise system for each applicable measurement period we set (the "Customer Satisfaction MPS" and collectively with the Gross Sales MPS, the "Minimum Performance Standards"). If you operate multiple JUNK KING businesses, the Minimum Performance Standards will apply separately to each franchised business. We can make changes to the Minimum Performance Standards upon 6 months' prior written notice in accordance with our reasonable business judgement and so long as such revised Minimum Performance Standards are applied to all similarly situated JUNK KING franchised businesses.

If you do not meet the Minimum Performance Standards for any applicable calendar year or measurement period, we will meet with you to identify the reasons for the substandard performance and establish a performance improvement plan ("PIP") for the Business to take specific actions with the goal to improve the overall performance of the Business, including its annual Gross Sales and/or NPS. Your failure to implement or comply with the PIP over the three to six month period we designate will be a default under your Franchise Agreement, subject to a 30-day cure period. During the cure period, you will have the opportunity to advise us of your intent to sell your Business to a third party, in which case we will give you an additional 90 days (from the date of your notice of intent to sell) to transfer the Business in accordance with the transfer requirements of the Franchise Agreement. Failure to timely cure the default or transfer the Business will give us the right to either reduce the size of your Territory or terminate your Franchise Agreement.

Although you do not have a right to do so, we may permit you to establish another Junk King Business, if you meet our then-current Expansion Criteria. We have the absolute right to determine whether an existing franchisee meets our Expansion Criteria, which we may modify from time to time. As of the date of this Disclosure Document, the criteria we consider are, among other factors: a franchisee's compliance with the System, operational success (including your existing Franchised Business(es) meeting or exceeding certain performance thresholds), leadership ability and team development, financial stability and ability to expand and potential limits on the number of Businesses any franchisee owns.

We do not generally grant any right of first refusal to obtain additional territory. ~~You may, if qualified, including under our then-current Expansion Criteria, purchase an 18-month option on additional territory by paying us, at the time you purchase your franchise, a fee of $10,000 for the additional territory you wish to buy. You must enter into an Option to Purchase Agreement. At any time in the 18-month period, you may, if you are in compliance with your franchise agreement, purchase the additional territory by paying us the balance of the initial franchise fee. The $10,000 deposit will be applied to the purchase price. We do not refund your deposit if you decide not to purchase or do not qualify to purchase the additional territory. If we approve you to purchase additional territory, whether or not through the Option to Purchase Agreement, we may require that you sign a general release releasing us from all claims you may have except claims that under state law may not be released.~~

If you do not qualify for renewal of your Franchise Agreement, we may, in some cases, but are not required to, offer to enter into a franchise agreement with you for a smaller territory and you would then have the option to accept that territory on the terms offered.

We do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, certain of our affiliates described in Item 1, and other portfolio companies that currently are or in the future may be owned by private equity funds managed by our affiliates, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current affiliated franchise programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. As noted in Item 1, all of these affiliated franchise brands (with the exception of MoJo, PDS, and any KKR portfolio companies) have the same principal business address as us and they generally do not maintain physically separate offices and training facilities from our offices and training facilities (except for Rainbow International, which maintains some separate training space) although each affiliated brand has its own separate meeting space. None of the affiliated franchisors and the affiliated franchise brands are direct competitors of our franchise network given the products or services they sell, although Mr. Handyman franchisees may provide debris removal as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers in your territory. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13

TRADEMARKS

We grant you the right to operate a franchise under the name JUNK KING®. You may use our other current or future trade names, trademarks, service marks, symbols, emblems, logos and indicia of origin designated by us ("Marks") to identify your franchise.

We own the following Marks that are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Description of Mark	Registration Number	Registration Date
Junk King	3,515,304	October 14, 2008
JUNK KING	5,496,927	June 19, 2018
JUNKWARE	7,229,983	November 28, 2023

~~We have applied for registration of the following Mark with the USPTO:~~

~~Description of Mark~~	~~Serial Number~~	~~Application Date~~
HAULIDAYS	~~97185435~~7,370,269	~~December 21~~April 30, ~~2021~~2024

~~We do not yet have a federal registration for the Mark listed in the table immediately above. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

Our Parent, Neighborly Assetco LLC, owns the following Marks, which are registered on the Principal Register of the USPTO, and we license from Parent the right to use and to allow our franchisees to use these Marks under a Trademark License Agreement (the "License Agreement"). The License Agreement grants us a worldwide, non-exclusive, nontransferable license to use and to license others to use the Marks. Parent may terminate the License Agreement due to our material breach, ownership change or for any reason upon 90 days' notice. Upon any termination of the License Agreement, we will be required to cease all use of these Marks and we will require you to do the same.

Description	Registration Number	Registration Date
NEIGHBORLY	5,365,894	December 26, 2017
NEIGHBORLY (Stylized)	5,365,895	December 26, 2017
(HOUSE LOGO)	5,347,941	November 28, 2017
YOUR HUB FOR HOME SERVICES	7,281,370	January 16, 2024

Required affidavits and renewals for the registrations for our principal trademarks have been filed when due.

In addition to the Federal rights that apply to use of the registered Marks above, we claim common law rights, based on our use of the Marks, to all of our Marks. There may be areas, however, in which a third party has prior common law rights to the use of one of our Marks. If you propose to operate a franchise in one of those areas, we may attempt to obtain exclusive use of that Mark, or, in the alternative, we may designate and grant you permission to utilize a different proprietary mark. There may be other instances in which we may elect to use, or require you to use, a different proprietary mark in a market, region or systemwide. In any instance in which we require you to use a different proprietary mark, you must, at your expense, comply with our designation and use, or change your use to the designated mark. You must modify or discontinue the use of a Mark, at your expense, if we direct. If we direct, you must adopt or use one or more additional or substituted Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

Except for the License Agreement and the Service Mark Co-Existence Agreement noted above, no agreements limit our right to use or license the use of our Marks.

We do not have actual knowledge of any infringing uses that could materially affect your use of our Marks. You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate but are not obligated to protect your rights to use the Marks. We have the right to control the defense of any claim using attorneys we choose and you must cooperate in that defense. You may participate in the defense and settlement at your own expense but our decisions will be final and binding. We will indemnify you or reimburse you for your liability and reasonable costs if there is a challenge to your authorized use of our Marks provided you have notified us immediately after you learned of the challenge and cooperate with us in defending the challenge as required.

You must follow our rules when you use the Marks and you may only use the Marks for the operation of your Business in your Territory. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. You may not directly or indirectly contest the validity of our Marks, our (or Parent's, as applicable) ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information or business techniques that are part of our business. You cannot use the Marks as part of a corporate or other legal name and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations.

You must modify or discontinue the use of a Mark, at your expense, if we direct. If we direct, you must adopt or use one or more additional or substituted Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent but you can use the proprietary information in our Manuals and software which are described in Item 11. We have not filed an application for a copyright registration in these items, but we claim a common-law copyright in our Manuals and software and we treat the information in these items as confidential and proprietary. Item 11 describes limitations on the use of the Manuals and software by you and your employees. You must treat these items and the information as confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action to protect or defend use of proprietary information but will respond as we think appropriate and will control any action we decide to bring or defend. We are not required to participate in your defense or indemnify you for use of copyrighted material or patents. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state and there are no agreements that limit our rights to use our copyrights or to allow others to use them.

Confidential information includes all information, data, knowledge, materials, techniques and know-how designated or treated by us as confidential and includes any and all Manuals, computer software or programs, training materials, operational videos, marketing programs, franchise rosters, franchisee lists, customer and prospective customer lists and data, and any other materials designated or treated by us as confidential. You may not, at any time during or after the term of the Franchise Agreement, disclose, copy or use any confidential information except as we specifically authorize.

If we ask, you must have your personnel who receive or will have access to confidential information sign covenants not to divulge the confidential information or use it for their own benefit. If you are a corporation or other business entity, your shareholders, members and/or owners must also abide by these covenants and sign a Guaranty (attached to the Franchise Agreement as Schedule C). If you are an individual, we may require your spouse to sign and abide by a confidentiality agreement. If we ask, your employees with access to your password and log-in name for our Intranet must sign a confidentiality agreement agreeing to not disclose this information.

If you develop any new product, service offering, concept, invention, business venture, technique, process or improvement in the operation or promotion of your Business, you must promptly notify us and provide us with all necessary information free of charge. You acknowledge that we own any such information and you agree to assign ownership of same to us, and you acknowledge that we may provide the information to other franchisees for use in their franchises.

There currently are no effective adverse determinations of the USPTO, United States Copyright Office or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the copyright materials that are relevant to their use by our franchisees.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly perform or supervise the operation of the Business unless we consent otherwise. You must obtain and maintain an immigration status that will allow you to live and work in the United States for the initial term of the Franchise Agreement and for the length of any renewal term of the Franchise Agreement. If you do not have or maintain the required status, the Franchise Agreement will immediately expire by its terms with no further notice or opportunity to cure and we will have no liability to you, and no refund of any fees will be made. However, you will remain bound by all post-termination obligations in the Franchise Agreement, including all obligations regarding non-compete, de-identification, confidentiality, and indemnity.

If we agree that you need not personally perform or supervise operation of the Business, an individual who has successfully completed our training program (“manager”) must directly supervise the Business, and that individual must be a bona fide manager, as determined by us. If we ask, the manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14.

If you are a corporation or other legal entity, direct, on-site supervision must be done by a designated owner who has successfully completed our training program unless we consent otherwise (“principal owner”). If we ask, the principal owner must sign a written statement to maintain confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17. If we agree that a principal owner need not personally perform or supervise the operation of the Business, a manager must directly supervise the Business. The manager need not have an ownership interest in the Business. If you are a corporation or other legal entity, your principal shareholders, members and/or owners must sign a Guaranty agreeing to pay and perform all obligations under the Franchise Agreement (attached to the Franchise Agreement as Schedule C). If you obtain financing from us as provided in Item 10, we have the right to require a spouse’s personal guaranty.

While you own the Business, you cannot have an interest or relationship with any competitors. If you own an existing business when you sign the Franchise Agreement, we may (in our sole discretion) allow you to exclude such business from the Business by executing the Excluded Services Addendum (attached as Schedule I to the Franchise Agreement). If such existing business is rolled into the Business, you will execute and become bound by the Roll-In Addendum (attached as Schedule H to the Franchise Agreement).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the goods and services that conform to our standards and specifications. You must offer the goods and/or services that we designate as required for all franchisees and you may elect to offer other products and/or services only if we approve them in advance. You must perform junk removal, dumpster services (subject to the requirements noted below in this Item 16), resale services and recycling services and offer other related services and products we approve pursuant to certain standards and specifications. We may change the authorized services and/or products that we require you and all franchisees to offer by adding additional services and/or products or deleting products and/or services, or both and there are no limits on our right to make changes. If we make any changes, we will notify you. We have no plans to make significant changes in the future.

~~You may not offer Dumpster Services, unless and until you (i) meet certain eligibility requirements and obtain our written consent; (ii) purchase and maintain at least seven dumpsters meeting our specifications from a vendor that we approve or designate; (iii) purchase and maintain at least one additional vehicle that meets our specifications and is capable of handling dumpsters; (iv) sign the Dumpster Amendment; and (v) comply with any other specifications or standards related to the Dumpster Services that we specify from time to time in the Manual or other written directives.~~

You must offer the Dumpster Services upon the earlier of (a) the 36 months' anniversary of the effective date of your Franchise Agreement or (b) the date on which the Business achieves $600,000 in cumulative Gross Sales. In order to offer the Dumpster Services, you must purchase and maintain at least seven dumpsters and a second vehicle capable of hauling a dumpster and comply with other specifications and standards we may specify.

You must honor our warranty policies as described in the Manuals. This policy states that we handle warranty claims on a case-by case basis with some basic guidelines and, as a result, you will be obligated to perform warranty work, at no charge, on certain services, including services that another franchisee originally performed.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the Business including obtaining a license if required by your locality. To ensure that the highest degree of quality and service is maintained, you must operate in conformity with the methods, standards and specifications in the Manuals and as we may otherwise require in writing periodically. You must not deviate from our standards and specifications without our prior written consent.

We do not limit or restrict your solicitation of customers in your Territory, although we own all customer information and may use the customer information as we deem appropriate (subject to applicable law), including, without limitation, sharing it with our affiliates for cross-marketing, customer loyalty programs or other purposes. For example, "Your Hub for Home Services" is Neighborly's current cross-branding initiative where we intend to increase cross utilization of Neighborly brands by consumers and drive consumer awareness via getneighborly.com and other marketing programs.

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 (unless otherwise specified)**	**Summary**
a. Length of the franchise term	4(A)	Initial term is 10 years.
b. Renewal or extension of the term	4(B), (C)	Your Franchise Agreement can be renewed for one additional 10-year term by executing the then-current form of franchise agreement and meeting the other requirements for renewal; if you continue to operate after expiration of the initial or a renewal term, we may, at our sole election, treat the Franchise Agreement as expired or as continued on a month-to month basis until both parties agree to enter into our then-current form of franchise agreement for a renewal term or until one party provides the other with written notice of termination, in which case the interim period will terminate 30 days after receipt of the notice of termination. In the latter case, all of your obligations shall remain in full force and effect during the interim period as if the Franchise Agreement had not expired, except that the License Fee during the interim period will be increased to 10% of Gross Sales for all types of products/services and without any reductions. Once you have renewed your Franchise Agreement, you have no automatic further right of renewal and the provisions about renewal described in this section do not apply. At that point you may enter into a new franchise agreement on the then-current terms if you and we agree to a new agreement.
c. Requirements to renew or extend	4(B), (C)	Requirements for renewal are as follows: you cannot be in default of current Franchise Agreement or any related agreement, have satisfied all monetary and other material

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		obligations on a timely basis during the term, are in good standing and have received no more than ~~3~~2 written notices of default during the term of the Franchise Agreement; you have not failed to meet the Minimum Performance Standards for any 2 calendar years (or 2 measurement periods, as applicable) during the term of the Franchise Agreement; you must give us written notice at least 180 days (but not more than 240 days) before the end of the expiring term; you and your guarantors must sign a general release; you must pay us a renewal fee of $5,000; you must complete our then-current training requirements, and you must sign the then-current version of our franchise agreement, which may have terms, conditions and fees that could be materially different as compared with your original franchise agreement.
d. Termination by you	12(C)	You may terminate the Franchise Agreement as a result of our breach of a material provision of the Franchise Agreement, provided that you give us written notice of the breach and we fail to cure the breach within 30 days after our receipt of your written notice. If we fail to cure the breach, the termination will become effective 60 days after our receipt of your written notice of breach. You may also terminate for any reasons allowed under the law.
e. Termination by us without Cause	None	We cannot terminate your Franchise Agreement without cause.
f. Termination by us with Cause	12(B)	We can terminate your Franchise Agreement only if you default.

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
g. "Cause" defined – curable defaults	12(B)(1)	You have 10 days (subject to local state law) to cure if you fail to pay amounts due or fail to submit required reports. You have 30 days to cure all other defaults of the Franchise Agreement except for the non-curable defaults described below.
h. "Cause" defined – non-curable defaults	12(B)(2)	You made material misrepresentations to us in the application for the franchise or other reports or information provided to us; you voluntarily abandon performance of the Franchise Agreement (including by failing to operate the Business for seven or more consecutive days); state or local authority close the Business for safety reasons; you register any domain name containing our Marks or use Confidential Information in unauthorized manner; you or your guarantor become insolvent or make an assignment for the benefit of creditors or other similar arrangements; you or your guarantor are convicted of (or plead no contest to) any misdemeanor bringing the Marks into disrepute or impairing your reputation or goodwill of the Marks or of the Business; you or your guarantor are convicted of (or plead no contest to) any felony; you intentionally understate or underreport Gross Sales, License Fees, or MAP Fees; any understatement or 2% variance on a subsequent audit within a 2-year period; any transfer or assignment without our consent as provided in the Franchise Agreement; or any default by you that is the second default of any type within any 12-month consecutive period even if the default(s) were cured. We can terminate your right to provide Dumpster Services if you provide notice to us that you no longer wish to offer Dumpster Services. Your breach of the Dumpster Program Amendment or any related agreement is a

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		breach of the Franchise Agreement and vice versa.
i. Your obligations on termination/non-renewal	13	Your obligations include complete de-identification of the Business (including all vehicles) and immediate discontinuation of advertising or any other use of the Marks or any other promotional materials furnished by us; return to us all copies of the Manuals, software, customer lists and ongoing customer contracts; assignment to us of all right in the telephone numbers, websites, social media accounts and domain names for the Business and cancelation or assignment, at our option, of any assumed name rights or equivalent registrations; assignment to us, upon our demand, of your remaining interest in any lease for the Business; and payment of any amounts due to us or to third parties for amounts guaranteed by us; compliance with non-competition covenants (see r., below).
j. Assignment of contract by us	10(G)	We may assign your Franchise Agreement to any 3rd party without prior notice to you and without your consent.
k. "Transfer" by you – defined	10(A)	Includes any sale, lease, pledge, management agreement, contract for deed, option agreement, bequest, gift, any arrangement in which you turn over all or part of the operation of the Business to someone who shares in the losses or profits of the Business other than an employee; any 20% or more change in the direct or indirect ownership of the franchisee entity; or any change in the general partner of a franchisee that is a partnership entity.
l. Franchisor approval of transfer by Franchisee	10(B)	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for Franchisor approval of transfer	10(B) – (D)	You are not in default; you have paid in full all amounts owed to us, our affiliates, or your suppliers, or upon which we have contingent liability; you have provided all required reports; the new franchisee qualifies; training for new franchisee is arranged; you, owners

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		and guarantors sign release; transfer fee paid; current Franchise Agreement signed by new franchisee (which will provide for a reduced initial franchise fee of $5,000); new franchisee agrees to be bound by all customer obligations of Franchisee, including all warranty work and service plans obligations (also see r, below).
n. Franchisor's right of first refusal to acquire the Business	10(F)	We may buy your franchise at the same price and on the same terms as those of a third-party offer.
o. Franchisor's option to purchase the Business	None	N/A
p. Death or disability of Franchisee	10(E)	Your personal representative must, within 120 days, tender the right of first refusal, apply for our consent to the transfer, pay the transfer fee and satisfy the transfer conditions (provided that no right of first refusal or transfer fee is applicable if the transferee is your spouse or child).
q. Non-competition covenants during the term of the Franchise Agreement	9(D)	You (including your guarantors and owners, if you are an entity, or your spouse, children, parents, or siblings if you are an individual) cannot be involved in a Competitive Business. A "Competitive Business" is any business that offers or sells any product or service or component thereof that (i) composes a part of our System, (ii) is the same as or similar to any product or service then-offered by our franchisees or (iii) otherwise competes directly or indirectly with our System.
r. Non-competition covenants after the Franchise Agreement is terminated or expires	9(D)	For 2 years, no Competitive Business in your Territory, within a 25-mile radius of the outer boundary of your Territory, or inside the territory of another JUNK KING business.
s. Modification of the Franchise Agreement	14(B)	No modification of the Franchise Agreement except by written agreement of both parties.
t. Integration/merger clause	14(B)	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any related

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		agreement is intended to disclaim our representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	11	Most disputes must be initially mediated. If a dispute is not resolved through the mediation process described in the Franchise Agreement, most disputes must be settled by litigation, subject to state law. Only if a court invalidates a jury waiver or a class action waiver will the dispute be resolved through arbitration, subject to state law.
v. Choice of venue	14(H)	Unless state law supersedes this provision, venue for mediation, arbitration, and litigation is in McLennan County, Texas.
w. Choice of law	14(G)(1)	Texas law applies unless state law supersedes this provision.

SEE THE ATTACHED STATE ADDENDA (Exhibit M) FOR ADDITIONAL DISCLOSURES.

ITEM 18

PUBLIC FIGURES

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

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.

The financial performance representations included in this Item 19 present data for the 52-week period beginning on January 1, ~~2023~~2024 and ending on December 31, ~~2023~~2024 (the "Reporting Period") for Franchised Businesses that had been open and continuously operated during the entire 12-month period ended on December 31, ~~2023~~2024 (the "Continually Operated Businesses"). Franchised Businesses that were in operation for less than 12 full months during the Reporting Period (~~including affiliate-owned units~~

~~acquired by a franchisee) (~~the "Excluded Businesses") ~~and affiliate-owned outlets~~ are not included in this Item 19.

As of December 31, ~~2023~~2024, there were ~~169~~172 Franchised Businesses in operation in the U.S., and ~~158~~166 of them had been open and continuously operated as Franchised Businesses for more than 12 months and have been included in this Item 19 as Continually Operated Businesses. ~~Eleven~~Six Franchised Businesses are Excluded Businesses that have not been included in this Item 19 because they opened during the year ~~2023~~2024 and did not operate for the full 12 months of the Reporting Period. Tables 1-A, 1-B, and 2-A and 2-B include data for all ~~158~~166 Continually Operated Businesses. Of the ~~158~~166 Continually Operated Businesses, ~~68~~82 businesses offered Dumpster Services during the entire Reporting Period. Table 1-C includes data for the Reporting Period for the ~~68~~82 Continually Operated Businesses that offered Dumpster Services during the Reporting Period. ~~Table 3 includes data for 106 of the Continually Operated Businesses that responded to our survey regarding Cost of Services Sold data as a percentage of Gross Sales for the Reporting Period.~~

~~Two~~Six franchised businesses closed during the Reporting Period and are therefore excluded from this Item 19 because they did not report data for all 12 months of the Reporting Period. No business closed after being open for less than 12 months. ~~Also excluded from this Item 19 are five franchised businesses that were reacquired by us during 2023.~~

Table~~s~~ 1-A ~~and 2-A~~ describes Gross Sales data for the Continually Operated Businesses for the Reporting Period, as reported by the Continually Operated Businesses to us. In this Item 19, "Gross Sales" means the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of — or in connection with — a Junk King business whether under any of the Marks or otherwise. Gross Sales exclude sales taxes collected from customers and paid to the appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing. Table~~s~~ 1-B ~~and 2-B~~ describes Gross Hauling Revenues for the Continually Operated Businesses for the Reporting Period, as reported by the Continually Operated Businesses to us. In this Item 19, "Gross Hauling Revenues" mean Gross Sales generated from hauling sales only. Table 1-C describes Gross Dumpster Revenues for the Continually Operated Businesses that offered Dumpster Services during the Reporting Period, as reported by the Continually Operated Businesses to us. "Gross Dumpster Revenues" means Gross Sales generated from dumpster sales only. Franchisees are permitted to offer Dumpster Services. "Gross Sales" equals the sum of Gross Hauling Revenues and Gross Dumpster Revenues. Gross Hauling Revenues and Gross Dumpster Revenues are not adjusted for cost of goods sold, operating expenses, royalties, or other costs or expenses that must be deducted from the gross sales to obtain net income or profit. Neither Gross Hauling Revenues nor Gross Dumpster Revenues are the same as Gross Sales, which includes all products and services sold by a franchisee. The data in Tables 1-A, 1-B and 1-C is divided into quartiles based on the level of Gross Sales, Gross Hauling Revenues and/or Gross Dumpster Revenues achieved, as applicable.

Table 1-A: Gross Sales in Calendar Year ~~2023~~2024 for Continually Operated Businesses

Franchised Businesses Quartiles	Number of Franchised Businesses in Subset	Average Gross Sales	Number and Percentage of Outlets Attaining or Exceeding Average Gross Sales	Median Gross Sales	Lowest Gross Sales	Highest Gross Sales
Top Quartile	~~40~~41	$~~1,181,111~~1,115,211	~~14~~12/~~35~~29%	$~~1,056,674~~987,098	$~~757,152~~707,736	$~~2,522,250~~2,805,138
2nd Quartile	~~39~~42	$~~584,840~~556,491	~~17~~20/~~44~~48%	$~~545,499~~538,763	$~~477,762~~436,338	$~~749,185~~705,899
3rd Quartile	~~39~~42	$~~391,281~~355,222	~~16~~22/~~41~~52%	$~~376,690~~360,162	$~~322,312~~285,389	$~~475,980~~434,989
Bottom Quartile	~~40~~41	$~~237,591~~193,696	~~21~~22/~~53~~54%	$~~241,665~~196,387	$~~91,855~~81,223	$~~318,475~~284,559
All Franchised ~~Outlets~~Businesses	~~158~~166	$~~600,106~~553,959	~~55~~61/~~35~~37%	$~~476,871~~435,663	$~~91,855~~81,223	$~~2,522,250~~2,805,138

Table 1-B: Gross Hauling Revenues in Calendar Year ~~2023~~2024 for Continually Operated Business

Franchised Businesses Quartiles	Number of Franchised Businesses in Subset	Average Gross Hauling Revenue	Number/Percentage of Outlets Attaining /Exceeding Avg Gross Hauling Revenue	Median Gross Hauling Revenue	Lowest Gross Hauling Revenue	Highest Gross Hauling Revenue
Top Quartile	~~40~~41	$~~1,093,851~~1,036,032	~~13~~14/~~33~~34%	$~~933,318~~898,927	$~~695,229~~666,342	$~~2,522,250~~2,794,002
2nd Quartile	~~39~~42	$~~552,692~~524,352	~~18~~19/~~46~~45%	$~~532,656~~509,649	$~~446,495~~420,617	$~~690,893~~661,226
3rd Quartile	~~39~~42	$~~371,835~~339,686	~~17~~22/~~44~~52%	$~~362,772~~354,264	$~~296,817~~263,623	$~~444,232~~414,810

Bottom Quartile	~~40~~41	$~~220,016~~177,813	~~19~~23/~~48~~56%	$~~218,143~~181,925	$~~91,855~~75,323	$~~294,891~~262,095
All Franchised ~~Outlets~~Businesses	~~158~~166	$~~560,830~~518,417	~~56~~61/~~35~~37%	$~~445,363~~417,714	$~~91,855~~75,323	$~~2,522,250~~2,794,002

Table 1-C: Gross Dumpster Revenues in Calendar Year ~~2023~~2024 for Continually Operated Businesses

Franchised Businesses Quartiles	Number of Franchised Businesses in Subset	Average Dumpster Revenue	Number and Percentage of Outlets Attaining or Exceeding Average Dumpster Revenue	Median Dumpster Revenue	Lowest Dumpster Revenue	Highest Dumpster Revenue
Top Quartile	~~17~~20	$~~187,029~~162,434	6/~~35~~30%	$~~164,559~~146,251	$~~118,820~~99,113	$~~464,413~~409,425
2nd Quartile	~~17~~21	$~~84,420~~69,742	~~8~~9/~~47~~43%	$~~82,812~~65,966	$~~60,407~~54,609	$~~118,060~~98,564
3rd Quartile	~~17~~21	$~~51,859~~40,017	~~9~~10/~~53~~48%	$~~54,148~~39,004	$~~39,586~~29,930	$~~60,264~~52,717
Bottom Quartile	~~17~~20	$~~25,274~~17,315	~~8~~11/~~47~~55%	$~~22,779~~18,563	$~~9,019~~2,963	$~~38,942~~27,662
All Franchised ~~Outlets~~Businesses	~~68~~82	$~~87,146~~71,950	~~24~~28/~~35~~34%	$~~60,336~~53,663	$~~9,019~~2,963	$~~464,413~~409,425

~~Tables 2-A and 2-B present Gross Sales and Gross Hauling Revenue, respectively, in Calendar Year 2023 based on the number of years each franchised outlet had been open and operating as of December 31, 2023.~~

Table 2-A~~:~~ – Average and Median Gross Sales per Job in Calendar Year ~~2023~~2024 for Continually Operated Businesses ~~based on Year in which such Franchised Business Opened~~

~~Number of Years Franchised Business Had Been Operating as of 12/31/2022~~	~~Number of Franchised Businesses in Category~~	~~Average Gross Sales~~	~~# and % of Franchised Businesses Attaining or Exceeding Average Gross Sales~~	~~Median Gross Sales~~	~~Lowest Gross Sales~~	~~Highest Gross Sales~~
~~1 to 2 (Opened in 2022)~~	~~28~~	~~$341,278~~	~~11/39%~~	~~$317,246~~	~~$91,855~~	~~$1,194,712~~
~~2 to 3 (Opened in 2021)~~	~~25~~	~~$434,855~~	~~9/36%~~	~~$367,374~~	~~$118,664~~	~~$1,089,058~~
~~3 to 4 (Opened in 2020)~~	~~11~~	~~$580,083~~	~~3/27%~~	~~$477,762~~	~~$245,213~~	~~$1,212,404~~
~~4 to 5 (Opened in 2019)~~	~~5~~	~~$473,647~~	~~2/40%~~	~~$436,260~~	~~$225,456~~	~~$918,710~~
~~5 to 6 (Opened in 2018)~~	~~7~~	~~$471,074~~	~~3/43%~~	~~$446,495~~	~~$361,409~~	~~$619,511~~
~~6 to 7 (Opened in 2017)~~	~~15~~	~~$495,247~~	~~3/20%~~	~~$355,009~~	~~$207,741~~	~~$1,950,357~~
~~7 to 8 (Opened in 2016)~~	~~10~~	~~$655,473~~	~~2/20%~~	~~$592,500~~	~~$239,833~~	~~$1,908,725~~
~~8 to 9 (Opened in 2015)~~	~~7~~	~~$720,071~~	~~3/43%~~	~~$693,984~~	~~$444,232~~	~~$1,165,001~~
~~9 to 10 (Opened in 2014)~~	~~6~~	~~$763,205~~	~~2/33%~~	~~$715,761~~	~~$461,567~~	~~$1,093,569~~
~~10 to 11 (Opened in 2013)~~	~~6~~	~~$510,362~~	~~4/67%~~	~~$513,433~~	~~$211,961~~	~~$771,435~~
~~11 to 12 (Opened in 2012)~~	~~12~~	~~$824,303~~	~~5/42%~~	~~$621,628~~	~~$247,574~~	~~$1,962,999~~
~~12 to 13 (Opened in 2011)~~	~~14~~	~~$877,097~~	~~4/29%~~	~~$769,999~~	~~$465,607~~	~~$2,522,250~~

~~Number of Years Franchised Business Had Been Operating as of 12/31/2022~~	~~Number of Franchised Businesses in Category~~	~~Average Gross Sales~~	~~# and % of Franchised Businesses Attaining or Exceeding Average Gross Sales~~	~~Median Gross Sales~~	~~Lowest Gross Sales~~	~~Highest Gross Sales~~
~~13 to 14 (Opened in 2010)~~	~~12~~	~~$1,125,551~~	~~6/50%~~	~~$1,123,779~~	~~$311,764~~	~~$2,089,650~~
~~All Franchised Outlets~~	~~158~~	~~$600,106~~	~~55/35%~~	~~$476,871~~	~~$91,855~~	~~$2,522,250~~

The below table shows the average and median Gross Sales per Job data for the Continually Operated Businesses during the Reporting Period.

Year	**Number of Reporting Businesses**	**Average[1]**	**High[2]**	**Low[2]**	**Median[1]**	**Number/Percent At or Above Average[3]**
2024	166	$399	$766	$203	$389	72/43%

[1] We calculated the average and median Gross Sales per Job as follows: (i) first, we calculated the average Gross Sales Per Job during the Reporting Period for each Continually Operated Business, based on information provided by the Continually Operated Businesses to us through our Software System (the "Individual Business Average Gross Sales Per Job") and (ii) then we calculated the average and median of all Continually Operated Businesses' Individual Business Average Gross Sales Per Job (as determined in clause (i)) during the Reporting Period.

[2] This is the range between the Continually Operated Businesses' lowest Individual Business Average Gross Sales Per Job and the highest Individual Business Average Gross Sales per Job during the Reporting Period, based on information provided by the Continually Operated Businesses to us.

[3] This is the number and percentage of Continually Operated Businesses that achieved or exceeded the Average Gross Sales per Job.

Table 2-B~~: Gross Hauling Revenues in~~ – Average and Median Jobs Completed Per Day Calendar Year ~~2023~~2024 for Continually Operated Businesses ~~based on Year in which such Franchised Business Opened~~

~~Number of Years Franchised Outlet Had Been Operating as of 12/31/2022~~	~~Number of Franchised Businesses in Category~~	~~Average Gross Hauling Revenue~~	~~# and % of Franchised Businesses Attaining or Exceeding Average Gross Hauling Revenue~~	~~Median Gross Hauling Revenue~~	~~Lowest Gross Hauling Revenue~~	~~Highest Gross Hauling Revenue~~
~~1 to 2 (Opened in 2022)~~	~~28~~	~~$320,389~~	~~10/36%~~	~~$278,268~~	~~$91,855~~	~~$1,076,652~~

~~2 to 3 (Opened in 2021)~~	~~25~~	~~$404,095~~	~~10/40%~~	~~$342,472~~	~~$118,664~~	~~$942,828~~
~~3 to 4 (Opened in 2020)~~	~~11~~	~~$546,690~~	~~3/27%~~	~~$477,762~~	~~$245,213~~	~~$1,138,166~~
~~4 to 5 (Opened in 2019)~~	~~5~~	~~$504,912~~	~~2/40%~~	~~$436,260~~	~~$228,138~~	~~$918,710~~
~~5 to 6 (Opened in 2018)~~	~~7~~	~~$474,189~~	~~3/43%~~	~~$446,495~~	~~$361,409~~	~~$641,315~~
~~6 to 7 (Opened in 2017)~~	~~15~~	~~$472,606~~	~~3/20%~~	~~$332,295~~	~~$195,576~~	~~$1,950,357~~
~~7 to 8 (Opened in 2016)~~	~~10~~	~~$634,256~~	~~2/20%~~	~~$546,472~~	~~$239,833~~	~~$2,044,886~~
~~8 to 9 (Opened in 2015)~~	~~7~~	~~$683,438~~	~~3/43%~~	~~$646,521~~	~~$444,232~~	~~$969,703~~
~~9 to 10 (Opened in 2014)~~	~~6~~	~~$693,859~~	~~2/33%~~	~~$626,739~~	~~$461,567~~	~~$996,946~~
~~10 to 11 (Opened in 2013)~~	~~6~~	~~$465,651~~	~~3/50%~~	~~$453,589~~	~~$211,961~~	~~$711,028~~
~~11 to 12 (Opened in 2012)~~	~~12~~	~~$860,894~~	~~4/33%~~	~~$593,009~~	~~$221,054~~	~~$2,633,850~~
~~12 to 13 (Opened in 2011)~~	~~14~~	~~$800,175~~	~~4/29%~~	~~$676,553~~	~~$349,539~~	~~$2,522,250~~
~~13 to 14 (Opened in 2010)~~	~~12~~	~~$1,023,188~~	~~5/42%~~	~~$933,318~~	~~$311,764~~	~~$1,956,126~~
~~All Franchised Outlets~~	~~158~~	~~$569,082~~	~~55/35%~~	~~$445,363~~	~~$91,855~~	~~$2,633,850~~

~~Table 3 includes certain cost data for calendar year 2023 that we have collected from Continually Operated Businesses that responded to a survey that we circulated ("Reporting Businesses"). 112 out of the 158 Continually Operated Businesses responded to the survey. This Table 3 does not include data from 48 Franchised Businesses, including 37 Continually Operated Businesses that did not respond to the survey and the 11 Excluded Businesses.~~

The below table shows the average and median number of jobs completed per Continually Operated Business per day during the Reporting Period ("Jobs completed per Business"). Number of jobs completed per Business per day refers to the number of customer jobs each Continually Operated Business' location completed each day of the Reporting Period. All jobs completed per Business per day were calculated based on a seven day week.

~~**Table 3: Cost of Services Sold as a Percentage of Gross Sales in Calendar Year 2023 for Reporting Businesses**~~

Year	**Number of Reporting Businesses**	Average[1] ~~**Percentage of Gross Sales**~~	~~**Number and Percentage of Businesses Attaining or Exceeding Average Percentage of Gross Sales**~~**High**[2]	~~**Median Percentage of Gross Sales**~~**Low**[2]	~~**Lowest Percentage of Gross Sales**~~**Median**[1]	~~**Highest**~~ **Number/Percent**~~**a**~~ ~~**ge of Gross Sales**~~**At or Above Average**[3]
~~Gasoline~~2024	166	~~4.8%~~3.81	~~65/53.3%~~20.4	~~4.8%~~.62	~~2.5%~~3.03	~~7.6~~61/37%
~~Dumping Fees~~		~~9.6%~~	~~64/52.5%~~	~~9.4%~~	~~2.1%~~	~~20.9%~~
~~Labor Expenses~~		~~24.1%~~	~~53/43.4%~~	~~23.1%~~	~~9.5%~~	~~41.4%~~
~~License Fees~~		~~8.0%~~	~~122/100%~~	~~8.0%~~	~~8.0%~~	~~8.0%~~
~~Customer Care Center Fees~~		~~4.4%~~	~~73/59.8%~~	~~4.0%~~	~~2.0%~~	~~5.0%~~
~~Cost of Services Sold~~		~~50.8%~~	~~63/51.6%~~	~~50.1%~~	~~29.9%~~	~~68.4%~~
~~Gross Profit Margin~~		~~49.2%~~	~~63/51.6%~~	~~49.9%~~	~~31.6%~~	~~70.1%~~

[1] We calculated the average and median number of jobs completed per Business per day as follows: (i) first, we calculated the average number of jobs completed per Business per day during the Reporting Period for each Continually Operated Business, based on information provided by the Continually Operated Businesses to us through our Software System (the "Individual Business Number of Jobs per Business per Day") and (ii) then we calculated the average and median of all Continually Operated Businesses' Individual Number of Jobs Per Business Per Day (as determined in clause (i)) during the Reporting Period.

[2] This is the range between the Continually Operated Businesses' lowest Individual Business Number of Jobs per Business per Day and the highest Individual Business Number of Jobs per Business per Day during the Reporting Period, based on information provided by the Continually Operated Businesses to us.

[3] This is the number and percentage of Continually Operated Businesses that achieved or exceeded the Average Number of Jobs per Business per Day.

~~Notes to Table 3:~~

~~1. The percentages of Gross Sales for each Reporting Business are calculated by taking the total expenses for such category, dividing the expenses by Gross Sales, and multiplying the resulting figure by 100.~~

~~2. "Dumping Fees" include the payments that a Franchised Business makes to garbage dumps or recycling centers to dispose of the junk that has been collected. These fees vary by municipality.~~

~~3. "Labor Expenses" include all wages, benefits, and worker's compensation expenses related to a Franchised Business' employees.~~

~~4. Please note that we have adjusted the "Customer Care Center Fees" from the previous amount paid under the Franchise Agreement (4%) to the amount currently being paid by franchisees (5%).~~

~~5. "Gross Profit Margin" is calculated for each Reporting Business using this formula: ((Gross Sales - Cost of Services Sold) / Gross Sales) * 100. "Cost of Services Sold" equals Gasoline + Dumping Fees + Labor Expenses + Customer Care Center Fees (which is 5% of Gross Sales) + License Fees (which is 8% of Gross Sales).~~

~~6. In addition to the categories of expenses described in Table 3, Franchised Businesses incur additional expenses, such as (among others) rent, vehicle loan payments, MAP Fund fees and advertising expenses, insurance premiums, and utility fees.~~

Notes to Item 19:

1. **Some outlets have sold this much. Your individual results may differ. There is no assurance you will sell as much.**

2. Written substantiation of the data used in preparing these financial performance representations will be made available to you upon reasonable request.

3. The data is based on the historical results from existing Franchised Businesses as reported to us by our franchisees.

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 David Flax, 1010 North University Parks Drive, Waco, TX 76707, (888) 888-5865, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet[1] Summary
For Years ~~2021~~2022 to ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
~~Franchised~~	~~2021~~	~~103~~	~~132~~	~~+29~~
Franchised	2022	132	158	+26
	2023	158	169	+11
~~Affiliate-Owned~~	~~2021~~2024	~~6~~169	~~3~~172	~~-3~~+3
Company-Owned[2]	2022	3	5	+2
	2023	5	3	-2

~~Total Outlets~~	~~2021~~2024	~~109~~3	~~135~~0	~~+26~~-3
Total Outlets	2022	135	163	+28
	2023	163	172	+9
	2024	172	172	0

[1] Included in "outlets" are all Businesses that have opened an operating location. Neither sale of a new territory to an existing franchisee where a separate operating location will not be opened nor execution of a franchise agreement for a new location where the location is not yet open are included.

[2] The "Company-Owned" outlets were operated by our affiliate Junk King Enterprises, LLC.

Table No. 2

Transfers[~~1~~2] of Outlets from Franchisees to New Owners (other than the Franchisor)

State	Year	Number of Transfers
~~Arizona~~	~~2021~~	~~0~~
Arizona	2022	3
	2023	0
~~California~~	~~2021~~2024	0
California	2022	0
	2023	2
	2024	3
Colorado	2022	1
~~Colorado~~	~~2021~~2023	~~2~~0
	2024	0
Connecticut	2022	~~1~~0
	2023	0
	2024	1
Florida	~~2021~~2022	0
	2023	2
	2024	1
Georgia	2022	0
	2023	~~2~~0
~~Illinois~~	~~2021~~2024	~~2~~1
Illinois	2022	0
	2023	1
~~Iowa~~	~~2021~~2024	~~0~~1
Iowa	2022	2
	2023	0
~~Kansas~~	~~2021~~2024	~~0~~1
Kansas	2022	1
	2023	1
~~Maryland~~	~~2021~~2024	~~0~~2
Kentucky	2022	0

State	Year	Number of Transfers
	2023	0
	2024	1
Maryland	2022	0
	2023	3
~~Missouri~~	~~2021~~2024	0
Michigan	2022	0
	2023	0
	2024	1
Missouri	2022	1
	2023	2
~~Nevada~~	~~2021~~2024	~~1~~3
Nevada	2022	0
	2023	0
~~New York~~	~~2021~~2024	0
New York	2022	0
	2023	2
	2024	0
North Carolina	2022	0
~~Pennsylvania~~	~~2021~~2023	0
	2024	4
Oklahoma	2022	0
	2023	0
	2024	2
Pennsylvania	2022	2
	2023	0
~~South Carolina~~	~~2021~~2024	~~0~~3
South Carolina	2022	1
	2023	0
~~Texas~~	~~2021~~2024	~~0~~1
Texas	2022	1
	2023	0
	2024	4
Virginia	2022	0
	2023	0
~~**Total**~~	~~**2021**~~2024	~~5~~2
Total	**2022**	**12**
	2023	**13**
	2024	**31**

[~~1~~2] Transfer” means the acquisition of a controlling interest in a franchised outlet, during its term, by a person other than the franchisor or an affiliate. Sale of territory only, not including a franchised outlet, from one franchisee to another franchisee is not included in transfers.

Table No. 3

Status of Franchised Outlets For Years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets ~~Opened[1]~~Opened[3]	Termina- ~~Tions[2]~~Tions[4]	Non-Renewals	Reacquired by ~~Franchisor[3]~~Franchisor[5]	Ceased operations - Other Reasons[~~4~~6]	Outlets at End of the Year
~~AL~~	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
AL	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~AR~~	~~2021~~2024	~~0~~2	~~1~~0	0	0	0	0	~~1~~2
AZ	2022	~~1~~4	~~0~~1	0	0	0	0	~~1~~5
	2023	~~1~~5	0	0	0	0	0	~~1~~5
~~AZ~~	~~2021~~2024	~~2~~5	~~2~~1	0	0	0	0	~~4~~6
AR	2022	~~4~~1	~~1~~0	0	0	0	0	~~5~~1
	2023	~~5~~1	0	0	0	0	0	~~5~~1
~~CA~~	~~2021~~2024	~~19~~1	~~2~~0	0	0	0	0	~~21~~1
CA	2022	21	4	0	0	0	0	25
	2023	25	2	0	0	0	0	27
~~CO~~	~~2021~~2024	~~4~~27	0	0	0	0	0	~~4~~27
CO	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
~~CT~~	~~2021~~2024	~~1~~5	0	0	0	0	0	~~1~~5
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~DC~~	~~2021~~2024	1	~~0~~2[C]	0	0	0	0	~~1~~3
DC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~FL~~	~~2021~~2024	~~9~~1	~~1~~0	0	0	0	0	~~10~~1
FL	2022	10	4	0	0	0	0	14
	2023	14	0	2	0	0	0	12
~~GA~~	~~2021~~2024	~~3~~12	~~2~~1	0	0	0	0	~~5~~13
GA	2022	5	1	0	0	0	0	6
	2023	6	1	0	0	0	0	7
~~ID~~	~~2021~~2024	~~1~~7	0	0	0	0	0	~~1~~7
ID	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~IL~~	~~2021~~2024	~~4~~1	~~1~~0	0	0	0	0	~~5~~1
IL	2022	5	3	0	0	0	0	8
	2023	8	0	0	0	0	0	8
~~IN~~	~~2021~~2024	~~1~~8	~~2~~0	0	0	0	0	~~3~~8
IN	2022	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets ~~Opened[1]~~Opened[3]	Termina-~~Tions[2]~~Tions[4]	Non-Renewals	Reacquired by ~~Franchisor[3]~~Franchisor[5]	Ceased operations - Other Reasons~~[4]~~[6]	Outlets at End of the Year
	2023	4	1	0	0	0	0	5
~~IA~~	~~2021~~2024	~~2~~5	0	0	0	0	0	~~2~~5
IA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~KS~~	~~2021~~2024	~~1~~2	~~1~~0	0	0	0	0	2
KS	2022	2	0	0	0	0	1[A]	1
	2023	1	0	0	0	0	0	1
~~KY~~	~~2021~~2024	1	~~1~~1[B]	0	0	0	0	2
KY	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~LA~~	~~2021~~2024	2	0	0	0	0	0	2
LA	2022	2	2	0	0	0	0	4
	2023	4	0	0	0	0	0	4
~~MD~~	~~2021~~2024	~~2~~4	0	0	0	0	0	~~2~~4
MD	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
~~MA~~	~~2021~~2024	~~3~~4	~~2~~0	0	0	0	0	~~5~~4
MA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
~~MI~~	~~2021~~2024	~~2~~5	0	0	0	0	0	~~2~~5
MI	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~MN~~	~~2021~~2024	~~1~~2	~~1~~0	0	0	0	~~0~~1	~~2~~1
MN	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
~~MO~~	~~2021~~2024	~~1~~3	~~1~~0	0	0	0	0	~~2~~3
MO	2022	2	2[A]	0	0	0	0	4
	2023	4	0	0	0	0	0	4
~~NV~~	~~2021~~2024	~~2~~4	0	0	0	0	~~0~~1[B]	~~2~~3
NV	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~NM~~	~~2021~~2024	~~0~~2	~~1~~0	0	0	0	0	~~1~~2
NM	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~NY~~	~~2021~~2024	~~5~~1	~~1~~0	0	0	0	0	~~6~~1
NY	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
~~NC~~	~~2021~~2024	~~4~~7	~~1~~0	0	0	0	~~0~~1[C]	~~5~~6
NC	2022	5	1	0	0	1	0	5

State	Year	Outlets at Start of Year	Outlets ~~Opened[1]~~Opened[3]	Termina-~~Tions[2]~~Tions[4]	Non-Renewals	Reacquired by ~~Franchisor[3]~~Franchisor[5]	Ceased operations - Other Reasons~~[4]~~[6]	Outlets at End of the Year
	2023	5	0	0	0	0	0	5
~~OH~~	~~2021~~2024	~~4~~5	~~0~~1	0	0	0	0	~~4~~6
OH	2022	4	2	0	0	0	0	6
	2023	6	1	0	0	0	0	7
~~OK~~	~~2021~~2024	~~2~~7	0	~~0~~1	0	0	0	~~2~~6
OK	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~OR~~	~~2021~~2024	~~1~~2	0	0	0	0	0	~~1~~2
OR	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
~~PA~~	~~2021~~2024	~~4~~2	~~1~~0	0	0	0	0	~~5~~2
PA	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
~~RI~~	~~2021~~2024	~~1~~6	0	0	0	0	0	~~1~~6
RI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~SC~~	~~2021~~2024	1	~~2~~0	0	0	0	0	~~3~~1
SC	2022	3	2	0	0	1	0	4
	2023	4	1	0	0	0	0	5
~~TN~~	~~2021~~2024	~~2~~5	0	0	0	0	0	~~2~~5
TN	2022	2	0	0	0	1	0	1
	2023	1	1	0	0	0	0	2
~~TX~~	~~2021~~2024	~~9~~2	~~2~~1	0	0	0	0	~~11~~3
TX	2022	11	3	0	0	1	0	13
	2023	13	0	0	0	0	0	13
~~UT~~	~~2021~~2024	~~1~~13	~~2~~1	~~0~~2	0	0	0	~~3~~12
UT	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	5
~~VA~~	~~2021~~2024	~~2~~5	0	0	0	0	0	~~2~~5
VA	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
~~WA~~	~~2021~~2024	~~2~~3	~~2~~0	0	0	0	0	~~4~~3
WA	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
~~WI~~	~~2021~~2024	~~2~~4	0	0	0	0	0	~~2~~4
WI	2022	2	0	0	0	1	0	1
	2023	1	1	0	0	0	0	2
~~Totals~~	~~2021~~2024	~~103~~2	~~29~~1	0	0	0	0	~~132~~3
Totals	**2022**	**132**	**32**	**0**	**0**	**5**	**1**	**158**

State	Year	Outlets at Start of Year	Outlets ~~Opened~~[~~1~~]Opened[3]	Termina-~~Tions~~[~~2~~]Tions[4]	Non-Renewals	Reacquired by ~~Franchisor~~[~~3~~]Franchisor[5]	Ceased operations - Other Reasons[~~4~~6]	Outlets at End of the Year
	2023	158	13	2	0	0	0	169
	2024	169	9	3	0	0	3	172

[A] ~~Outlet~~Unit contains territory in both Kansas and Missouri and was relocated in the count to Missouri where the business address is located.

[B] Unit contains territory in both Kansas and Missouri and was relocated in the count to Kansas where the business address is located.

[C] Unit contains territory in both Connecticut and New York and was relocated in the count to Connecticut where the business address is located.

[~~1~~3] "Outlets opened" does not include outlets for which a franchise agreement was signed but the outlet was not open as of the end of our last fiscal year. Included in "Outlets Opened" are outlets that were opened after a new franchisee purchased the franchised business from an existing owner and the previous owner's franchise agreement was terminated.

[~~2~~4] "Termination" means the franchisor's termination of a franchise agreement prior to the end of its term and without paying any money or other compensation to the franchisee. Mutual terminations, where both the Franchisor and franchisee agree to end the franchise relationship are also included in terminations listed above.

[~~3~~5] For purposes of these tables, a "reacquisition" means the Franchisor's acquisition of a franchised outlet during its term in exchange for a payment of money or other compensation. The franchisor's purchase of a territory or a portion of a territory not including an operating outlet is not included in the "reacquisitions" listed above.

[~~4~~6] "Ceased operations – other reasons" includes abandonment of the franchise outlet after an existing outlet was opened. If no outlet was opened and there was no termination of the franchise agreement, the "abandonment" would not be included in the "ceased operations" column. Also included in this column are franchise outlets that have been sold and/or transferred to an existing franchisee or a franchisee in another state. Also included in Ceased operations – other reasons" are outlets where the franchise agreement was terminated and the territory was transferred to an existing franchisee.

Table No. 4

Status of ~~Affiliate-Owned~~Company-Owned Outlets
For Years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
~~CA~~	~~2021~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
CA	2022	3	0	0	0	3	0
	2023	0	0	0	0	0	0
~~GA~~	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~0~~
	~~2022~~2024	0	0	0	0	0	0
	~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~MA~~	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~0~~
	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~NC~~	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
NC	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
~~NY~~	~~2021~~2024	1	0	0	0	1	0
	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~PA~~	~~2021~~	~~0~~	~~0~~	~~1~~	~~0~~	~~1~~	~~0~~
	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~SC~~	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
SC	2022	0	0	1	0	0	1
	2023	1	0	0	0	1	0
~~TN~~	~~2021~~2024	0	0	0	0	0	0
TN	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
~~TX~~	~~2021~~2024	~~0~~1	0	0	0	~~0~~1	0
TX	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
~~WI~~	~~2021~~2024	~~0~~1	0	0	~~0~~1	0	0
WI	2022	0	0	1	0	0	1
	2023	1	0	0	0	1	0
~~Total~~	~~2021~~2024	~~6~~0	0	~~1~~0	0	~~4~~0	~~3~~0
Total	**2022**	**3**	**0**	**5**	**0**	**3**	**5**
	2023	**5**	**0**	**0**	**0**	**2**	**3**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	2024	3	0	0	1	2	0

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	1	0	0
California	2	~~2~~0	0
~~Connecticut~~Florida	1	0	0
~~Florida~~Illinois	1	~~2~~0	0
~~Illinois~~Indiana	~~1~~0	~~0~~1	0
Kansas	1	1	0
Maine	0	1	0
Massachusetts	1	0	0
New York	0	1	0
Ohio	0	1	0
Pennsylvania	1	0	0
~~Tennessee~~ South Carolina	~~2~~0	~~0~~1	0
~~Texas~~Tennessee	~~3~~2	~~2~~0	0
~~Virginia~~Texas	~~0~~2	~~1~~3	0
~~Wisconsin~~	~~0~~	~~1~~	~~0~~
Total	**~~13~~12**	**~~8~~9**	**0**

Exhibit E contains a list of names of all franchisees and the addresses and telephone numbers of their outlets as of December 31, ~~2023~~2024.

Exhibit F contains the name, city, state and current business telephone number (or if unknown, the last known home telephone number) of franchisees who had an outlet terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years some current or former franchisees signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise that have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Included as Exhibit C are the following audited combined financial statements of Neighborly Assetco LLC, our direct parent: (a) ~~the~~ audited ~~balance sheet as of March 25, 2021 (Predecessor Period)~~combined financial statements as of and for the year ended December 31, 2022, (b) audited combined financial statements as of and for the year ended December 31, ~~2021 (Successor Period) and March 25, 2021 (Predecessor Period), and for the periods from March 26, 2021 through August 31, 2021 (Predecessor Period) and from September 1, 2021 through December 31, 2021 (Successor Period),~~2023, and (c) audited combined financial statements as of and for the year ended December 31, ~~2022 and (d) audited combined financial statements as of and for the year ended December 31, 2023. Neighborly Assetco LLC was organized on November 13, 2020 and had no significant operations prior to the date of the March 25, 2021 balance sheet.~~2024.

Neighborly Assetco LLC guarantees our performance under the Franchise Agreement. A copy of the Parent guaranty is included in Exhibit D.

As reflected in Item 1, Manager (i.e., Neighborly Company) will be providing required support and services to franchisees under a management agreement with us. Attached in Exhibit C are the audited consolidated financial statements of Manager (a) as of and for the year ended December 31, ~~2023~~2024, (b) as of and for the year ended December 31, ~~2022~~2023, and (c) as of and for the year ended December 31, ~~2021 (Successor Period) and for the period from September 1, 2021 through December 31, 2021 (Successor Period), and the period from January 1, 2021 through August 31, 2021 (Predecessor Period)~~2022.These financial statements are being provided for disclosure purposes only. Manager is not a party to the Franchise Agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement we sign with franchisees.

~~As used in this Item 21, the term "Predecessor Period(s)" refers to the time period(s) before and including August 31, 2021, i.e., the closing date of the KKR Acquisition of Neighborly (as described in Item 1) and the "Successor Period" refers to the time period from and after September 1, 2021 until December 31, 2021 (i.e., the period following the closing of the KKR Acquisition).~~

ITEM 22

CONTRACTS

EXHIBIT A - Franchise Agreement and Schedules:

Schedule A.	Data Sheet
Schedule B.	ACH Form
Schedule C.	Personal Guarantee
Schedule D.	Acknowledgement Addendum
Schedule E.	Telephone Number and Internet Agreement
Schedule F.	Confidentiality Agreement
Schedule G.	Promissory Note and Security Agreement

Schedule H. ~~Amendment to Franchise Agreement (Dumpster Program)~~Roll-In Addendum
Schedule I. ~~Segmentation~~Excluded Services Addendum
Schedule J. State Addendum

EXHIBIT G	~~Option to Purchase~~Unclosed Estimate Program Agreement
EXHIBIT H	Renewal Addendum
EXHIBIT I	General Release [sample]
EXHIBIT J	ProTradeNet Agreement
EXHIBIT K	Software System User and Maintenance Agreement
EXHIBIT L	Assignment and Consent Agreement
EXHIBIT M	State Addenda and Riders to Franchise Agreement
EXHIBIT N	State Effective Dates

ITEM 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

JUNK KING SPV LLC

FRANCHISE AGREEMENT

RECEIPT FOR FRANCHISE AGREEMENT

The undersigned hereby acknowledges and agrees that on the date below, they received a FRANCHISE AGREEMENT for a JUNK KING® franchised business including all applicable exhibits with all information completed in a form ready to execute.

____________________	____________________
Date	Signature
____________________	____________________
Date	Signature

JUNK KING® FRANCHISE AGREEMENT

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JUNK KING® FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made as of the Effective Date by and between Junk King SPV LLC, a Delaware limited liability company with its principal business located at 1010 North University Parks Drive, Waco, TX 76707 ("we", "us" or "Franchisor"), and the person or entity (the "Franchisee" or "you") identified as Franchisee on the Data Sheet attached as Schedule A together with addenda attached thereto, the "Data Sheet"). If the ~~f~~Franchisee is a corporation, partnership, limited liability company or other legal entity, the provisions of this Agreement also apply to its owners.

RECITALS

A. ~~A.~~ We have developed a system for establishing and operating businesses identified by the Marks (as defined below) and engaged in junk removal, dumpster rental, clean-out services, resale services and recycling and other related services and products pursuant to certain standards and specifications (each, a "JUNK KING Business").

B. ~~B.~~ We own the JUNK KING service mark and other marks, as well as other Intellectual Property (as defined below) used in connection with the operation of a JUNK KING Business.

C. ~~C.~~ You desire to develop and operate a JUNK KING Business, and we have agreed to grant you a franchise to operate a JUNK KING Business subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the promises and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions (other terms are defined in the body of this Agreement):

A. "Business" means the JUNK KING Business you develop and operate pursuant to this Agreement.

B. "Confidential Information" means any proprietary and non-public information, data, Intellectual Property, materials and know-how ~~owned by us~~ relating to the development or operation of JUNK KING Businesses, whether contained in the Operations Manual or otherwise, including, but not limited to: (1) training programs and materials; (2) databases of Customers and potential customers, including Customer Information; (3) sales and marketing programs and techniques for JUNK KING Businesses; (4) knowledge of operating systems of JUNK KING Businesses; and (5) computer systems, technology and software programs.

C. "Customer" means any person or entity (1) included on any marketing or customer lists you develop or use, including any such lists provided by us to you; (2) who has purchased or purchases products or services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or whom you have solicited to purchase any products or services; (3) for whom you provide products or services on our behalf or at our direction; and (4) if any of the foregoing is an entity, all employees of such entity.

D. "Customer Information" means any contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any Customer, including any personal information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household.

E. "Dumpster Services" means services consisting of delivering a dumpster (typically a 12 cubic-yard dumpster) to a Customer's location for a short-term rental and removing such dumpster and disposing of its contents at the conclusion of such rental period.

F. "Effective Date" means the date designated as Effective Date on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

G. "Franchise Location" is the premises that are located within the Territory, that meet our site selection guidelines and criteria and from which you will operate your Business.

H. "Gross Sales" include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of or in connection with your Business whether under any of the Marks or otherwise. Gross Sales exclude sales taxes collected from Customers and paid to the appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing.

I. "Intellectual Property" means patents, rights to inventions, copyright and related rights, the Marks, business names, domain names, social media accounts and identifiers (and all related content and programming, and related security codes and passwords), rights in goodwill and the right to sue for passing off, rights in designs, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how), and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection that subsist or will subsist now or in the future in any part of the world relating to the JUNK KING Business and the System, owned by us and acquired by us from time to time.

J. "Internet" means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

K. "Key Accounts" means national, regional or other customers of Junk King Businesses located within and/or outside the Territory with whom we have entered or plan to enter into contracts, programs or other arrangements (i) for servicing of multiple locations of such customers and/or (ii) that we determine are designed to benefit the System as a whole by gaining otherwise unavailable business or addressing the concerns of such customers that may require specific terms or provisions of our arrangement with them, including without limitation special insurance, experience, equipment, pricing, payment terms, turnaround requirements, or approvals.

L. "Marks" means the "JUNK KING" service mark and logo, the "neighborly" service mark and logo, and such other trade names, trademarks, service marks, trade dress, logos, social media indicators, social media handles, and commercial symbols as we may from time to time expressly authorize or direct you, in writing, to use in connection with the operation of the Business.

M. "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for operating JUNK KING Businesses, all of which we may change from time to time. The term "Operations Manual" includes all means of communicating such information, regardless of format.

N. "Preferred Lead Program" means a program that we offer to qualified franchisees that permits each such franchisee to perform services in a defined area outside of its territory (the "designated area") so long as (i) such services are for such franchisee's existing customer that has locations within and outside of such franchisee's territory (but within the designated area) and (ii) the franchisee who owns the territory in which the designated area is located also participates in the Preferred Lead Program. Additional terms and conditions of the Preferred Lead Program are set forth in the Operations Manual. You must meet the qualifications set forth in the Operations Manual before you may participate in the Preferred Lead Program.

O. "Principal Owner" means any person or entity who, now or hereafter, directly or indirectly, owns a 5% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 5% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified in the Data Sheet in ~~Schedule A~~Schedule A to this Agreement. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

P. "System" means our operating systems, marketing systems, business techniques, and methods, processes, policies and procedures for offering, selling and providing junk removal, dumpster rental, clean-out services, and recycling and other related services and products pursuant to certain standards and specifications, along with items of trade dress and sales, leadership and management training for the development and operation of Junk King Businesses, including all training materials; all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time.

Q. "Territory" means the area designated on the Data Sheet. If the Territory is not designated at the time you and we sign this Agreement, we will notify you of the Territory within 30 days of the Effective Date. To the extent any portion of the Territory includes an area designated as an Indian Reserve, a governmental territory or other territory that may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee is qualified under such separate or additional requirements to perform work in such territory; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.

GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Rights Granted. Subject to the terms and conditions of this Agreement, we hereby grant you the right and license to engage in and conduct, in the Territory, during the term of this Agreement, a JUNK KING Business identified by the Marks. For avoidance of doubt, you acknowledge and agree that you may only offer or provide Dumpster Services subject to compliance with Section ~~5.S~~5.S.

You hereby accept said license and undertake the obligation to operate your Business faithfully, honestly and diligently, using the System and in compliance with this Agreement and our standards and requirements. You may not subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement. You undertake the obligation to develop and service Customers throughout the Territory.

B. Rights to Territory. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Territory without your written permission, subject to your compliance with the Minimum Performance Standards set forth in Section 5.R, or (ii) subject to our reservation of rights set forth in Section 2.C, establish either a company- or affiliate-owned or franchised JUNK KING Business geographically located within the Territory.

You may not advertise or solicit customers, perform services or sell products related to the Business outside the Territory without our prior written consent, which consent we may give, condition or withdraw as we deem appropriate. If you receive a request for services or products from outside the Territory, you must refer that request to the franchisee, if any, that owns the applicable territory, or seek our written permission to process such a request. Notwithstanding the foregoing, under certain limited circumstances, you may process such a request from outside the Territory if such activity is permitted under our Preferred Lead Program as more particularly set forth in the Operations Manual.

If we permit you to advertise, solicit, service or sell in areas outside the Territory that are not serviced by another franchisee (each, a "Territory Available for Sale" or "TAFS"), you must comply with all of the conditions and other requirements that we may from time to time specify (in the Operations Manual or otherwise in writing) with respect to such activities. At any time upon our demand or upon your actual notice that a TAFS has been purchased by another franchisee, you agree to immediately cease all activities in such TAFS and to comply with our procedures for the transition of Customer accounts for such TAFS.

C. Our Reservation of Rights. Except as expressly limited by Section ~~2.B~~2.B, we and our affiliates may engage in any activity whatsoever on any terms and conditions we deem advisable whenever and wherever we or they desire. We and our affiliates retain all rights whatsoever not expressly granted herein, including, but not limited to:

(i) the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory (A) under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate or (B) under the

Marks, but if inside the Territory, then only pursuant to programs set forth in the Operations Manual (including the Preferred Lead Program);

(ii) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at the Franchise Location hereunder, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including internet or similar electronic media) both inside and outside the Territory and on any terms and conditions we deem appropriate;

(iii) the right to establish and operate, and to grant to others the right to establish and operate businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;

(iv) the right to establish and operate, and to grant others the right to establish and operate a JUNK KING Business located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of their proximity to the Franchise Location or their actual or threatened impact on sales at the Franchise Location;

(v) (a) the right, directly or through an authorized third party (including, another franchisee), to advertise, solicit, enter into contracts with and service Key Accounts in any area, including in the Territory, upon such terms as we negotiate from time to time; or (b) further, if (i) you refuse or, in our sole judgment, are not qualified, interested or available to perform services or otherwise cannot or do not perform services for any customer located within the Territory, including a Key Account, (ii) you request assistance in the performance of services to a customer, or (iii) a customer, orally or in writing, specifically requests services within the Territory from a different franchisee or another third party, we have the right to authorize another franchisee (or designate or authorize a corporate employee or any other third party) to perform services for or sell products to the applicable customers inside the Territory. You agree that you will not be entitled to any compensation for sales or services performed inside the Territory by someone other than you as contemplated under this paragraph;

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

(vii) the right to be acquired (in whole or in part and regardless of the form of transaction), by a business providing products and services similar to those provided at the Business, or by another business, even if such business operates, franchises and/or licenses a business(es) that competes with you in the Territory.

TRADEMARK STANDARDS AND REQUIREMENTS

3. We hereby grant you the right to use the Marks in connection with the operation of the Business hereunder, subject to the following terms and conditions:

A. Mark Ownership. The Marks are our and/or our affiliates' valuable property, and we and/or our affiliate(s) are the sole and exclusive owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Business and of the business conducted that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage, directly or indirectly, in any conduct that would infringe upon, harm, contest or otherwise interfere with our or our affiliates' rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. You agree that you will not grant or attempt to grant a security interest in, or otherwise encumber, the Marks or record any such security interest or encumbrance against any application or registration regarding the Marks in the United States Patent and Trademark Office or elsewhere.

B. Use of Marks. You may not use, or permit the use of, any trademarks, trade names, logos, service marks or any other names or marks in connection with the Business except those we authorize or direct in writing. You may use the Marks only in the form and manner we prescribe in writing and only in connection with the products and services that we specify and that meet our standards and requirements with respect to quality, production, installation and sale. You must strictly comply with all trademark, trade name and service mark notice marking requirements and other brand usage guidelines that we may provide from time to time.

C. Business Identification. You must use the name JUNK KING and the city, county or region we designate for you as the trade name of the Business (e.g., Junk King Burlingame), and you must obtain and maintain corresponding fictitious or assumed name registration as required under applicable laws in the jurisdiction in which your Business is located and provide us with evidence of the same prior to opening for business. You may not use the words "JUNK KING" or any other Mark as part of the name of your corporation, partnership, limited liability company or other business entity. You may not use any other mark or words to identify the Business without our prior written consent. You may not change your legal entity name, trade name, or fictitious or assumed name without our prior written consent. You may use the Marks on various materials associated with the Business, such as business cards, stationery and checks; provided that you (i) accurately depict the Marks on the materials as we direct, (ii) use the Marks in accordance with all of our trademark usage and branding standards, (iii) include a statement on the materials indicating that the Business is independently owned and operated by you, (iv) do not use the Marks in connection with any other trademarks, trade names, logos, service marks or any other names or marks unless we specifically approve in writing prior to such use, and (v) make available to us, upon our request, a copy of any materials depicting the Marks. You must put Customers on notice (by language in your contracts) identifying you as a JUNK KING franchisee in a format we deem acceptable, including an acknowledgment that you independently own and operate the Business.

D. Litigation. If any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of or the validity of the Marks, we will control all litigation and other proceedings and we have the right to determine whether suit or other proceeding will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you become aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses incurred in connection with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must pay us for our costs and expenses including our attorney's fees.

Provided that you are using the Marks in compliance with the terms of this Agreement, we will defend, at our own expense, any action against you brought by a third party alleging that any of the Marks infringes any U.S. trademark of a third party, and we will pay those costs and damages finally awarded against you in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. The foregoing obligations are conditioned on you: (i) notifying us promptly in writing of such action; (ii) giving us sole control of the defense thereof and any related settlement negotiations; and (iii) cooperating and, at our request and expense, assisting in such defense.

E. Changes. Unless we direct you so in writing, you may not make any changes or substitutions to the Marks. We reserve the right to change the Marks at any time and you must comply with any such changes within the time frames we specify.

F. Creative Works. All ideas, business ventures, concepts, inventions, techniques, or materials concerning a JUNK KING Business, whether or not protectable Intellectual Property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be solely and exclusively our property, part of the System, and "works made-for-hire," as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.), for us. To the extent any item does not qualify as a "work made-for-hire" for us, by operation of law or otherwise, you agree to assign and hereby irrevocably assign, for no additional consideration, ownership of that item, and all related rights to that item, to us, our successors and assigns, including without limitation, the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world and agree to take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. Notwithstanding anything to the contrary, neither the expiration nor the termination of this Agreement shall affect our ownership of the items herein or alter any of our rights or privileges hereunder.

TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement commences on the Effective Date and expires on the 10-year anniversary of the Effective Date, unless terminated earlier as provided herein.

B. Renewal Term and Conditions of Renewal. You may renew your license for one renewal term of 10 years; provided that: (i) you have given us written notice of your request to renew at least 180 days but not more than 240 days prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and other material obligations on a timely basis during the term, are in good standing ~~and~~, have received no more than ~~3~~2 written notices of default during the term of this Agreement, and have not failed to meet the Minimum Performance Standards for any two calendar years (or two measurement periods, as applicable) during the term; (iv) you comply with our then-current training requirements; (v) you and your guarantors execute a general release of claims in a form we prescribe; and (vi) you pay a renewal fee of $5,000.

C. Interim Period. If this Agreement expires without you properly exercising your renewal right and you continue to accept the benefits of this Agreement thereafter, then, at our option, we may treat this Agreement either as (i) expired as of the date of expiration, with you then illegally operating a franchise in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Period") until both parties agree to enter into our then-current form of franchise agreement for a renewal term or until one party provides the other with written notice of termination, in which case the Interim Period will terminate 30 days after receipt of the notice of termination. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, except that the License Fee during the Interim Period will be increased to 10% of Gross Sales for all types of products/services and without any reductions. All obligations and restrictions imposed on you upon expiration of this Agreement shall take effect upon termination of the Interim Period.

OPERATIONS STANDARDS AND REQUIREMENTS

5. You must implement and abide by our requirements and standards directed to enhancing substantial System uniformity. The following provisions control with respect to operation of your Business:

A. Franchise Location. You are responsible for finding and purchasing or leasing a site that meets our site selection guidelines and standards and is located in the Territory. We will approve your site as long as it meets our site selection guidelines and we will attempt to provide our approval or disapproval within 10 business days after you submit the location information (together with evidence of compliance with our site selection guidelines) to us. ~~We make no guarantees concerning the success of the Franchise Location or Territory.~~ In addition, your Franchise Location must meet the following conditions:

(i) You must begin operating your Business within 6 months of the date we sign this Agreement, although you may not commence operations of your Business until you have satisfactorily completed our training program and complied with your other pre-opening obligations. We are not responsible or liable for any of your pre-opening obligations, losses or expenses, including those you might incur for your failure to comply with these obligations or your failure to open by a particular date. We have no responsibility for any lease; it is your sole responsibility to evaluate, negotiate and enter into a lease or a purchase agreement for the Franchise Location premises.

(ii) You must construct and equip your Franchise Location in accordance with our current approved specifications and standards as set forth in the Operations Manual. You must maintain and periodically refresh the building, equipment, vehicles, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) used in the operation of your Business in accordance with our requirements established periodically and any periodic evaluations of the premises by our representatives.

From time to time as we require, you must effect items of modernization and/or replacement of the premises, trade dress, vehicles, equipment and grounds as may be necessary for your Business to conform to the standards for similarly situated new JUNK KING Businesses.

Each Transfer of any interest in this Agreement or your Business under Section 10 and each renewal under Section 4 are expressly conditioned upon your compliance with our then-current modernization or replacement requirements.

(iii) If you need to relocate your Franchise Location for reasons other than your breach of your lease, we will grant you authority to relocate to another site within the Territory that meets our site selection guidelines and standards; provided that you are not in default under this Agreement or any other agreement with us and you are current on all of your financial obligations to us, our affiliates and third parties. You still must continue to operate the Business at all times during any such relocation.

(iv) In the limited instance that Google (or another designated vendor we use for search engine optimization purposes to drive online customer marketing) requires a secondary physical location in your Territory (in addition to your Franchise Location) in order to align with the marketing areas identified by Google/the vendor, we and you will agree on how you can establish and operate the secondary location in a manner that meets Google/the vendor's requirements as well as our applicable System standards for a secondary location; provided that this requirement will not apply during the first year of operation of the Business.

B. Vehicle Acquisition and Maintenance. You must acquire and maintain, at your sole expense, one or more vehicles as specified by us for use in the Business. Each vehicle shall be equipped, outfitted, insured and maintained in accordance with our specifications and standards. You must maintain the interior, exterior and mechanical parts of all required vehicles in good repair and condition and regularly service and maintain the vehicles to keep them clean and in good working order.

C. Authorized Services and Products. You can only offer and sell authorized services and products from your Business and you must refrain from selling any other services or products. You may not deal in any way with any hazardous materials (as such term is from time to time defined in the Operations Manual). You must use in the operation of your Business and in the offer and sale of authorized services and products of your Business only those techniques, procedures and supplies we specify in writing. You acknowledge and agree that we may change any of our requirements periodically and you agree to conform to any such changes. All Customer service materials, techniques, and promotional items of all descriptions and types must meet our standards of uniformity and quality.

D. Approved Supplies and Suppliers. We reserve the right to require that you only use approved products, services, inventory, equipment, signs, advertising materials, and other items (collectively "approved products and supplies") in the Business. We may introduce new products and supplies and change previously approved products and supplies from time to time and you agree to promptly comply with our new or changed requirements. Although we do not do so for every item, we have the right to approve the supplier of approved products and supplies. You acknowledge and agree that certain approved products and supplies may only be available from one approved supplier source, and we or our affiliates may be that source. You will pay the then-current price in effect for any approved products and supplies you purchase from us or our affiliates. All products, materials, services, and other items and supplies used in the operation of the Business must conform to the specifications and standards we establish from time to time. We may furnish to you from time to time lists of approved products and supplies and/or approved suppliers, which lists we may amend from time to time. We or our affiliate may make available to you the opportunity to participate from time to time in certain discounts, rebates or other benefits in connection with your purchases from approved suppliers.

WE AND OUR AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

E. Computer System. You must purchase a computer system (including all future updates, supplements and modifications) and other technology that meets our standards and requirements (the "Computer System"). The Computer System will be used to develop a database of Customers and prospective customers and other related Customer Information, schedule appointments, generate proposals, maintain communications over the Internet, and produce your accounting records. You agree that, without our prior written consent, you may not input, provide or otherwise use any Confidential Information in connection with any Computer System that leverages artificial intelligence or machine learning models, including but not limited to any publicly-available generative AI tools (*e.g.,* ChatGPT). The foregoing restriction includes inputting, providing or otherwise using any Confidential Information to train, develop or modify any such models.

You may be required to license software from us, our affiliate, or a third party and you also may be required to sign software license agreements and pay an additional software licensing or user fee(s) in connection with your use of the software. All right, title and interest in and to the software will remain with the licensor of the software. You will be liable for all damages (under this Agreement, any other software license agreement you execute and under applicable law) and problems caused by your use of any software on the Computer System. You acknowledge and agree that we will have full and complete access to the information and data entered into ~~and~~or produced by the Computer System, including, without limitation, email communications and related data, and we can use the same in any way we deem appropriate, including in connection with the development, training, or modification of artificial intelligence / machine learning models, subject to applicable law. You must have Internet access with a form of high speed connection as we may require and you must maintain a dedicated email account for the Business, separate from any personal or other email account. You must purchase any upgrades, updates, enhancements and/or replacements to the Computer System and/or related hardware ~~and~~, software or other technology as we may from time to time require. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System ~~or other technology used in the operation of your Business~~, including all data protection, privacy and security laws as well as payment card industry (PCI) compliance.

As to any malfunctioning of the Computer System or any website as further described in Section 5.L., neither we nor any affiliate will be liable to you for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if you have advised us that such damages are possible as a result of any breach or malfunction.

F. Customer Information. ~~We~~You agree that we own all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law), including disclosing it to vendors, developing, training or modifying artificial intelligence / machine learning models, or sharing it with our affiliates for cross-marketing or other purposes. You may only use Customer Information for the purpose of operating the Business to the extent permitted under this Agreement, including the Operations Manual, during the term hereof and subject to such restrictions as we may from time to time impose and in compliance with all data privacy, security and other applicable laws. Without limiting the foregoing, you agree to comply with applicable law in connection with your collection, storage, disclosures and your use and our use of such Customer Information, including~~, if required under applicable law, obtaining consents from Customers to our and our affiliates' use of the Customer Information. You must~~ complying with all laws and regulations relating to data protection, privacy and security, including data breach response requirements ("Privacy Laws"), as well as data privacy and security policies, procedures and other requirements we may periodically establish. ~~You~~Some laws require you to obtain consent to collect, store, disclose, and use (collectively "process") personal information. You are responsible for obtaining appropriate Customer consent, as well as all necessary rights in the Customer Information, to ensure you and we may process Customer Information as outlined in this Agreement, including but not limited to as set forth in Section 5.E. You must notify us immediately of any suspected data breach at or in connection with the Business. You must fully cooperate with us and our counsel in determining the most effective way to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You are responsible for any financial losses you incur or remedial actions that you must take as a result of breach of security or unauthorized access to Customer Information in your control or possession.

If any federal or state Privacy Law, including the California Consumer Privacy Act ~~("CCPA")~~, as revised by the California Consumer Privacy Rights Act ~~("CPRA")~~, Cal. Civ. Code § 1798.100, et seq. (collectively, "CCPA"), and any related regulations, applies to the operation of the Business, whenever and to the extent you operate as a "Service Provider" or "Contractor" under the CCPA, a data processor, or in a similar capacity under any federal or state Privacy Law, you represent and warrant that:

(1) ~~(1)~~ Except for the purpose of operating the Business in accordance with this Agreement, including the Operations Manual, you will not retain, use, combine or disclose any Customer Information;

(2) ~~(2)~~ You will not sell, share, make available or otherwise disclose any Customer Information to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising, targeted advertising, or profiling, as those terms are defined under applicable Privacy Laws;

(3) ~~(3)~~ You will not retain, use, or disclose Customer Information outside of the direct business relationship between you and us;

(4) ~~(4)~~ You will delete any Customer Information upon our request unless you can prove that such request is subject to an exception under applicable law; and

(5) ~~(5)~~ If you receive a Customer Information data request (e.g., a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA, or a resident of another jurisdiction under other applicable Privacy Law), you shall inform us of that request within one business day and cooperate with us to ensure that the consumer receives an

appropriate and timely acknowledgement and response. ~~As an example, currently under the CCPA, an acknowledgement is typically required within 10 business days and a final response is required within 45 calendar days.~~

(6) ~~(6)~~ You will implement reasonable security procedures and practices appropriate to the Customer Information you collect, retain, use or disclose, in order to protect it from unauthorized or illegal access, including following minimum requirements that may be set forth in the Operations Manual.

(7) ~~(7)~~ You will cooperate with us to the extent necessary to assist us with conducting required data protection assessments or other similar assessments under applicable Privacy Laws, responding to Customer Information data requests, responding to requests or inquiries from government authorities, or if we seek to ensure that you have collected, retained, used, or disclosed Customer Information consistent with Privacy Laws and this Agreement, including but not limited to providing us with requested compliance documents, or allowing us or our designee to assess, audit, or test your privacy and security controls at least annually.

(8) ~~(8)~~ You will cooperate with us to stop or remediate any unauthorized use of Customer Information, including verifying that you no longer retain or process personal information that a consumer has asked you or us to delete under applicable Privacy Laws.

(9) ~~(9)~~ You will notify us immediately if you determine you cannot meet your obligations under Privacy Laws or this Agreement regarding your collection, retention, use, or disclosure of Customer Information.

You certify that you understand the restrictions in Paragraphs (1) – (9) of this section and will comply with them. You also acknowledge and agree that we may modify these restrictions from time to time by written notice to you, by issuing updates to our standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and you agree to comply with the same. You also agree to execute any addenda that we may determine are required to conform this Agreement to new or changed Privacy Laws.

To the extent that you engage a another person to collect, use, sell, share, store, disclose, analyze, delete, modify, or to otherwise perform any processing of Customer Information for the purpose of operating the Business (a "Subprocessor"), you will notify us of such engagement, which shall be governed by a written contract that includes the same restrictions as in Paragraphs (1) – (9) of this section and imposes reasonable confidentiality obligations and privacy and security controls on the Subprocessor.

G. Operating Procedures; Operations Manual. We will loan you a copy of our Operations Manual. We will make it available to you online or in such other manner and format as we approve. You acknowledge that the Operations Manual is at all times our Intellectual Property and owned exclusively by us. You must, at all times, treat the Operations Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information secret and confidential. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in the Operations Manual or other written materials relating to the Business provided from time to time by us. We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions and in the best interest of the JUNK KING Businesses and the System. We will notify you of any such updates or revisions and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling.

The Operations Manual will contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and the Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

~~If you fail to comply with any required operating standards or specifications as outlined in the Operations Manual or as we may otherwise communicate to you, and you fail to cure said non-compliance within the cure period we specify in our non-compliance notice to you, we may charge you our then-current noncompliance fee for each day that such non-compliance continues (currently, $20/day). Exercising this remedy does not in any way limit any other rights or remedies we may have available under this Agreement or applicable law.~~

H. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use any Confidential Information for the benefit of any other person or entity, except that you may communicate Confidential Information to such employees as must have access to it in order to operate the Business. All Confidential Information, including, without limitation, methods, procedures, suggested pricing, specifications, processes, materials, techniques, Customer Information and other data, may not be used for any purpose other than operating the Business hereunder. In the interest of protecting our System, we may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from your owners (if franchisee is an entity), your spouse, your manager and other key employees. You must provide executed copies of these agreements to us upon our request. A copy of the current Confidentiality Agreement form to be used with your owners (if franchisee is an entity) or your spouse is included as Schedule F. Notwithstanding anything to the contrary herein, as between you and us, you agree that all Confidential Information, including all Intellectual Property rights therein, belong to us.

I. Evaluations. We ~~or~~and our authorized representative have the right to visit and inspect your Business at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain your compliance with the provisions of this Agreement, and to inspect and evaluate your services, supplies or products and other aspects of your Business. Any failure of an inspection is a default under this Agreement. Further, if we determine that any condition in the Business presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Business until the situation is remedied to our satisfaction. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of your Business or to assume any responsibility for your obligations under this Agreement.

J. Compliance with Laws; Licenses and Permits. You must, at your expense and at all times, maintain and conduct your Business operations in compliance with all applicable federal, state and local laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Business, including but not limited to obtaining and maintaining required authorizations from federal and state transportation authorities and public utility commissions. Without limiting the foregoing, if you or any of your Principal Owners is not a U.S. national, you represent that you and/or such Principal Owner(s) have an immigration status that allows you and/or such Principal Owner(s) to live and work in the United States, and you hereby promise that you and/or such Principal Owner(s) will maintain such status during the term of this Agreement.

You acknowledge that you are an independent business and responsible for control and management of your Business, including, but not limited to, the hiring and discharging of your employees, tax withholdings, and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring or discharging of employees, tax withholdings or setting or paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Business or names us as a party.

K. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our JUNK KING website on the Internet, our intranet or extranet system or other online communications as we may from time to time prescribe. We have the right to determine the content and use of our website and intranet or extranet system and establish the rules under which franchisees may or must participate. We will post your Business contact information on our website. You may not separately register any domain name containing any of the Marks or operate a website or social media account for your Business. We reserve the right to pre-approve, establish rules, procedures and policies relating to any website and social media account that you create or use for the operation of your Business. We may immediately terminate this Agreement if you register any domain name or social media account containing any of the Marks. We retain all rights relating to our website, intranet system and social media accounts and may alter or terminate our website, extranet system or intranet system, or any social media accounts. Your general conduct on our website, social media accounts, intranet or extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, social media accounts, extranet system or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website, social media accounts, and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates. You acknowledge and agree that you do not have any right to use the Marks or other Intellectual Property of the System on any website or any social media platform except as expressly approved by us in writing.

Unless we direct otherwise, simultaneously herewith, you agree to execute the Telephone Number and Internet Agreement (attached hereto as Schedule E), pursuant to which you assign to us ownership of all Telephone Listings and Internet Listings (each term as defined in Schedule E).

L. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

M. Suggested Pricing Policies. Based on examples from JUNK KING Businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate Key Account arrangements, including pricing which will bind all JUNK KING Businesses providing services to such Key Accounts. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

N. Key Accounts. We have established and administer a Key Accounts program. You must participate in it and must comply with all Key Accounts standards and procedures set forth in the Operations Manual and/or as we may otherwise communicate to you, as well as the specific terms of our arrangement with each applicable Key Account, which terms may include, without limitation, the provision of certain insurance and other products and services, special pricing, payment terms, turnaround on services, etc.

If we handle the billing, invoicing, and collections for a Key Account, we will pay to you the Gross Sales we receive from the Key Account related to services provided by you in the Territory, less an administrative fee specified for each job by us ranging from ~~1~~12% to 20% of such Gross Sales. We reserve the right to determine the administrative fee and fee split between us and you for each job. We will disclose the applicable fee to you upon request. You agree to these fees and fee splits between us and you in consideration of obtaining access to the Key Accounts and the administrative costs that we incur related to such Key Accounts. You acknowledge that we will not be obligated to reimburse you for any fees that we are unable to collect from a Key Account and that you bear the risk of any non-payment by a Key Account. If you refuse or otherwise fail to service a Key Account job, you will be required to pay us an amount equal to the dollar value of the Key Account job plus a 20% processing fee; provided that your payment of such amount shall not waive any of our other rights or remedies hereunder and under applicable law, including, without limitation, termination of this Agreement if you thereafter continue to fail to comply with your obligations under the Key Accounts program.

O. Customer Service; Service Warranties. You must honor our warranty policies for services you provide to Customers, as described in the Operations Manual. You are solely responsible for the quality and results of the services and products you sell and provide to Customers, maintaining a continuing responsibility with respect to such services and products beyond the termination or expiration of this Agreement. You must render and must cause each of your employees to render prompt, competent and courteous service to Customers and you shall offer and honor such service warranties as we direct.

You must respond to any dissatisfied Customers within 24 hours after the complaint is received or as otherwise set forth in the Operations Manual. If you are unable to equitably resolve the Customer's complaint within 3 days after the initial contact, you must contact us for assistance in handling the complaint. In no event shall our assistance be construed to make us liable to you or to a Customer in connection with such complaint. You are solely responsible for satisfactorily and timely resolving all warranty claims, Customer disputes, and online Customer reviews. Should you fail to do so, you must reimburse the cost of any such services to us or any third party that we authorize to perform the services or you must reimburse us for any refund or other payment we may make to a Customer (as applicable). We may at any time contact Customers concerning the quality of services you provide, the level of Customer satisfaction, or other aspects of the Business that we deem relevant.

P. Ethical Business Conduct. You agree to adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct and good faith in all business dealings with Customers, vendors, your employees, our corporate employees, and all other Junk King franchisees. You must not engage in deceptive, misleading or unethical practices or conduct that may have a negative impact on the reputation and goodwill associated with the Marks.

Q. Crisis Situations. In the interest of protecting the Junk King brand, Marks and the System, we have the sole and absolute right to determine a response, including what steps will be taken and what communications will be made, in instances of a Crisis, and you agree to comply with and implement our directions in response to a Crisis. "Crisis" means an event or development that negatively impacts the Junk King brand or System in such a way that we determine may cause substantial harm or injury to the Marks, System, the Intellectual Property associated with the System, or the reputation or image of the Junk King brand.

R. Minimum Performance Standards. Beginning with the second full calendar year of operating the Business, the Business must achieve (a) in each calendar year, annual Gross Sales that are in the top 90% of the annual Gross Sales per franchised business for the JUNK KING franchise system for that calendar year (the "Gross Sales MPS") and (b) a Net Promoter Score (or another customer satisfaction survey score we designate) ("NPS") that is not more than 10 points below the average NPS for the JUNK KING franchise system for each applicable measurement period we set (the "Customer Satisfaction MPS" and collectively with the Gross Sales MPS, the "Minimum Performance Standards"). If you operate multiple JUNK KING businesses, the Minimum Performance Standards will apply separately to each franchised business. You agree we can make changes to the Minimum Performance Standards upon 6 months' prior written notice in accordance with our Reasonable Business Judgement (as defined in Section 14.G.3) and so long as such revised Minimum Performance Standards are applied to all similarly situated JUNK KING franchised businesses.

If you do not meet the Gross Sales MPS (i.e., the Business' annual Gross Sales are in the bottom 10% of the JUNK KING franchised businesses for that calendar year) for any applicable calendar year or the Customer Satisfaction MPS for any applicable measurement period, we will meet with you to identify the reasons for the substandard performance and establish a performance improvement plan ("PIP") for the Business to take specific actions with the goal to improve the overall performance of the Business, including its annual Gross Sales and/or NPS. Your failure to implement or comply with the PIP over the three to six month period we designate will be a default under this Agreement, subject to a 30-day cure period. During the cure period, you will have the opportunity to advise us of your intent to sell the Business to a third party, in which case we will give you an additional 90 days (from the date of your notice of intent to sell) to transfer the Business in accordance with the transfer requirements of Section 10 of this Agreement. Failure to timely cure the default or transfer the Business as provided herein will give us the right to either reduce the size of your Territory or terminate this Agreement.

S. ~~R.~~ Dumpster Services.

(i) ~~(i)~~ ~~In order to~~You must offer Dumpster Services in the Territory, ~~you must comply~~subject to compliance with the following terms and conditions:

~~(a) you must meet the following eligibility requirements: (1) you must have operated your Business for at least six months; (2) you must have achieved the market penetration rates specified in the Operations Manual or our other written communications; and (3) you must have been fully compliant with this Agreement to date (collectively, the "Eligibility Requirements");~~

(a) ~~(b)~~ you must begin offering Dumpster Services ~~no later than~~by a date (the "Dumpster Services Launch Date") that is the earlier of (i) the thirty-six (36) months ~~after~~' anniversary of the Effective Date ~~("Dumpster Services Option Period");~~, or (ii) the date on which the Business achieves cumulative Gross Sales of $600,000;

(b) ~~(c)~~ you must purchase and maintain at least seven dumpsters meeting our specifications from a vendor that we approve or designate;

(c) ~~(d)~~ you must purchase and maintain at least one additional vehicle that meets our specifications and is capable of handling dumpsters; and

(d) ~~(e)~~ you must comply with any other specifications or standards related to the Dumpster Services as we may from time to time specify in the Operations Manual or our other written communication.

~~Provided that you comply with the foregoing qualifications and requirements and execute the Dumpster Program Amendment attached to this Agreement as **Schedule H** ("Dumpster Program Amendment"), we will consent to you offering Dumpster Services in the Territory by countersigning the Dumpster Program Amendment. If you fail to obtain our approval~~If you fail to offer Dumpster Services ~~within~~by the Dumpster Services ~~Option Period, or you fail to otherwise comply with this Section 5.S~~Launch Date, we reserve the right to (x) grant the rights to provide the Dumpster Services in the Territory to another third party; or (y) charge you ~~an initial Dumpster Services fee of $25,000 for the right to~~up to $600 per month until you begin offering Dumpster Services in ~~the Territory; provided, that you meet our qualifications, cure any deficiencies and agree to comply with the Dumpster Program Amendment~~compliance with this Agreement.

(ii) ~~(ii)~~ You acknowledge and agree that states, localities, and neighborhoods may regulate the transportation, placement, and use of dumpsters, as well as disposal of their contents. You are solely responsible for the investigation of and compliance with all applicable laws related to the provision of the Dumpster Services.

(iii) ~~(iii)~~ We may terminate your right to offer the Dumpster Services (a "Dumpster Service Termination") upon written notice to you if you (a) are not compliant with this Section ~~5.S~~5.S (including by failing to maintain the required number of dumpsters and a vehicle capable of handling the dumpsters) and you do not cure the default within 30 days of receiving written notice from us; (b) do not receive any Gross Sales from Dumpster Services during any month and you do not cure the default within 30 days of receiving written notice from us; or (c) provide written notice to us that you no longer intend to offer the Dumpster Services~~; or (iv) after meeting the Eligibility Requirements and receiving a written request from us to begin offering the Dumpster Services, you reject the request or~~

~~do not complete the steps necessary to offer the Dumpster Services as specified in this Section 5.S within 30 days after your receipt of our request.~~.

(iv) ~~(iv)~~ If a Dumpster Service Termination occurs, (a) you will lose your right to offer Dumpster Services in the Territory, (b) we or our affiliates will have the right to offer and provide, or license others to offer and provide, Dumpster Services in the Territory using the Marks and the System (or any other marks or system), and (c) you will be required to de-identify and change the color scheme of the dumpsters and related vehicle and dispose of such assets in accordance with our instructions.

T. ~~S.~~ Customer Care Center; JunkWare. We agree to maintain (directly or indirectly through an affiliate or a third-party vendor) a customer care and call center (the "Customer Care Center") to process all orders for services and to handle Customer inquiries on a system-wide basis. Your participation may be subject to separate written terms and conditions that we or our designee may from time to time require. The Customer Care Center is intended to provide an efficient and uniform system for placement and retrieval of orders for services and handling Customer inquiries and complaints, and to provide a mechanism for establishing a Customer database and providing management reports to Junk King franchisees.

(i) We will provide you a password-protected access to our proprietary software, JunkWare. You agree to keep the password confidential at all times and will not release it to any person, including any employee of the Business, without our prior written consent. Promptly upon receipt of a Customer order for services within the Territory, we will post such order on JunkWare. You agree to promptly retrieve all orders for the services in the Territory from JunkWare. You acknowledge and agree that except as explicitly provided for in this Agreement, you are not permitted to receive or fill any order for Customer services within the Territory other than those orders that are placed or processed through the Customer Care Center and posted on JunkWare. If you receive an order via your local telephone number or any other method, you must process the order through the Customer Care Center and JunkWare. Notwithstanding the foregoing, if you receive a request to provide services to a new Customer (an "Unsolicited Order") while providing services to another Customer, and your employees do not have the opportunity to first process the Unsolicited Order through JunkWare before rendering the services to such new Customer, you may service the Unsolicited Order; provided, that immediately after completion of the Unsolicited Order, you process the Unsolicited Order through JunkWare (i.e., by entering all the particulars of the Unsolicited Order, including the name and address of the Customer, the amount charged for the services, and the date on which the Unsolicited Order was made and completed).

(ii) You agree that:

(a) ~~(a)~~ In consideration of the services provided to you by the Customer Care Center, you agree to pay us the Customer Care Center Fee in accordance with Section 8.D;

(b) ~~(c)~~ The Customer Care Center Fees will be used to cover the operating expenses of the Customer Care Center;

(c) ~~(d)~~ Except as expressly provided for in this Section, we assume no obligation or liability to you with respect to the maintenance, direction, or administration of the Customer Care Center. We have the sole right and responsibility to control and direct the policies, direction, administration, and operation of the Customer Care Center. You are not a third-party beneficiary and have no right to enforce any contributions from other franchisees or the administration of the Customer Care Center. Our obligation with respect to the Customer Care Center is contractual in nature; and

(d) ~~(e)~~ You must participate in all programs established and required by us involving the Customer Care Center, including, without limitation, our Unclosed Estimate Program, pursuant to which, ~~for~~pursuant to the terms of a separate ~~fee identified in the Data Sheet,~~agreement (the "Unclosed Estimate Program Agreement") the Customer Care Center will provide follow up outreach to prospective customers for whom you have prepared job estimates in an effort to close the customer sale, which outreach may include Customer Care Center offering discounts to customers as provided in the Unclosed Estimate Program Agreement.

PERSONNEL AND SUPERVISION STANDARDS

6. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision of the Business; Guarantors. You, or your Principal Owner(s) (as identified on the Data Sheet) if you are a business entity, must devote full-time attention to your Business, which at all times must be under your, or your Principal Owner(s)'s direct and active supervision and management. If you are a business entity, (i) all your owners must sign a Confidentiality Agreement; (ii) you must designate one or more Principal Owners; and (iii) all persons and entities that, as of the date of this Agreement hold, or during the term of this Agreement become holders of, 5% or more of your ownership interests must personally guarantee your performance hereunder to us by executing the personal guarantee attached hereto as Schedule CSchedule C. If two (2) or more persons are the Franchisee or guarantors, their obligations and liability to us shall be joint and several.

B. Training. You must comply with all of the training requirements we prescribe for the Business. You, or your Principal Owners if you are a legal entity, must attend our initial training program and complete it to our satisfaction. You must pay all costs and expenses, including hotel and transportation costs, you incur in attending our initial training ~~program. If it becomes necessary to re-train a certain individual, we reserve the right to charge you a training fee. You also must pay all costs and expenses for any additional personnel who attend our initial training~~ program. The training requirements may vary depending on your experience and other factors specific to the Business. If you are given notice of default that relates, in whole or in part, to your failure to meet any operational standards, we may require that, as a condition of curing the default, you and your manager, at your expense, comply with the additional training requirements we prescribe. Under no circumstances may you permit management of the Business' operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the Business to attend ongoing training at our training facility or other locations we designate. If you request training in addition to the initial training program identified above, we reserve the right to charge you a training fee, plus you must pay your costs and expenses in connection with such training. Any training provided by us to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training.

D. Staffing. You must employ a sufficient number of competent and trained employees to ensure efficient service to Customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Reunion and Meetings. You must attend, at your expense, any annual franchise convention we may hold or sponsor and any meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences, as more particularly set forth in the Operations Manual. We reserve the right to charge you a fee to attend any such franchise conventions, meetings, programs or other trainings~~, and we may collect such a fee from you whether you attend or not. If you do not attend the annual franchise convention (Reunion), you will be charged $1,000~~. If you are not able to attend a meeting or convention, you must give us prior notice and must have a substitute person acceptable to us attend such meeting or convention. If you do not attend or participate in the annual franchise convention (Reunion) and/or the regional Summit Meeting, you will be charged up to $2,000. Nothing in this Agreement is intended to require us to hold any annual conventions or other meetings.

MARKETING

7. You agree to actively promote your Business, to abide by all of our marketing and advertising requirements and to comply with the following provisions:

A. MAP Fund. We have established and manage a Marketing, Advertising and Promotion Fund for JUNK KING Businesses (the "MAP Fund"). All MAP Fees (as defined in Section 8.D) you pay to us hereunder will be placed in the MAP Fund. On behalf of our company and affiliate-owned JUNK KING Businesses, we will pay the same MAP ~~Fund f~~Fee as similarly situated franchised JUNK KING Businesses. The MAP Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to it. We have the right to make disbursements from the MAP Fund for expenses incurred in connection with the cost of formulating, developing, implementing and administering marketing, advertising, public relations, and promotional campaigns. The disbursements may include payments to us for the expense of administering the MAP Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the administration and operation of the MAP Fund or otherwise providing services with respect to the MAP Fund. We have the right to determine the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each JUNK KING Business or in each advertising market. We, as the administrator of the MAP Fund, may collaborate with the administrators of advertising funds of certain other franchise systems affiliated with us. You acknowledge that there can be no assurance that the MAP Fund's participation in these collaborations and joint efforts will benefit JUNK KING Businesses proportionately or equivalently to the benefits received by any other franchised businesses of the other participating affiliated franchise systems.

The MAP Fund will be accounted for separately and will not be used to defray any of our general operating expenses, except for such expenses, administrative costs and overhead relating to MAP Fund business, including compensation of employees and others providing services to the MAP Fund and other expenses that we incur in activities related to maintaining, administering, directing and conducting the MAP Fund programs, including, without limitation, conducting market research and public relations activities; preparing advertising promotion and marketing materials; and collecting and accounting for MAP Fund contributions and expenses. If requested, we will provide you an annual unaudited statement of the financial condition of the MAP Fund.

We assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the MAP Fund or related to our maintenance, direction or administration of the MAP Fund, including with respect to the efficiency or effectiveness, if any, of the MAP Fund in enhancing the Marks, brand or System or advancing the business interests of a franchisee or franchisees in general.

We have the right, but not the obligation, to cause the MAP Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and any such successor entity shall have all our rights and duties under this Section ~~7.A~~7.A. We may use collection agents and institute legal proceedings at the MAP Fund's expense to collect MAP Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the MAP Fund. If we terminate the MAP Fund, we will refund to you your pro-rata portion of any amounts remaining in the MAP Fund, based on your contributions to the MAP Fund.

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Business and participate in any local marketing and promotional programs we establish from time to time. In addition to the payment of the MAP Fee, you must spend the minimum amounts set forth in the Data Sheet on approved local marketing and promotion in the Territory each year ("Minimum Local Marketing Amounts"). Upon our request, you must provide us with itemized documentation and proof of such expenditures. If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Amounts and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. Should this Agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Amounts collected to the MAP Fund.

C. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, on-line or other media forms that may become available in the future) as we furnish, approve in writing or make available, and the materials must be used only in the manner we prescribe and in compliance with all trademark usage and branding standards. Furthermore, any promotional activities you conduct for the Business are subject to our approval. You must submit all advertising and promotional materials to us for approval prior to your use. If we do not respond within 14 days of your submission, the materials will be deemed not approved. We will not unreasonably withhold approval of any materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks. Notwithstanding our approval, it is solely your responsibility to conduct your promotional activities in accordance with all applicable laws.

D. Local Marketing Groups. We have the right to designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, each such cooperative or group, a "LMG"), and if designated, you must participate in the LMG and its programs in your designated local advertising market. If established, you must contribute to the LMG the amount we designate, but such contribution amount shall not exceed 3% of your Gross Sales. We may require that some or all of your LMG contribution be paid to us or our affiliate, and we reserve the right to use your LMG contribution on any promotional, marketing and advertising initiatives, including digital and other marketing and brand awareness programs. In addition, we may require that a portion of your LMG contribution be paid for use towards the Neighborly marketing and brand awareness initiatives, which may include service professional recruitment marketing. If established, each JUNK KING Business, including those operated by us or our affiliates within a designated local advertising area, will be a member of the LMG. You must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Your contribution to the LMG will count towards the Minimum Local Marketing Amounts, but the Minimum Local Marketing Amounts do not represent a limit on your LMG contribution. We have the right to establish how the LMGs operate and we have the right to require LMGs to be formed, changed, dissolved or merged.

FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Upon signing of this Agreement, you must pay to us an initial franchise fee as set forth in the Data Sheet (the "Initial Franchise Fee"), which is earned upon receipt and is non-refundable.

B. License Fees. From and after the Effective Date, you must pay to us, monthly in the manner specified in Section 8.E, a fee (the "License Fee") in the amount equal to the greater of (i) the percentage of Gross Sales set forth on the Data Sheet or (ii) the Minimum License Fee set forth on the Data Sheet.

C. MAP Fees. From and after the Effective Date, you must pay to us each month, in the manner specified in Section 8.E, a MAP Fund contribution (the "MAP Fee") in the amount set forth in the Data Sheet.

D. Customer Care Center Fee. From and after the Effective Date, you must pay to pay to us, in the manner specified in Section 8.E, a monthly contribution to the Customer Care Center equal to the percentage of Gross Sales set forth on the Data Sheet (the "Customer Care Center Fee").

E. Manner of Payment; Electronic Transfer of Funds. All payments of the License Fees, MAP Fees and Customer Care Center Fees are due to us by the 10th day of each calendar month for the prior calendar month's Gross Sales. Within four (4) days following the end of each calendar month, you must update all records and data on JunkWare and submit to us a monthly report of Gross Sales. If you fail to timely submit a report, we will enter in a zero report for that month and you will automatically be charged the minimum fee payment. You must sign an electronic ACH Form, attached as **Schedule B**, to authorize and direct your bank or financial institution to allow us or our affiliate to initiate a transfer of funds electronically directly to our or our affiliate's account and to charge to your account all amounts due to us or any affiliate. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section. ~~Without limiting the foregoing, if we don't receive payment of the fees by the due date or if the electronic transfer of funds is declined for any reason, an administrative fee of $150 will added to the ACH amount owed.~~

F. Late Payments. A late payment fee of $10.00 per day (the "Late Payment Fee") plus interest at the highest applicable legal rate for open account business credit in the state of your domicile, not to exceed 12.0% per annum, will accrue on all late payments from the due date until all sums are paid. If a check is returned or an ACH draft is refused by your financial institution due to insufficient funds in your account, you must pay us an insufficient funds fee of $50. In addition, if you fail to timely provide any Gross Sales report to us, in addition to any other rights available to us, we may withdraw the applicable Minimum License Fee and the MAP Fee from your account, and once the applicable Gross Sales report becomes available to us, you will be required to immediately pay us any additional amounts owed as shown in the calculation of the License Fees and Customer Care Center Fees in such Gross Sales report. You acknowledge and agree that this Section ~~8.F~~8.F does not constitute our agreement to accept payments or reports after they are due or a commitment by us to extend credit to you or to otherwise finance your operation of the Business. Further, you acknowledge and agree that your failure to pay all amounts and provide all reports when due will constitute grounds for termination of this Agreement, notwithstanding the provisions of this Section ~~8.F~~8.F. You will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment of any License Fees, MAP Fees or any other amounts due to us and you will not, on such grounds, discontinue providing services to Customers ~~of the Business~~ in accordance with this Agreement.

G. Application of Fees. Notwithstanding any designation by you, we have the right to apply any payments received from you to any past due indebtedness to us or any affiliate in such amounts and in such order as we determine.

H. Financial Planning and Management. You must compile and keep books and records that accurately reflect the operations and condition of your Business, including detailed daily sales, cost of sales, and other relevant records and information, maintained in an electronic media format and using the methods of bookkeeping and accounting as we periodically may prescribe. You must also retain check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, state, federal, personal or other income tax records and returns covering or related to the Business, payroll records, cash disbursement journals and general ledgers. You must submit to us such reports, statement of profit and loss, balance sheet, tax returns, books and records as we may require, including those identified in Section 8.I below, all on the forms and according to reporting formats, methodologies and time schedules that we establish from time to time. You must preserve the books, records and reports for the longer of (i) five years from creation or (ii) such period as required under applicable laws. You must allow us electronic and manual access to any and all records relating to your Business.

I. Reports. Simultaneously with each payment of License Fees, MAP Fees and Customer Care Center Fees hereunder, you must submit to us a report of the corresponding Gross Sales and gross receipts of the Business, and a computation of the corresponding License Fees and Customer Care Center Fees with respect to the preceding month. Gross Sales must be entered into the software (JunkWare) and reported for the month in which they are earned; you may not postpone the reporting of any Gross Sales for any reason. In addition, within 15 days after the end of each month, you must submit to us the following information for the preceding month: (i) copies of your most recent balance sheet and statement of profit and loss, including a summary of your costs for labor, rent and other material cost items; and (ii) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. All reports shall be provided in the form and content as we periodically prescribe. You must certify in writing all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees. You further agree and acknowledge that, subject to compliance with applicable law, we may use any information, data or other materials related to your Business for any reason that we deem appropriate and you shall provide the same to us promptly upon our request. Without limiting the foregoing, we may disclose the Business' financial information and operating performance ratings, assessments or similar data to our other franchisees, our affiliates and their franchisees, and prospective franchisees through the use of newsletters, bulletins, award ceremonies, and otherwise as we deem necessary or advisable.

J. Audits. We or our authorized representative have the right, at all times (i) during the business day to enter the premises where ~~your~~the books and records ~~relative to~~of the Business are kept and to evaluate, copy and audit such books and records, including, but not limited to any and all financial statements, reports, state, federal, personal income tax records or other income tax records covering or related to the Business, sales tax records, payroll records, databases, and other related records (ii) to remotely access and evaluate, copy and audit your electronic records located on the Computer System, and (iii) to evaluate remotely or on the Business premises your compliance with your obligations regarding Customer Information. In addition, if, in our reasonable business judgment, we believe that you have failed to comply with your reporting and/or record keeping obligations hereunder, we have the right to also access and evaluate, copy and audit books and records related to any other business in which you have an ownership or management interest. We also have the right to request information from you and your suppliers, vendors, and Customers. You must fully cooperate with us in connection with our exercise of our audit rights. If ~~any such~~ you fail to timely make available to us requested documents in connection with an audit, we may charge you $500 per missing document (up to $2,500 per audit), and if we must reschedule an audit due to your failure to cooperate, you must reimburse us for the cost of the audit (including, without limitation, professional fees, travel, and room and board expenses directly related thereto, collectively "Audit Cost"). If any evaluation or audit reveals an understatement of 2% or more of your Gross Sales or you do not provide any requested information within 30 days from the date of our initial request, you must pay for the ~~cost of the audit (including, without limitation, professional fees, travel, and room and board expenses directly related thereto)~~Audit Cost, in addition to the amount owed (if any) plus interest and late fees as provided in Section ~~8.F~~8.F. In addition to any other rights we may have in such an event, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary and ~~any~~you must reimburse us for the Audit Cost of any such further audits and evaluations conducted within two years thereafter ~~will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto~~. Furthermore, if you intentionally understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the two-year period reveals any understatement of your Gross Sales of 2% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. To verify the information that you supply, we have the right to reconstruct your Gross ~~s~~Sales through any reasonable method of analyzing and reconstructing Gross ~~s~~Sales, and you agree to accept any such reconstruction of Gross ~~s~~Sales unless you provide evidence in a form satisfactory to us of your Gross ~~s~~Sales within a period of 14 days from the date of notice of understatement or variance. If you dispute any audit findings, you must do so in writing and in accordance with the Operations Manual within 30 days of the notice of understatement or variance, or you will waive the right to challenge the audit findings. For avoidance of doubt, no provision of this Section 8.J shall be deemed to supersede or waive the 10-day cure period for failure-to-pay defaults set forth in Section 12.B.1

YOUR OTHER OBLIGATIONS; NONCOMPETITION COVENANTS

9. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to (i) pay promptly when due all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your Business; (ii) promptly discharge and remove all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Business; and (iii) timely pay all accounts and discharge other indebtedness of every kind incurred by you in the conduct of the Business. If you default in making any such payment, we are authorized, but not required, to pay and discharge the same on your behalf and you agree promptly to reimburse us on demand for any such payment as well as an administrative fee of the greater of $35 or 5% of the payment amount.

You also will pay all federal, state and local taxes, other than taxes as assessed on our income, that may be imposed on us as the result of our receipt or accrual of the Initial Franchise Fee, the License Fees, the MAP Fees, or other fees referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

B. Indemnification. You waive any and all Claims (as defined below) against us for damages to property or injuries to persons arising in any way out of this Agreement, your servicing of Customers under this Agreement or any other contracts, your actions or omissions, or the operation of your Business. Except to the extent otherwise provided in Section 3.D, you agree, at your sole expense, to defend, fully protect, indemnify and hold harmless, us, our affiliates, our parent companies, our sister companies and our owners, directors, officers, members, managers, employees, attorneys, successors and assigns (collectively, "Franchisor Parties"), as well as our customers and the owners of each and every property you service, from any and all Claims. "Claims" as used herein means any and all claims, demands, damages, assessments, violations, interest, causes of action, lawsuits, liens, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Business (regardless of cause or any concurrent, superseding or contributing fault, liability or negligence of us, our affiliates, our parent companies, and our customers and the owners of any property you service), your actions or omissions, or any breach by you or your failure to comply with any of the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you agree to reimburse us for our costs and attorneys' fees immediately upon our request.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, you will, at your sole expense, defend, fully protect, indemnify and hold harmless, Franchisor Parties, from any and all Claims arising in any manner, directly or indirectly, out of or in connection with or incidental to the actions or omissions of your employees or independent contractors or allegations that we are the joint employer of your employees.

C. Insurance. Before you begin operating your Business you must purchase, and maintain at all times during the term of this Agreement, at your sole cost, insurance coverage, from a responsible carrier, with an A.M. Best rating of A-VIII or better, with the coverage amounts, types and other features as we from time to time specify, using the insurance industry form(s) acceptable to us, and such other insurance coverage as required by law and any other agreement related to the Business. We reserve the right to designate a primary or single source for all or any of the insurance coverage for the Business, and we or our affiliates may be that primary or single source. Any person or entity with an insurable interest that we designate (each, an "Additional Insured") must be named an additional insured on all required liability policies. Each insurance policy must contain a waiver of subrogation in favor of the Additional Insureds. Your insurance must apply as primary and non-contributory. Currently, our minimum insurance requirements include (i) commercial general liability insurance, with minimum liability coverage of $1,000,000 per occurrence (including Products/Completed Operations and Personal Injury and Advertising Injury) and $2,000,000 in the aggregate; (ii) auto liability coverage, combined single limit in the amount we specify, up to $2,000,000 but no less than $1,000,000, on each owned, non-owned or hired vehicle used in connection with the Business; (iii) workers' compensation coverage regardless of whether required by state law, but with minimum coverage as required by law (if applicable); and (iv) $500,000 per claim and in the aggregate cyber-liability insurance for financial losses arising from unauthorized access, loss or corruption of data, including but not limited to privacy and data security breaches, misdirected funds, virus transmission, denial of service and loss of income from network security failures; and (v) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Business. With respect to Key Accounts, if the insurance amount required for any Key Account or for Key Account work in general exceeds the amount specified as the ~~maximum~~ amount required by us for any type of insurance, that higher amount required for the Key Account work will apply. Additional insurance requirements are set forth in the Operations Manual.

The commercial general liability policy must name Franchisor and any and all parents, subsidiaries, directors, officers, employees, and agents as their interest may appear as Additional Insureds. The policy must also include a waiver of subrogation against all parties named as Additional Insureds. The auto liability policy must name Franchisor and any and all parents, subsidiaries, directors, officers, employees, and agents as their interest may appear as Additional Insureds. The policy must also include a waiver of subrogation against all parties named as Additional Insureds. The workers' compensation policy must include a waiver of subrogation against Franchisor and any and all parents, affiliates, subsidiaries, directors, officers, employees, and agents.

Additional Insured status for Franchisor and any and all parents, subsidiaries, directors, officers, agents, employees or any other party required to be named as additional insureds under this Agreement will extend to the full limits of liability maintained by you even if those limits of liability are in excess of those required in this Agreement. Your insurance will be primary and any insurance carried by Franchisor is strictly excess and secondary and will not contribute with your insurance. The requirements of this Agreement as to insurance limits and acceptability of insurers and insurance to be maintained by you are not intended to and will not in any manner limit or qualify the liabilities and obligations assumed by you under this Agreement.

~~You may satisfy the insurance coverage limits through an umbrella policy that meets all the requirements of this Section. If you fail to purchase or maintain required insurance, we may, but are not obliged to, obtain such insurance for you and keep the same in force and effect, and you must pay us, on demand, all premiums charged for such insurance policies together with a reasonable fee for the expenses we incur in doing so. We also have the right to terminate this Agreement for cause if you fail to comply with this Section.~~

You must deliver to us at least 5 days prior to commencement and thereafter annually or at our request a proper certificate of insurance, insurance policy endorsements and other evidence of compliance - showing the existence of the insurance coverage and your compliance with this Section. If you change your insurance provider, you must immediately deliver the proper certificate of insurance to us. We also may request copies of all insurance policies. Any review we conduct of your insurance coverage does not limit your obligation to comply with this Section. Your certificate of insurance will provide proof of the following: (i) Franchisor and all other affiliated parties are included as an Additional Insured where required; (ii) waiver of subrogation included in favor of Franchisor and all other affiliated parties; (iii) your insurance is primary, and all insurance maintained by Franchisor is excess and secondary and shall not contribute with your insurance; and (iv) ~~all~~no insurance ~~will not~~may be cancelled or substantially changed without thirty (30) days' prior written notice by certified mail to Franchisor. We may modify the required minimum limits and types of coverage, by written notice to you. Upon such notification, you must immediately implement the modification of the policy, and provide evidence thereof, in accordance with our request. You may satisfy the insurance coverage limits through an umbrella policy that meets all the requirements of this Section. We have the right to terminate this Agreement for cause if you fail to comply with this Section.

You acknowledge that these minimum insurance requirements do not constitute advice or a representation by us that such coverages are necessary or adequate to protect you from losses in connection with the Business. Nothing in this Agreement restricts you from obtaining insurance with higher policy limits and/or additional coverage.

D. Noncompetition Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not have received or had access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants and agree that the following noncompetition covenants are reasonable and necessary to protect the System's legitimate business interests, including its Confidential Information, Intellectual Property, and customer goodwill:

1. Unless otherwise specified, the term "you" as used in this Section ~~9.D~~9.D means and includes, collectively and individually, (a) if you are an entity, the entity, all guarantors and all shareholders, members, partners, as the case may be, and other holders of any ownership interest in the entity (collectively, "Owners"), as well as any spouse, children, parents and siblings of any guarantor and Owner, or (b) if you are an individual, the individual and the individual's spouse, children, parents and siblings. We may require you to obtain from your guarantors and Owners, and/or from your spouse, children, parents and siblings or any spouse, children, parents, and siblings of any Owner or guarantor, as applicable, a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section ~~9~~9.D.~~D.~~

2. You promise that during the term of this Agreement, and during any Interim Period (if applicable), you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below).

3. You promise that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration or termination of any Interim Period (as applicable), regardless of the cause of termination, or within two years of the sale or Transfer of the Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, advertise, promote in any media including social media platforms, or consult with or have any interest in a Competitive Business (as defined below) that is located:

a. In the Territory;

b. Within a 25-mile radius of the outer boundary of the Territory; or

c. Inside the territory of another JUNK KING Business, whether franchised or owned by us or our affiliates.

For purposes of this Agreement, a "Competitive Business" is any business that offers or sells any product or service or component thereof that (i) composes a part of our System, (ii) is the same as or similar to any product or service then-offered by our franchisees or (iii) otherwise competes directly or indirectly with our System.

4. You agree that the length of time in paragraph 3 above will be tolled for any period during which you are in breach of the non-compete covenants or any other period during which we seek to enforce this Agreement.

5. In addition, you agree that during the term of this Agreement and for one year thereafter, you will not, without our prior written consent, directly or indirectly, for yourself or on behalf of any other person divert, or attempt to divert, any business or customer of the Business or any other JUNK KING Business away from the System.

6. The parties agree that each of the foregoing covenants in this Section 9.D will be construed as independent of any other covenant or provision of this Agreement. To the extent anyone successfully contests the validity or enforceability of any part of this Section ~~9.D~~9.D in its present form predicated upon the area of coverage, this provision will not be deemed invalid or unenforceable, but will instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect our legitimate interests.

TRANSFER OF FRANCHISE

10. You agree that the following provisions govern any Transfer or proposed Transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Business. Consequently, neither your interest in this Agreement nor in the Business may be directly or indirectly Transferred to or assumed by any other person or entity (at times referred to as the "Assignee"), in whole or in part, unless (i) you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section ~~10.F~~10.F and we do not exercise such right; (ii) our prior written consent is obtained; (iii) the Transfer fee provided for in Section ~~10.C~~10.C is paid; and (iv) the Transfer conditions described in Section ~~10.D~~10.D are satisfied. Any direct or indirect sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the Business to a person or entity who shares in the losses or profits of the Business (including merger, combination, or reorganization or as a result of death, disability, divorce, insolvency, or bankruptcy) in a manner other than as an employee will be considered a "Transfer" for purposes of this Agreement. A Transfer also includes the following which triggers the Transfer conditions set forth in this Section 10:

1. For purposes of this ~~subsection 10.A~~Section 10.A, a transfer, pledge or seizure, or change in the control of any 20% direct or indirect ownership interest in you or in any Principal Owner, whether accomplished in a single transaction or a series of related or unrelated transactions; or

2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity.

You may not place in any communication media or any form of advertising, any information relating to the sale of the Business or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to a Transfer; provided we determine that all of the conditions described in this Section 10 have been satisfied. Application for our consent to a Transfer and tender of the right of first refusal provided for in Section ~~**Error! Unknown switch argument.**~~10.F must be made by submission on our form of application for consent to Transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other Transfer agreement) and other required information. The application must indicate whether you or an owner will retain an interest in the property to be Transferred. No interest may be retained or created without our prior written consent and only upon conditions acceptable to us. Any agreement used in connection with a Transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed Transfer and must submit promptly to us the application for consent to Transfer. Any attempted Transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a Transfer fee equal to two times the Transfer fee provided for in Section ~~10.C~~10.C as damages.

C. Transfer Fee. You must pay to us a Transfer fee ~~of $7,500, with $2,500 payable upon your listing of the Business for sale and the remainder of the Transfer fee due upon closing of the Transfer~~in an amount equal to the greater of (a) $7,500 and (b) 5% of the sales price. We will reduce the Transfer fee to $500 for a Transfer to an immediate family member (i.e., a spouse or a child; for avoidance of doubt, a sibling is not considered an immediate family member for this purpose). The Transfer fee is nonrefundable. You will not be required to pay a Transfer fee if you are an individual and wish to Transfer this Agreement to a newly formed legal entity wholly owned by you and established solely for purposes of the convenience of ownership and the operation of the Business; provided that you must become a guarantor of the Business as required under Section 6.A.

D. Conditions of Transfer. We condition our consent to any proposed Transfer, whether to an individual, a corporation, a partnership or any other entity, upon the following:

1. Assignee Requirements. The Assignee must meet all of our then-current requirements for our JUNK KING franchise program we are offering at the time of the proposed Transfer, sign our then-current form of franchise agreement (provided that the no initial franchise fee will be ~~reduced to $5,000~~due but Assignee will pay a $3,000 training fee for which we will provide our initial training program), and its owners must become guarantors of the Business as required under Section 6.A.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates or your suppliers, or upon which we or our affiliates have any contingent liability, must be paid in full.

3. Reports. You must have provided all required reports to us.

4. Guarantee. In the case of an installment sale for which we have consented to you or any owner retaining an interest or other financial interest in this Agreement or the Business, you or such owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

5. Assumption of Obligations. The Assignee must assume and agree to be bound by all of your Customer obligations, including all warranty work and service plans obligations.

6. General Release. You and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Business or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with our training requirements.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Business and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the Business and the proposed Transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Business and proposed Transfer without being held liable to you, except for intentional

misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business and proposed Transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our Transfer policies. You acknowledge and agree that following any Transfer hereunder, you and your owners will continue to be subject to the noncompetition covenant under Section 9.D.3.

E. Involuntary Transfers.

1. Death, Disability or Incapacity. You will promptly notify us in the event of a death, disability or incapacity of Franchisee (or, if Franchisee is a legal entity, of Franchisee's Principal Owner). In such an event if the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as the Franchisee or the Principal Owner of the Franchisee entity, such person or entity must tender the right of first refusal provided for in Section ~~10.F~~10.F, apply for our consent under Section ~~10.B~~10.B, pay the applicable Transfer fee under Section ~~10.C~~10.C, and satisfy the Transfer conditions under Section ~~10.D~~10.D, as in any other case of a proposed Transfer, all within 120 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Business still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent, disabled, or incapacitated person is the spouse or child of such person, no Transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section ~~10~~10.F.~~F.~~

2. Insolvency or Bankruptcy. In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in ~~subsection 10.F~~Section 10.F, and if we do not exercise such right, must apply for and obtain our consent to the Transfer, pay the Transfer fee provided for in the ~~subsection 10.C~~Section 10.C, and satisfy the Transfer conditions described in ~~subsection 10.D~~Section 10.D. In addition, you or the Assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

3. Divorce. You will promptly notify us of any divorce proceedings that may result in a Transfer and tender the right of first refusal provided for in ~~subsection 10.F~~Section 10.F. If we do not exercise such right, you must apply for and obtain our consent to the Transfer, pay the Transfer fee provided for in ~~subsection 10.C~~Section 10.C, and satisfy the Transfer conditions described in ~~subsection 10.D.~~Section 10.D.

F. Right of First Refusal. If you propose to Transfer this Agreement or your interest herein or in the Business, in whole or in part, to any third party, as contemplated by Section ~~10.A~~10.A, you first must deliver a statement to us offering to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the ~~b~~Business (subject to this Section ~~10~~10). If the proposed Transfer involves an offer from a third party, then you must obtain from the third-party offeror and deliver to us a statement, in writing, signed by the offeror and by you, of the binding terms of the offer.

If the Transfer does not involve an offer from a third party, then the purchase price for our purchase of assets described above will be established by a qualified appraiser selected by the parties. The price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of ~~a~~the Business and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the ~~b~~Business, as the goodwill of the ~~b~~Business is attributable to the Marks and the System. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Franchise Location is located will appoint one upon petition of either party. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We and you will each pay one-half of the appraiser's fees and expenses.

We then have 10 days from our receipt of the statement setting forth the third-party offer or the appraiser's report, as applicable (and all other information requested by us) to accept the offer by delivering written notice of acceptance to you. We will have an additional 45 days to complete the purchase if we elect to exercise our right of first refusal. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) we have the right to substitute equivalent cash for any noncash consideration included in the offer, (2) we will prepare the transaction documents for the Transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) our purchase may be limited to any assets related to the Business.

If we fail to accept the offer within the 10-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us; provided such Transfer is in accordance with this Section 10, including obtaining our consent under Section ~~10.B~~10.B. You may effect no other sale or assignment of you, this Agreement or the Business without first offering the same to us in accordance with this Section ~~10.**Error! Unknown switch argument.**~~10.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement without prior notice to you and without your consent.

DISPUTE RESOLUTION

11. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court ~~or~~ against the other, or commence an arbitration proceeding (except as noted in Section 11.B below), the parties must first meet to mediate the dispute. The mediation will be held in McLennan County, Texas. Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association (the "AAA") in accordance with its then-current rules for mediation of commercial disputes unless the parties agree otherwise in writing. The mediator will be appointed in accordance with the rules and regulations of the AAA unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation. The mediation hearing will be held within 20 days after the mediator has been appointed. Each party will bear its own costs and expenses for the mediation and will be responsible to pay 50% of the mediator's costs and expenses.

B. Exceptions to Mediation. Notwithstanding Section ~~11.A~~11.A or any other provision of this Agreement, the parties agree that the following claims will not be subject to mediation and may be brought in any court of competent jurisdiction, subject to Sections ~~14.G.1~~14.G.1 and ~~14.H~~14.H:

1. any action for temporary, preliminary or permanent injunctive relief, ex parte seizure, specific performance, writ of attachment, or other equitable relief necessary to enjoin any harm or threat of harm to such party's tangible or intangible property, including trademarks, service marks and other Intellectual Property, confidential and/or trade secret information, or noncompetition covenants. You specifically acknowledge that your breach or threatened breach of any of your obligations under this Agreement, including but not limited to Sections ~~3~~3 (Trademark Standards and Requirements), ~~5.C~~5.C (Authorized Services and Products), ~~5.E~~5.E (Computer System), ~~5.F~~5.F. (Customer Information), ~~5.H~~5.H (Confidential Information), ~~5.K~~5.K (Participation in Internet Websites), ~~9.D~~9.D (Noncompetition Covenants), ~~10.A~~10.A (Transfers), or ~~13.A~~13.A (Reversion of Rights; Discontinuation of Trademark Use), will cause irreparable harm to our tangible and/or intangible property and goodwill. You understand that irreparable harm is an injury for which monetary damages are not an adequate remedy. Therefore, upon any such breach or threatened breach by you, in addition to any other rights or remedies that may be available to us at law, equity or otherwise, you acknowledge that we will be entitled to equitable relief, including an injunction, restraining order or specific performance, without any requirement to prove irreparable harm. In addition, you hereby waive any right to request that a bond be issued as security (except for a nominal bond not to exceed $100);

2. any action in ejectment or for possession of any interest in real or personal property; and

3. any action related solely to the collection of moneys owed to us or our affiliates under this Agreement (including, without limitation, License Fees, MAP Fees, and Minimum License Fees), or any other agreement related to the franchise granted under this Agreement, including, without limitation, any promissory note or a guarantee executed hereunder. "Moneys owed" also includes attorneys' fees incurred in the collection of moneys owed, including through the judicial process.

C. Litigation. Except as provided in Section ~~11.D~~11.D., any dispute between you and us or any of our or your affiliates, including without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Business (collectively, "Dispute") not resolved through mediation under Section ~~11.A~~11.A must be submitted to litigation pursuant to Section 14.H.

D. Arbitration. If a court of competent jurisdiction determines that Section ~~14.I~~14.I (Jury Waiver) and/or Section ~~14.J~~14.J (No Class or Consolidated Actions) is invalid or unenforceable with respect to the Dispute, then and only then, notwithstanding any other provision of this Agreement to the contrary, the Dispute must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the AAA pursuant to its then-current commercial arbitration rules and procedures. The arbitration must take place in McLennan County, Texas. The arbitration must be conducted by a single arbitrator.

The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. The court shall decide the gateway issue of arbitrability. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. If this limitation on joinder of or class action certification of claims within arbitration is held to be unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. A judgment may be entered upon the arbitration award in any court of competent jurisdiction. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) except as provided in Section 14.K~~.~~, assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. Each party will bear its own costs and expenses for the arbitration and will be responsible to pay 50% of the arbitrator's fees and costs (including arbitrator's and AAA's fees and costs); provided that the prevailing party will be entitled to reimbursement of its fees and costs under Section ~~11~~11.E.~~E.~~

E. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, the parties' relationship or the Business will be entitled to recover its reasonable attorneys' fees and costs (including arbitrator's and AAA's fees and costs).

DEFAULT AND TERMINATION

12. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes (i) making any false report to us; (ii) intentionally understating or underreporting or failing to pay when due any amounts required to be paid to us or any of our affiliates; (iii) conviction of you or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the Business, or any felony; (iv) filing of tax or other liens that may affect this Agreement; or (v) the filing of voluntary or involuntary bankruptcy by or against you or any guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Section 12.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our

issuance of the written notice of termination. ~~For the avoidance of doubt, a breach of this Agreement shall be deemed a default under the Dumpster Program Amendment, and should this Agreement for any reason be terminated, the Dumpster Program Amendment will automatically terminate. A breach under the Dumpster Program Amendment or any related agreement is a breach under this Agreement and a termination of the Dumpster Program Amendment or any related agreement entitles us to terminate this Agreement.~~

2. Immediate Termination With No Opportunity to Cure. If any of the following defaults occur, you will have no right to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (i) any material misrepresentation or omission in your franchise application or other reports or information provided to us; (ii) your voluntary abandonment of this Agreement (which includes your failure to operate the Business for seven or more consecutive days); (iii) the closing of the Business by any state or local authorities for public safety reasons; (iv) your registration of any domain name or social media account containing our Marks; (v) any unauthorized use of the Confidential Information; (vi) insolvency of you or guarantor, you or a guarantor making an assignment or entering into any similar arrangement for the benefit of creditors; (vii) conviction of you or any guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Business, or any felony; (viii) intentionally understating or underreporting Gross Sales, License Fees or Customer Care Center Fees or any understatement or 2% variance on a subsequent audit within a 2-year period; (ix) a violation of the non-competition covenant under Section ~~9.D~~9.D and/or Schedule F; (x) any actual or attempted unauthorized Transfer in violation of Section 10; (xi) a final judgment against you in our or our affiliates' favor is issued by a court or an arbitrator of competent jurisdiction; or (xii) any default by you that is the second default of any type within any 12-month consecutive period even if the default(s) were cured.

3. Immediate Termination After No More than 24 Hours to Cure. If a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health or safety law or regulation, violates any System standard as to cleanliness, health and safety, or if the operation of your Business presents a health or safety hazard to the public or to ~~c~~Customers or employees: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if the default is not timely cured, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement; provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 13 of this Agreement.

POST-TERM OBLIGATIONS

13. Upon the expiration or termination of this Agreement, or the expiration or termination of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use and Use of Intellectual Property. All of your rights to the use of the Marks and Intellectual Property and all other rights and licenses granted herein and the right and license to conduct business under the Marks will revert to us immediately upon expiration or termination of this Agreement without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Business (although we will not assume any past due obligations).

You must immediately comply with the post-term noncompetition obligations under Section 9.D, cease all use and display of the Marks, all other Intellectual Property associated with the System and of any proprietary material (including the Operations Manual) and of all or any portion of promotional materials furnished or approved by us, assign and transfer all right, title and interest in the telephone numbers, domain names, and social media or digital marketing accounts used at any time for the Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You are solely responsible for removing and ceasing use of the Marks on any social media or digital marketing accounts that you setup for the Business and providing us with written confirmation of the same. You must immediately pay all sums due to us, our affiliates or designees and to third parties, such debts being accelerated automatically without further notice to you. You must immediately deliver to us, at your expense, all copies of the Operations Manual, Customer lists and ongoing Customer contracts then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 5.H. You must promptly, at your expense, remove or obliterate all JUNK KING Business signage, displays or other materials in your possession that bear any of the Marks or names or material confusingly similar to the Marks, including all such signage and displays on any vehicles, and so alter the appearance of the Business premises as to differentiate the Business unmistakably from duly licensed JUNK KING Businesses identified by the Marks~~ and you must provide us with written confirmation of the same~~. You must cease any and all advertising and use of any identifying materials generated during the term of the franchise, including, but not limited to, terminating all business listings in electronic and print format, cancelation of all websites, domain names, social media accounts, and telephone numbers (if not assigned to us) used at any time in connection with the Business. You must provide sufficient proof to Franchisor that you have complied with the post-termination obligations. If you fail to immediately de-identify your Business, you must pay all expenses we incur to de-identify your Business.

Upon expiration or termination of this Agreement (or the expiration or termination of any Interim Period), any continued use of the Marks by you or the Business or use of any other Intellectual Property associated with the System: (i) will constitute willful and knowing infringement, dilution of our trademark rights and unfair competition; (ii) will constitute the false designation of origin, source, or sponsorship and false or misleading descriptions and representations in violation of Section 43 of the Lanham Act, 15 U.S.C. § 1125(a), and (iii) may constitute trafficking in a counterfeit mark, among other causes of action.

In the event of expiration or termination of this Agreement (or the expiration or termination of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement, including your indemnification obligations under Section 9.B.

B. Claims. You and your owners and guarantors may not assert any claim or cause of action against us or our affiliates arising out of or relating to this Agreement or your Business after the shortest period of (i) the applicable statute of limitations, (ii) two years and one day following the effective date of expiration or earlier termination of this Agreement or (iii) two years and one day from the accrual of any such claim or cause of action; provided that where the two-year-and-one-day limitation of time in clause (ii) or clause (iii) is prohibited or invalid by or under any applicable law, then and in that event only, no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

14. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each party that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each party agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration/Amendments. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed a bar or an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Operations Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto constitutes the entire agreement between the parties concerning the franchise for the Business and supersedes any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you. You must pay us our then-current processing fee (currently $300) if we make any modifications to this Agreement upon your request.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, in electronic form via email to an authorized email address or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by a reputable overnight service, and addressed as follows:

1. If intended for us, addressed to Junk King SPV LLC, 1010 North University Parks Drive, Waco, TX 76707: Attn: President with a copy to the General Counsel at 1010 North University Parks Drive, Waco, Texas 76707;

2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents or other authorized officer.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable hereunder, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Successors/Assigns. Subject to the terms of Section 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and permitted assigns of the parties.

G. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. The parties agree that the execution of this Agreement and the acceptance of its terms occurred in the state of Texas. The parties further agree that the performance of material obligations arising under the Agreement, including but not limited to, your payment of monies due hereunder and the satisfaction of certain of our training requirements, shall occur in the state of Texas. Accordingly, subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 11, this Agreement, the parties' rights under this Agreement, and the relationship between the parties under this Agreement are governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Texas (excluding any conflicts of laws principles).

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement~~, although this right does not modify the requirements of Section 5.A(ii) and other express limitations set forth in this Agreement~~.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "Reasonable Business Judgment" (as defined below) in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision

or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product and service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

H. Venue. Any dispute between you and us or any of our or your affiliates, including without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Business, including disputes not resolved through mediation, must be brought in the state or federal district court located in McLennan County, Texas. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts and specifically waive any objection to the jurisdiction and venue of such courts. The parties specifically waive the right to remove any action brought in the state court of McLennan County, Texas to a federal district court. The provisions of this Section will survive the termination of this Agreement. The parties are aware of and acknowledge the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

I. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement and claims arising out of the parties' relationship.

J. No Class or Consolidated Actions. ALL CLAIMS, CONTROVERSIES AND DISPUTES MAY ONLY BE BROUGHT BY THE FRANCHISEE ON AN INDIVIDUAL BASIS AND MAY NOT BE COMBINED OR CONSOLIDATED WITH ANY CLAIM, CONTROVERSY OR DISPUTE FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR BE PURSUED AS PART OF A CLASS ACTION.

K. Waiver of Punitive and Consequential Damages. Except with respect to indemnification obligations hereunder with respect to ~~third party~~third-party claims and except for damages under the Lanham Act, you and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any consequential, indirect, special, punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained. Notwithstanding anything herein to the contrary, each party waives, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other.

L. WAIVER OF CONSUMER RIGHTS. YOU WAIVE ANY RIGHTS YOU MAY HAVE UNDER THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41, ET SEQ., BUSINESS AND COMMERCE CODE, AND UNDER ANY OTHER SIMILAR LAW OF TEXAS OR ANY OTHER JURISDICTION THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER AN ADEQUATE OPPORTUNITY TO REVIEW THIS PROVISION INCLUDING THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF YOUR OWN SELECTION, YOU VOLUNTARILY CONSENT TO THIS WAIVER.

M. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other.

Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

N. Construction. The parties mutually agree that any ambiguities in this Agreement shall not be construed or interpreted more strictly against the drafting party.

O. Force Majeure. A party's failure of performance of this Agreement according to its terms will not be deemed a breach of this Agreement to the extent such failure was caused by events beyond ~~a~~the party's control and which could not be avoided by the exercise of due care, including, but not limited to, terrorism, strikes (except those caused by employees or agents), war, riots, civil disorder, and acts of government except as may be specifically provided for elsewhere in this Agreement. Nothing in this provision shall excuse a party from any obligations, or deprive any party of rights, that survive termination of this Agreement, including but not limited to those obligations and rights set forth in Sections 9.B and 9.D.

P. Adaptations and Variances. You acknowledge that complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business based on conditions we deem important to the operation of such business and/or the System, as more particularly set forth in the Operations Manual. We are not required to grant you a like or other variation. You acknowledge that the obligations and rights of the parties to other agreements may differ materially from your rights and obligations under this Agreement.

Q. Notice of Potential Profit. You acknowledge that we and/or our affiliates may from time to time make a profit on our sales of goods or services to you for use in your Business. Further, we and/or our affiliates may from time to time receive rebates and/or other consideration from suppliers and/or manufacturers in respect of sales of goods or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said rebates, profits and/or consideration and we may use same as we deem appropriate.

R. Anti-Terrorism Provision. You and each of your ~~o~~Owners represent and warrant to us that: (i) neither you nor any ~~o~~Owner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/ enforcement/ofac/; (ii) you and each ~~o~~Owner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act (currently located at www.epic.org/privacy/ terrorism/hr3162.html), U.S. Executive Order 13244 (currently located at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws; and (iii) you and each Owner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

S. ~~S.~~ Franchisor's Affiliates. You agree that except for any affiliate that guarantees our performance hereunder pursuant to a guarantee included in our Franchise Disclosure Document, no other past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Junk King SPV LLC will have any liability for: (i) any obligations or liabilities of Junk King SPV LLC relating to or arising from this Agreement; (ii) any claim against Junk King SPV LLC based on, in respect of, or by reason of the relationship between you and Junk King SPV LLC; or (iii) any claim against Junk King SPV LLC based on any alleged unlawful act or omission of Junk King SPV LLC.

EACH PERSON SIGNING THIS AGREEMENT REPRESENTS AND WARRANTS THAT HE OR SHE IS AUTHORIZED TO BIND THE RESPECTIVE PARTY TO THIS AGREEMENT. THIS AGREEMENT IS NOT BINDING OR ENFORCEABLE UNTIL WE SIGN IT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE:

____
___________________, individually

____
Date

FRANCHISOR:

JUNK KING SPV LLC
A Delaware Limited Liability Company

BY: ____
David Flax, President

____
Date

Schedule A to the Franchise Agreement

Data Sheet

1. ~~1.~~ **Franchisee:** ______________________________

____

____

____

Email: ________________________

Telephone: ______________________

Cell Phone: ______________________

2. ~~2.~~ **Owners.** You represent and warrant to us that the following persons are the only ~~o~~Owners of Franchisee:

Name	Home Address	Percentage of Ownership	Principal Owner (Y/N)

The foregoing Principal Owners will be devoting their full time to the Business with _________________ being identified as the Managing Principal Owner. The Managing Principal Owner is a Principal Owner for all purposes under this Agreement, except that the Managing Principal Owner shall have primary responsibility for the management of the Business and shall have the authority to make all decisions on behalf of the Franchisee and the Managing Principal Owner's decisions will bind the Franchisee.

Within 10 days from the date of any and every change in the identity and/or ownership holdings of any ~~o~~Owner of Franchisee (any such change being subject to the limitations and requirements of this Agreement, including Section ~~10~~10) or a change in the identity of the Managing Principal Owner you must update this Data Sheet accordingly and provide us a copy of the updated Data Sheet.

3. ~~3.~~ **Territory.**

____

____

Total population in the Territory: ____

4. ~~4.~~ **Initial Franchise Fee:** $______________[1]

Roll-In Discount: The above listed Initial Franchise Fee is determined using the following discount schedule, based on the annual gross sales which Franchisee has attained in the Existing Business and has hereby rolled into the Business (pursuant to the Roll-In Addendum attached hereto as Schedule H), up to a maximum discount of fifty percent (50%).

Annual Gross Sales of Existing Business	**Discount Percentage**
$150,000 - $249,999	10%
$250,000 - $349,999	15%
$350,000 - $449,999	20%
$450,000 - $549,999	25%
$550,000 - $649,999	30%
$650,000 - $749,999	35%
$750,000 - $849,999	40%
$850,000 - $949,999	45%
$950,000 and above	50%

5. ~~5.~~ **License Fee:** ~~the greater of~~as applicable: (a) ~~8%~~the percentage of monthly Gross Sales ~~for the first 18 months immediately following the opening of the Business, and (b) beginning in the 19th month of operation of the Business,~~set forth in the table below; or (b) the greater of (i) ~~8%~~the percentage of monthly Gross Sales~~;~~ set forth in the table below or (ii) $2,000 per month (“**Minimum License Fee**”).

License Fees			
Type Fee	**Months 1-18**	**Months 18-24**	**Month 25 - End**
Standard	8%	Greater of 8% or Minimum License Fee	Greater of 8% or Minimum License Fee
Small Roll-In	Greater of 4% or Minimum License Fee	Greater of 7% or Minimum License Fee	Greater of 7% or Minimum License Fee
Medium Roll-In	Greater of 4% or Minimum License Fee	Greater of 6% or Minimum License Fee	Greater of 6% or Minimum License Fee
Large Roll-In	Greater of 4% or Minimum License Fee	Greater of 4% or Minimum License Fee	Greater of 5% or Minimum License Fee

For avoidance of doubt, all Gross Sales generated by the Business in servicing customers in TAFS or pursuant to the Preferred Lead Program or any Key Accounts program shall be included in the

[1] Initial Franchise Fee equal to $~~0.12~~0.11 (~~tw~~el~~e~~ve~~n~~ cents) times the number of persons living in your Territory~~, except that the Initial Franchise Fee in connection with transfers shall be reduced to $5,000~~.

Gross Sales of the Business for purposes of calculation of the License Fees, Customer Care Center Fees and any other fees or amounts that are calculated as a percentage of Gross Sales.

6. ~~6.~~ **MAP Fee:** the greater of (a) a percentage of monthly Gross Sales set forth in the table below or (b) Minimum MAP Fee. Minimum MAP Fee is $625 per month for the first 12 months of operation and ~~then~~ $845 per month.~~ ~~ for the remainder of the term of the Franchise Agreement. (The Minimum MAP Fee is subject to an increase by up to 30% annually.)

MAP Fees				
Type Fee	**Year 1**	**Year 2**	**Year 3**	**Year 4 - End**
Standard	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee
Small Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee
Medium Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee
Large Roll-In	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 1% or Minimum MAP Fee	Greater of 2% or Minimum MAP Fee

7. ~~7.~~ **Customer Care Center Fee:** 5% of monthly Gross Sales~~; provided that we do not charge the Customer Care Center Fee on the~~ (subject to an increase to 6% of Gross Sales ~~derived from recycling services and resale services~~upon 30 days' prior notice to you).

8. ~~8.~~ **Minimum Local Marketing Amounts:** An amount per year determined based on the Gross Sales for the preceding calendar year, as follows:

Annual Gross Sales for Prior Calendar Year	**Annual Minimum Local Marketing Spending Requirement for Then-Current Calendar Year**
0 to $1,000,000	The greater of (i) $50,000 or (ii) 15% of the prior calendar year's Gross Sales
$1,000,000 - $1,500,000	12% of the prior calendar year's Gross Sales
$1,500,000 - $3,000,000	10% of the prior calendar year's Gross Sales
$3,000,000 +	8% of the prior calendar year's Gross Sales

~~a. Each month, the greater of (i) 10% of the average Gross Sales of the Business per month during the immediately preceding calendar quarter or (ii) $3,000.~~

9. ~~8.~~ **Effective Date: _______________**

10. ~~9.~~ **Scheduled Opening Date**: **____________________________**

[Signature Page Follows]

FRANCHISEE:

____
__________________, individually

____
Date

FRANCHISOR:

JUNK KING SPV LLC
A Delaware Limited Liability Company

BY: ____
David Flax, President

____
Date

Schedule B to the Franchise Agreement

ACH FORM
ACH Origination services will not be considered until this application is
FILLED OUT COMPLETELY

Date of Application:	Business Phone:
Franchise ID #:	Cell Phone:
Franchise Business Owner Name:	
Name of DBA:	
Contact Person:	Title:
Business Address:	
SPECIAL DRAFTING INSTRUCTIONS:	

Please complete blanks below with your banking information using the sample as a reference only, or attach a sample voided check that displays the required information.

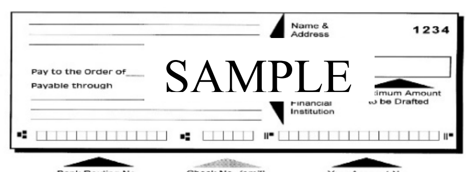
We recommend attaching an image of a cancelled check, banking statement that clearly shows the routing and accounting number to ensure accuracy:

Name of Financial Institution:

Name and Address on Account:

Bank Routing No.:

Account No:



I hereby authorize JUNK KING SPV LLC ("Franchisor"), its affiliates, including Neighborly Assetco LLC, and the financial institution named above to initiate entries, including debit and credit entries, to my checking/savings account identified above periodically, including weekly, monthly, annually or as necessary, on a day specified from time to time by Franchisor to pay all fees, charges and any other amounts owed (including, License Fees, MAP fees, Customer Care Center fees, late fees, interest charges, note payments, software fees and any other amounts owed) pursuant to the terms of the Franchise Agreement and all related agreements entered into with Franchisor and/or its affiliates, with License Fees, MAP fees and Customer Care Center fees to be in accordance with the monthly sales analysis submitted by me; and, if necessary, to initiate adjustments for any transactions credited in error. These debits are related to the operation of the franchised business and the amount of each debit will vary, including from month to month, to a maximum amount (if any) as set forth in the Franchise Agreement. The credits are the amounts due to the franchised business that Franchisor receives from third parties for services performed by the franchised business net of Franchisor's deductions for audit and any related administrative fees and/or credit entries to correct any debit entries that may have been made in error. This authority will remain in effect until I notify you in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the financial institution or up to 60 days after deposit, whichever occurs first.

_________________________ ____
Date Signature of Franchisee

Schedule C to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Franchise Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the provisions in Section ~~9~~9, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Franchise Agreement.

Each of the undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, each of the undersigned consents and agrees that: (i) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (ii) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or any amendment or extension of the Franchise Agreement, with or without notice to the undersigned. It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: ___________________________

PERSONAL GUARANTORS:

____
________. Individually
Address
City, State, Zip Code
Telephone:

Schedule D to the Franchise Agreement

ACKNOWLEDGMENT ADDENDUM TO
JUNK KING FRANCHISE AGREEMENT

THIS SCHEDULE D DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, or WI.

As you know, you and we are entering into a Franchise Agreement for the operation of a JUNK KING franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following statements carefully and confirm their accuracy or advise us of their inaccuracy.

Acknowledgments and Representations. I, the undersigned, hereby acknowledge and represent to Junk King SPV LLC, as follows:

1. ~~1.~~ I have received a copy of Junk King SPV LLC Franchise Disclosure Document (and all exhibits and attachments) (the "Disclosure Document") at least fourteen calendar days prior to signing the Junk King® Franchise Agreement (the "Franchise Agreement").

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____
____
____

2. ~~2.~~ I have reviewed carefully the Disclosure Document and Franchise Agreement.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____
____
____

3. ~~3.~~ I understand all the information contained in both the Disclosure Document and Franchise Agreement.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____
____
____

4. ~~4.~~ No oral, written or visual claim or representation was made to me that contradicted the disclosures in the Disclosure Document.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____
____
____

5. ~~5.~~ Other than as expressly stated in Item 19 of the Disclosure Document, no employee or other person speaking on behalf of Junk King SPV LLC has made any oral, written or visual claim, statement, promise or representation to me that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any JUNK KING business, or the likelihood of success at my franchised business.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

6. ~~6.~~ No employee or other person speaking on behalf of Junk King SPV LLC has made any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

7. ~~7.~~ I acknowledge and agree that except for the right granted to me to operate a JUNK KING Business within the Territory during the Franchise Agreement term so long as I am in compliance with the Franchise Agreement, Junk King SPV LLC and its affiliates reserve all other rights to the Marks and the System and they may engage in any activity whatsoever, whenever and wherever they desire, as set forth in the Franchise Agreement.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

8. ~~8.~~ The Franchise Agreement together with the addenda and appendices thereto constitutes the entire agreement between me and Junk King SPV LLC concerning the franchise for the JUNK KING Business and supersedes any and all prior negotiations, understandings, representations, and agreements, which means that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations Junk King SPV LLC made in the Disclosure Document it furnished to me.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

9. ~~9.~~ I acknowledge and agree that in entering into the Franchise Agreement I have not relied on and am not relying on any representations, warranties or other statements whatsoever, whether written or oral other than those included in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments) and that I will not have any right or remedy

rising out of any representation, warranty or other statement not expressly set out in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments). I am entering into the Franchise Agreement as a result of my own independent investigation of the franchised business and not as a result of any representations about ~~DRYER VENT WIZARD~~JUNK KING system made by ~~DRYER VENT WIZARD~~JUNK KING SPV LLC's shareholders, officers, members, managers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in the Franchise Agreement or in any disclosure document given to me pursuant to applicable law. I UNDERSTAND THAT I SHOULD NOT SIGN THE FRANCHISE AGREEMENT IF I BELIEVE ~~DRYER VENT WIZARD~~JUNK KING SPV LLC OR ANY OF ITS REPRESENTATIVES HAVE PROMISED ME SOMETHING THAT IS NOT PART OF THE FRANCHISE AGREEMENT, ANY ATTACHED EXHIBIT, SCHEDULE OR ADDENDUM OR THE FRANCHISE DISCLOSURE DOCUMENT.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

10. ~~10.~~ I understand that the success or failure of my JUNK KING Business will depend in large part upon my skills and experience, my business acumen, my location, the local market for products under the JUNK KING trademarks, interest rates, the economy, inflation, taxes, the number of employees I hire and their compensation, the extent to which I follow established systems, policies and guidelines, the cost of capital and the extent to which I finance the business operations, my contractual arrangements with suppliers, landlord and professional advisors, competition and other economic and business factors. Further, I understand that the economic and business factors that exist at the time I open my JUNK KING Business may change.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

11. ~~11.~~ I understand that I am bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the JUNK KING system if I violate the covenant(s). Further, I understand that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

12. ~~12.~~ I understand that any training, support, guidance or tools Junk King SPV LLC provides to me as part of the franchise are for the sole purpose of protecting the JUNK KING brand and Marks and the Intellectual Property associated with the System and to assist me in the operation of my business and not for the purpose of controlling or in any way intended to exercise or exert control over my decisions or day-to-day operations of my business, including my sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of my employees and all other employment and employee related matters.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

13. ~~13.~~ ~~On~~The individuals identified on the receipt pages of my Disclosure Document ~~I identified ________________________~~ are ~~____ as the~~the only franchise sellers (i.e., the company representative who offered me my franchise) involved in this franchise sales process ~~(these are the company representatives who offered me my franchise). The franchise sellers identified above are the only franchise sellers involved with this transaction.~~.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please ~~comment~~identify any additional franchise sellers involved in this franchise sales process:____

14. ~~14.~~ I have been advised to seek professional assistance, to have legal, financial and/or other professional advisors review the documents, and to consult with other franchise owners regarding the risks associated with the purchase of the franchise.

Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:____

IF MORE SPACE IS NEEDED TO RESPOND TO ANY REPRESENTATION, CONTINUE ON A SEPARATE SHEET AND ATTACH.

I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT AND THAT JUNK KING SPV LLC WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, I REPRESENT THAT I HAVE CONSIDERED EACH REPRESENTATION CAREFULLY AND RESPONDED FULLY AND TRUTHFULLY.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

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 any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect. **Do not sign** this Acknowledgement if you are a resident of Maryland or the franchise is to be operated in Maryland.

FRANCHISEE:

____
__________________, individually

____
Date

Schedule E to the Franchise Agreement

TELEPHONE NUMBER AND INTERNET AGREEMENT

____
(Name of Telephone Company)

____
(Address)

____
(City, State, Zip)

This TELEPHONE NUMBER AND INTERNET AGREEMENT, ASSIGNMENT AND POWER OF ATTORNEY ("Assignment") is made pursuant to the terms of the Franchise Agreement dated ___________ ("Agreement") by and between JUNK KING SPV LLC ("Franchisor") and ______________________ ("Franchisee"), authorizing Franchisee to use Franchisor's Marks and System in the operation of a junk removal and recycling and related services business (the "Franchised Business") in and for the Territory. Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement.

For value received, Franchisee hereby irrevocably assigns to Franchisor all telephone listings and numbers at any time used by Franchisee in any printed or internet telephone directory in connection with the operation of the Franchised Business in the Territory, whether now-existing or adopted by Franchisee in the future, (collectively "Telephone Listings") and all email addresses, domain names, social media accounts and comparable electronic identities that use the Marks or any portion of them at any time used by Franchisee in connection with any Internet directory, website or similar item in connection with the operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future, (collectively "Internet Listings") (collectively referred to herein as "Listings"). From time to time upon Franchisor's request, Franchisee agrees to promptly provide a complete list of all Listings to Franchisor (in such format and level of detail as required by Franchisor).

Franchisee shall have the right to use the Listings only in connection with advertising and promoting the Franchised Business in the Territory. Franchisee agrees to pay all amounts pertaining to the use of the Listings incurred by it when due. Upon expiration or termination of the Agreement for any reason, Franchisee's right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee agrees to pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and to immediately at Franchisor's request, (i) take any other action as may be necessary to transfer the Listings and numbers to Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor, on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website, social media account or advertising, whether published or online.

Franchisee agrees that Franchisor may require that all telephone numbers and telephone and internet equipment and service must be owned or provided by Franchisor or a supplier approved by Franchisor and that Franchisor has the right to require Franchisee to "port" or transfer to Franchisor or an approved call routing and tracking vendor all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks.

Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by this Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Assignment. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power of attorney is created to secure performance of a duty to Franchisor and is for consideration.

FRANCHISEE:

____
__________________, individually

____
Date

Schedule F to the Franchise Agreement

CONFIDENTIALITY AGREEMENT

This **CONFIDENTIALITY AGREEMENT** is entered into by the undersigned, ____________________ ("you"), for the benefit of **JUNK KING SPV LLC**, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor"); and __________________ ("Franchisee");

WHEREAS, you are associated with Franchisee as a spouse or owner of Franchisee;

WHEREAS, Franchisor intends to enter into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisor will grant Franchisee (or a legal entity owned and/or controlled by Franchisee) a license to use Franchisor's trademarks, services marks, logos and other indicia of origin (the "Marks") and Franchisor's methods of operation (the "System") in connection with the operation of a junk removal and recycling and related services business (the "Franchise") in and for a specified geographical area described in the Franchise Agreement. (Capitalized terms used herein without a definition shall have the same meaning as assigned to them in the Franchise Agreement); and

WHEREAS, Franchisor has undertaken, at considerable effort and expense, to create the System which will be revealed to Franchisee pursuant to the Franchise Agreement and you either will be involved in the operation of the franchise, or, if a spouse of Franchisee, may not intend to hold an ownership interest in the Franchise or be actively involved in the operation of the Franchise but through your relationship with Franchisee, will be exposed to and learn many procedures, techniques and other matters that are identified and treated by Franchisor as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, and marketing methods and techniques of Franchisor, which are beyond your skills and experience ("Confidential Information"); and

WHEREAS, ~~Y~~you agree that you will receive material benefit from Franchisor entering into the Franchise Agreement with Franchisee. In exchange for that good consideration, you agree to execute and be bound by this Agreement, including the noncompetition covenant set forth herein.

NOW, THEREFORE, you hereby agree as follows:

1. ~~1.~~ Acknowledgement of Confidentiality Obligation. You acknowledge that through your association or relationship with Franchisee, you will receive valuable Confidential Information that provides a competitive advantage in the development of the Franchise. You acknowledge and agree that the Confidential Information and any Operations Manual are confidential and proprietary in nature and contain trade secrets belonging to Franchisor and that all such tangible evidence of Confidential Information is a property right of great value to Franchisor. You hereby agree to be bound by the provisions of the Franchise Agreement related to confidentiality and protection of trade secrets, including but not limited to Section ~~5.H~~5.H of the Franchise Agreement, to the same extent as if a party to the Franchise Agreement.

2. ~~2.~~ Non-Use. You agree not to (a) use Confidential Information without prior written approval from Franchisor or as otherwise permitted by the Franchise Agreement, or (b) do or perform any other act injurious to the goodwill associated with the Marks and the System.

3. ~~3.~~ Non-Disclosure. Without prior written approval from Franchisor, you agree not to disclose, communicate or divulge any Confidential Information for your benefit or for the benefit of any other third party, including, without limitation, a competitor of the Franchise and/or Franchisor.

4. ~~4.~~ Exclusions. Confidential Information does not include and this Agreement does not apply to information that you can establish by reliable documentary evidence (a) was previously known by you, (b) is or becomes part of the public domain other than through your wrongful act, (c) is otherwise lawfully in your hands by a means other than breach of this Agreement or (to your knowledge) third party's breach of its confidentiality obligation to Franchisor, or (d) is sought pursuant to a subpoena or written discovery ("Process"); provided that Franchisor shall be immediately notified of the receipt of the Process, whereupon Franchisor has the right to request that Franchisee and/or you delete the Confidential Information from the scope thereof, and if Franchisee or you refuse, then Franchisor may seek any and all available remedies, including, without limitation, commencing proceedings to enjoin the disclosure of Confidential Information or intervening impending proceedings to seek the entry of protective orders or other appropriate relief. Nothing in this Agreement shall be construed to interfere with a party's obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. ~~5.~~ Covenant Not to Compete. Except as otherwise approved in writing by Franchisor, you may not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, or engage or participate in, inure benefit to, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or any other individual or representative capacity, in any corporation, partnership or other legal entity that engages in any business that is the same as or similar to the Franchise, or is otherwise in competition with the business of Franchisor or Franchisor's franchisees, that engages in the distribution of similar products, services and/or equipment and that is located (a) anywhere, while the Franchise Agreement is in effect or (b) (i) within the territory specified on the Data Sheet to the Franchise Agreement, (ii) within a 25-mile radius of the outer boundary of such territory, or (iii) inside the territory of another JUNK KING business, in each case during a period of two (2) years commencing with the earlier of the termination of the Franchise Agreement or the date on which you cease to be associated with Franchisee (or the individual who is the principal of a legal entity identified as Franchisee) whether because of a termination of an employment arrangement or marriage or otherwise, which period shall be extended by any period of non-compliance. You further agree that upon Franchisor's request you shall make his/her personal and business records available for inspection by Franchisor to determine your compliance with this provision.

6. ~~6.~~ Customer Non-Solicitation Covenant. In addition, you agree that during the term of the Franchise Agreement and for a period of one year commencing with the earlier of the termination of the Franchise Agreement or the date on which you cease to be associated with Franchisee (or the individual who is the principal of a legal entity identified as Franchisee) whether because of a termination of an employment arrangement or marriage or otherwise, you will not, without our prior written consent, directly or indirectly, for yourself or on behalf of any other person divert, or attempt to divert, any business or customer of the Business or any other JUNK KING Business to any competitor by direct or indirect inducement.

7. ~~7.~~ Scope of Covenants. The parties agree that each of the foregoing covenants in Section 5 and Section 6 will be construed as independent of any other covenant or provision of this Agreement. To the extent anyone successfully contests the validity or enforceability of any part of Section 5 or Section 6 in its present form predicated upon the scope of coverage, this provision will not be deemed invalid or unenforceable, but will instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect Franchisor's legitimate interests.

8. ~~8.~~ Choice of Law and Jurisdiction. This Agreement shall be governed by the internal laws of the State of Texas, without regard to conflicts of laws provisions. You agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in Waco, McLennan County, Texas. You hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

9. ~~9.~~ Legal Fees and Costs. Any unauthorized disclosure following execution of this Agreement may be cause for suit for injunctive relief and damages. If you breach this Agreement, you shall pay reasonable attorney's fees and other costs incurred by Franchisor and/or Franchisee in enforcing the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party will be entitled to recover reasonable attorney's fees and all costs and disbursements allowed by law.

10. ~~10.~~ Defend Trade Secrets Act of 2016 Disclosure. 18 U.S.C. § 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, the Parties to this Agreement have the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

11. ~~11.~~ Entire Agreement. This Agreement sets forth the entire understanding among you, Franchisor and Franchisee with respect to its subject matter and cannot be changed except by written instrument signed by you, Franchisor and Franchisee. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors, and assigns.

____
Signature, individually

____
Date

Schedule G to the Franchise Agreement

PROMISSORY NOTE AND SECURITY AGREEMENT

DATE: ___________________

DEBTOR: _____________________________

DEBTOR'S MAILING ADDRESS: ____

SECURED PARTY: JUNK KING SPV LLC
a Delaware limited liability company, or its successors or assigns

SECURED PARTY'S MAILING ADDRESS: 1010 N. University Parks Drive, Waco, TX 76707

PRINCIPAL: _______________________ AND 00/100 DOLLARS ($____.__)

INTEREST: _______________ percent (____%) per annum on unmatured, unpaid PRINCIPAL beginning thirty (30) days before the due date of the first payment and the maximum legal rate of interest on matured, unpaid amounts from the date of maturity.

TERMS OF PAYMENT:

The principal and interest of this note shall be payable in monthly installments of **______________________ AND 00/100 DOLLARS ($_______)** each, beginning on _____________ and continuing on the first day of each month thereafter until ______________, on which date the entire principal balance, any accrued, unpaid interest and all other amounts payable under this document are due in full. By execution of the ACH Form attached to the Franchise Agreement entered into by and between DEBTOR and SECURED PARTY (the "Franchise Agreement"), DEBTOR authorizes SECURED PARTY and the financial institution named thereon to make the foregoing payments from DEBTOR'S account until DEBTOR cancels such automatic draft in accordance with the terms of the Authorization or this note is paid in full.

DEBTOR promises to pay PRINCIPAL and INTEREST according to the above TERMS OF PAYMENT to the order of SECURED PARTY. This note may be prepaid in any amount at any time before maturity without penalty. Installments shall continue to be payable regularly after any partial payment unless and until this note has been fully paid. INTEREST shall be calculated on the unpaid PRINCIPAL to the date of any payment or prepayment, with that payment or prepayment being credited first to pay the accrued INTEREST and then to reduce the PRINCIPAL.

If DEBTOR defaults in the payment of any indebtedness or the performance of any obligations under this document or any document collateral to it, including, without limitation, the Franchise Agreement, or DEBTOR sells, assigns or transfers the Franchise Agreement or any interest therein or in the franchise granted thereunder to a third party, SECURED PARTY may declare the entire unpaid PRINCIPAL, earned INTEREST and any other amounts payable under this document immediately due. DEBTOR and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate, notices of acceleration, protests and notices of protest to the extent permitted by law.

If this document or any document collateral to it, including, without limitation, the Franchise Agreement, is given to an attorney for collection or enforcement, is collected or enforced after suit is brought for that purpose or is collected or enforced through probate, bankruptcy or other judicial proceeding, DEBTOR shall pay SECURED PARTY all costs of collection and enforcement (including, without limitation, reasonable attorney's fees and court costs) in addition to amounts due. Reasonable attorney's fees shall be ten percent (10%) of all amounts due unless plead otherwise.

Interest on any indebtedness under this document or any document collateral to it shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law. Any interest in excess of that maximum amount shall be credited on the principal of the indebtedness or, if that has been paid, refunded. Any such excess resulting from any acceleration or prepayment shall be canceled automatically or, if already paid, credited on the unpaid principal of the indebtedness or, if the principal of the indebtedness has been paid, refunded. This provision overrides other provisions in this and all other instruments related hereto.

If any installment of this note is not paid within thirty (30) days of its due date, a late charge in the amount of TEN AND NO/100 DOLLARS ($10.00) per payment per day will be paid by DEBTOR upon demand as compensation for any expense or inconvenience incurred in collecting that delinquent installment. DEBTOR is not hereby authorized to be delinquent in paying any installment. Any demand for a late charge shall not affect any other remedies available.

If any draft or check is returned by DEBTOR'S financial institution for insufficient funds or any other reason, SECURED PARTY is entitled to reimbursement from DEBTOR in the amount of TWENTY FIVE AND 00/100 DOLLARS ($25.00) per draft or check. Any demand for reimbursement shall not in any manner affect any other remedies available.

COLLATERAL:

All right, title and interest of DEBTOR to all fixtures, furniture, leasehold improvements, furnishings, materials, supplies, equipment, goods, machinery, general intangibles, money, accounts, inventory, chattel paper, documents, instruments, commercial tort claims, deposit accounts, investment property, letter-of-credit rights, letters of credit and other personal property of any kind whatsoever, whether now or hereafter existing, arising, acquired or used by DEBTOR in any manner in connection with the JUNK KING franchise operated by DEBTOR under the Franchise Agreement or any other business which has provided or is providing services related in any manner to operating a retail junk removal, dumpster, and recycling business; and all replacements, betterments, substitutions, renewals, additions, products and proceeds thereto or therefrom.

GRANT OF SECURITY INTEREST:

DEBTOR grants SECURED PARTY a security interest in the COLLATERAL to secure the payment of all indebtedness owed and the performance of all obligations performable by DEBTOR to or for SECURED PARTY (including, without limitation, all indebtedness and obligations under this document or any document collateral to it).

SECURED PARTY's sole duty with respect to the custody, safekeeping and physical preservation of COLLATERAL in its possession or under its control will be to use reasonable care in the custody and preservation of such COLLATERAL. DEBTOR agrees that SECURED PARTY will be deemed to have used reasonable care in the custody and preservation of COLLATERAL if SECURED PARTY deals with such COLLATERAL in the same manner as SECURED PARTY deals with similar property for its own account and, to the extent permitted by applicable law, SECURED PARTY need not take any steps to preserve rights against any other person or entity. Neither SECURED PARTY nor any of its directors, officers, managers, members, employees or agents will be liable for failure to demand, collect or realize upon the COLLATERAL or will be under any obligation to sell or otherwise dispose of any COLLATERAL.

DEBTOR confirms that value has been given, that DEBTOR has rights in the COLLATERAL, and that DEBTOR and SECURED PARTY have not agreed to postpone the time for attachment of the security interest to any of the COLLATERAL. In respect of COLLATERAL which is acquired after the execution date of this Promissory Note and Security Agreement, the time for attachment will be the time when DEBTOR acquires such COLLATERAL.

SECURED PARTY may (and DEBTOR hereby authorizes SECURED PARTY to) execute and file such financing statements and other documents as SECURED PARTY may at any time deem appropriate to perfect the foregoing security interest. Without limiting the generality of the foregoing, DEBTOR authorizes SECURED PARTY to file financing statements designating the collateral as "all personal property" or "all assets" of DEBTOR, and authorizes, ratifies and approves any financing statement filed by SECURED PARTY on or prior to the date of this document.

DEBTOR'S WARRANTIES AND COVENANTS:

DEBTOR warrants, represents and covenants that: 1) No financing statement covering the COLLATERAL is filed in any public office; 2) DEBTOR is validly existing and in good standing under the laws of the state of its jurisdiction of organization, and the execution and delivery of this document by DEBTOR and the performance of its obligations hereunder have been duly authorized by all necessary action in accordance with applicable laws; 3) DEBTOR owns the COLLATERAL, free and clear of all liens other than liens in favor of SECURED PARTY, and has the authority to grant this security interest; 4) none of the COLLATERAL is or will be affixed to real estate, an accession to any goods, commingled with other goods, or a fixture, accession or part of a product or mass with other goods; 5) all information about DEBTOR'S financial condition provided to SECURED PARTY was accurate when submitted, as will be any information subsequently provided; 6) DEBTOR will defend the COLLATERAL against all claims and demands adverse to SECURED PARTY'S interest in it; 7) the COLLATERAL will remain in DEBTOR'S possession or control at all times; 8) DEBTOR will maintain the COLLATERAL in good condition and protect it against misuse, abuse, waste and deterioration except for ordinary wear and tear resulting from its intended use; 9) DEBTOR will insure the COLLATERAL in accordance with SECURED PARTY'S reasonable requirements regarding choice of carrier, casualties insured against and amount of coverage; 10) insurance policies will be written in favor of DEBTOR and SECURED PARTY according to their respective interests or according to SECURED PARTY'S other requirements; 11) all insurance policies shall provide that the SECURED PARTY will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to SECURED PARTY when issued; 12) DEBTOR assumes all risk of loss or damage to the COLLATERAL to the extent of any deficiency in insured coverage; 13) DEBTOR irrevocably appoints SECURED PARTY as DEBTOR'S attorney-in-fact to collect on DEBTOR'S behalf any returned unearned premiums and proceeds of any insurance on the COLLATERAL and to endorse any draft or check deriving from the policies and made payable to DEBTOR; 14) DEBTOR will pay all expenses incurred by SECURED PARTY in negotiating, obtaining, preserving, perfecting, defending and enforcing this document, any document collateral to it or the COLLATERAL (expenses for which DEBTOR is liable include, without limitation, taxes, assessments, reasonable attorney's fees and other legal expenses, these expenses will bear interest from the dates of payments at the highest legal rate of interest, and DEBTOR will pay SECURED PARTY this interest on demand at a time and place reasonably specified by SECURED PARTY); 15) DEBTOR will sign any papers that SECURED PARTY considers necessary to obtain, maintain and perfect this security interest or to comply with any relevant law, including, without limitation, such documents as may be required to have the security interest granted hereunder properly noted on a certificate of title; 16) DEBTOR will immediately notify SECURED PARTY in writing of any material change in the COLLATERAL, of any change in DEBTOR'S name, address or location, of any change in any matter warranted or represented in this document or any document collateral to it, of any change that may affect the security interest in the COLLATERAL, or perfection thereof, and of any event of default; 17) without SECURED PARTY'S prior written consent, DEBTOR will not sell, transfer or encumber any of the COLLATERAL other than sales of inventory in the ordinary course of business; 18) DEBTOR will maintain accurate books and records covering the COLLATERAL; and 19) DEBTOR will furnish SECURED PARTY any requested information related to the COLLATERAL and DEBTOR will allow SECURED PARTY, at any time and place, to inspect the COLLATERAL and all records describing or related to the COLLATERAL.

RIGHTS AND REMEDIES OF SECURED PARTY:

Regardless of whether or not DEBTOR is in default hereunder, SECURED PARTY may: 1) release any COLLATERAL in SECURED PARTY'S possession to any debtor, temporarily or otherwise; 2) take control of any proceeds generated by the COLLATERAL, such as refunds from and proceeds of insurance, and reduce any part of the owed indebtedness accordingly or permit DEBTOR to use such funds to repair or replace damaged/destroyed COLLATERAL; 3) contact account debtors directly to verify information furnished by DEBTOR; 4) notify obligors on the COLLATERAL to pay SECURED PARTY directly and reduce any part of the owed indebtedness accordingly; and 5) as DEBTOR'S agent, endorse any documents or chattel paper that is COLLATERAL or that represents proceeds of COLLATERAL.

SECURED PARTY has no obligation to collect any account and will not be liable for failure to collect any account or for any act or omission on the part of SECURED PARTY or SECURED PARTY'S officers, agents or employees, except willful misconduct. If DEBTOR fails to maintain insurance as required, SECURED PARTY may purchase single-interest insurance coverage that will protect only SECURED PARTY. If SECURED PARTY purchases this insurance, the insurance premiums will become part of the indebtedness owed by DEBTOR to SECURED PARTY under this document.

EVENTS OF DEFAULT:

Each of the following conditions is an event of default: 1) if DEBTOR defaults in the timely payment or performance of any indebtedness, obligation, covenant or liability in this document, in any document collateral to it, including, without limitation, the Franchise Agreement, or in any other agreement between DEBTOR and SECURED PARTY and fails to cure the same within the applicable cure period (if any); 2) if any warranty, covenant or representation made to SECURED PARTY by or on behalf of DEBTOR proves to have been false or incomplete in any material respect when made; 3) if a receiver is appointed for DEBTOR or any of the COLLATERAL or if the COLLATERAL is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings are commenced against or by DEBTOR, any partnership of which DEBTOR is a general partner or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party or other person liable on or for any part of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it; 4) if any lien attaches to any of the COLLATERAL other than any lien granted in favor of SECURED PARTY; and 5) if any of the COLLATERAL is lost, stolen, damaged or destroyed, unless it is promptly restored or replaced with collateral of like quality.

REMEDIES OF SECURED PARTY ON DEFAULT:

During the existence of any event of default, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST and all other amounts payable under this document immediately due in whole or part, enforce the payment of indebtedness and performance of obligations by DEBTOR under this document and any document collateral to it and exercise any rights and remedies granted by this document, any document collateral to it or by applicable law (including, without limitation, the Texas Uniform Commercial Code), including, without limitation, the following: 1) require DEBTOR to deliver to SECURED PARTY all books and records relating to the COLLATERAL; 2) require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place reasonably convenient to both parties; 3) take possession of any of the COLLATERAL and for this purpose enter any premises where it is located; 4) sell, lease or otherwise dispose of any of the COLLATERAL in accord with the rights, remedies and duties of a secured party under Chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; 5) surrender any insurance policies covering the COLLATERAL and receive the unearned premium; 6) apply any proceeds from disposition of the COLLATERAL after default in the manner specified in Chapter 9 of the Texas Uniform Commercial code, including, without limitation, payment of SECURED PARTY'S reasonable attorney's fees and court expenses; and 7) if disposition inadequate, collect the deficiency.

GENERAL PROVISIONS:

1. ~~1.~~ SECURED PARTY'S rights under this document shall inure to the benefit of its successors and assigns.

2. ~~2.~~ Neither delay in exercise nor partial exercise of any of SECURED PARTY'S remedies or rights shall waive further exercise of those remedies or rights. SECURED PARTY'S failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. SECURED PARTY'S waiver of any default does not waive further default. SECURED PARTY may remedy any default without waiving the default. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

3. ~~3.~~ If DEBTOR fails to perform any of DEBTOR'S obligations, SECURED PARTY may perform those obligations and be reimbursed by DEBTOR on demand for any sums so paid (including, without limitation, attorney's fees and other legal expenses) plus interest on those sums from the dates of payment at the maximum legal rate of interest. The sum to be reimbursed shall be secured by the security interest under this document.

4. ~~4.~~ This document constitutes the entire contract between DEBTOR and SECURED PARTY with respect to the subject matter hereof and supersedes all previously agreements and understandings, oral or written, with respect thereto. No provisions of this document shall be modified or limited except by written agreement executed by both parties.

5. ~~5.~~ The unenforceability of any provision will not affect the enforceability or validity of any other provision.

6. ~~6.~~ This document and the agreement evidenced hereby is to be construed according to Texas laws. All indebtedness is payable and all obligations are performable in Waco, McLennan County, Texas.

7. ~~7.~~ A carbon, photographic, electronic or other reproduction of this Promissory Note and Security Agreement or any financing statement covering the COLLATERAL is sufficient as a financing statement.

8. ~~8.~~ If the COLLATERAL is sold after default, recitals in the transfer document will be prima facie evidence of their truth, and all prerequisites to the sale specified herein and by the Texas UCC will be presumed satisfied.

9. ~~9.~~ The security interest under this document shall neither affect nor be affected by any other security for any of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it. Neither extensions of any of that indebtedness or those obligations nor releases of any of the COLLATERAL will affect the priority or validity of the security interest under this document.

10. ~~10.~~ Foreclosure of the security interest under this document by suit shall not limit SECURED PARTY'S remedies, including, without limitation, the right to sell the COLLATERAL. All remedies of SECURED PARTY may be exercised at the same or different times, and no remedy shall be a defense to any other. SECURED PARTY'S rights and remedies include all those granted in this document, by law or otherwise.

11. ~~11.~~ DEBTOR'S appointment of SECURED PARTY as DEBTOR'S attorney-in-fact or agent is coupled with an interest and will specifically survive any death or disability of DEBTOR.

12. ~~12.~~ As used in this document and unless the context requires another construction, the masculine, feminine and neuter gender shall each include the others and the singular and plural case shall each include the other.

13. ~~13.~~ DEBTOR acknowledges receipt of an executed copy of this document. DEBTOR waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of SECURED PARTY to deliver to DEBTOR a copy of any financing statement or any statement issued by any entity that confirms registration of a financing statement.

FRANCHISEE:

____
__________________, individually

____
Date

Schedule H to the Franchise Agreement

~~**AMENDMENT TO FRANCHISE AGREEMENT**~~
~~**(DUMPSTER PROGRAM AMENDMENT)**~~

ROLL-IN ADDENDUM

This ~~Amendment to Franchise Agreement ("**Amendment**") is made and~~ROLL-IN ADDENDUM (the "Addendum") is entered into ~~as of the effective date outlined on Schedule 1 ("**Amendment Effective Date**")~~ by and between ~~Junk King~~**JUNK KING SPV LLC**, a Delaware limited liability company ~~with its~~having a principal place of business at 1010 North University Parks Drive, Waco, TX 76707 ("we" or "us" or "Franchisor"), ~~the franchisee specified on Schedule 1 ("**Franchisee**") with its principal place of business or residence as specified on Schedule 1, and the owners specified on Schedule 1 ("**Owners**").~~ and ____________________________, individually, having an address of ____________________________ ____________________________ ("you" or "Franchisee").

WHEREAS, we and you have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") for the operation of the Business (the "Franchised Business") (Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement);

WHEREAS, you (or your affiliate) currently operate an existing business ("Existing Business") which performs services for existing customers (the "Roll-In Services") that are similar to services provided by the Franchised Business operated under the Agreement; and

WHEREAS, in consideration of an assignment or "roll-in" of the Roll-In Services (including the customer base for work which falls within the definition of the Franchised Business) from the Existing Business to the Franchised Business, we are willing to alter certain fees payable by you under the Agreement for a time period specified in the Data Sheet to which this Addendum is attached.

~~**RECITALS**~~

~~Franchisee and Franchisor are parties to that certain Franchise Agreement identified on Schedule 1 ("**Franchise Agreement**"), pursuant to which Franchisee is authorized to own and operate a Junk King® junk removal business in the Territory identified on Schedule 1 ("**Franchised Business**").~~

~~Owners have an ownership interest in Franchisee and are guarantors under the Franchise Agreement.~~

~~Franchisee would like to participate in Franchisor's dumpster program ("**Dumpster Program**") in which Franchisee will offer dumpster removal services to residential and commercial customers located in the Territory. The dumpster services consist of delivering a dumpster to a customer's location and removing the dumpster and disposing of its contents at the conclusion of a rental.~~

~~Franchisor is willing to grant Franchisee the right to participate in the Dumpster Program in accordance with the terms of this Amendment, which the parties intend to amend the Franchise Agreement.~~

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

1. **Type of Roll-In.** This Addendum documents a Small Roll-In, Medium Roll-In or Large Roll-In, each as defined below (*applicable category checked*):

______	SMALL ROLL-IN (an Existing Business with annual gross sales of the Roll-In Services of at least $150,000 but not more than $249,999).
______	MEDIUM ROLL-IN (an Existing Business with annual gross sales of the Roll-In Services of at least $250,000 but not more than $499,999).
______	LARGE ROLL-IN (an Existing Business with annual gross sales of the Roll-In Services of at least $500,000).

~~**1. Defined Terms.** All capitalized terms not defined in this Amendment will have the meaning assigned to such term in the Franchise Agreement.~~

~~**2. Dumpster Program.**~~

~~(a) Franchisee acknowledges, agrees, represents, warrants and covenants that Franchisee:~~

~~(i) has been fully compliant with the Franchise Agreement throughout its term;~~

~~(ii) has operated its Franchised Business for at least six months;~~

~~(iii) has achieved the market penetration rates specified in the Operations Manual or Franchisor's other written communications;~~

~~(iv) will continue to comply, throughout the term of the Franchise Agreement, with the Eligibility Requirements;~~

~~(v) has purchased (or will purchase prior to the Start Date) and will maintain at least seven dumpsters meeting Franchisor's specifications from a vendor approved or designated by Franchisor;~~

~~(vi) has purchased (or will purchase prior to the Start Date) and will maintain at least one additional vehicle that meets Franchisor's specifications and is capable of handling dumpsters;~~

~~(vii) has complied and will continue to comply with any other specifications or standards related to the Dumpster Services specified by Franchisor from time to time in the Operations Manual or other written directives;~~

~~(viii) has paid the initial dumpster services fee outlined in Schedule 1;~~

~~(ix) acknowledges that the initial investment to purchase the required dumpsters and vehicles is estimated to be between approximately $145,000 and $155,000 but may vary based on market prices offered by vendors (the "Dumpster Program Initial Investment");~~

~~(x) has investigated all applicable laws and regulations related to transportation, placement, and use of dumpsters, as well as disposal of their contents and will comply with~~

~~all such laws and regulations in connection with its offer and provision of Dumpster Services; and~~

~~(ix) agrees to begin to offer Dumpster Services no later than the Start Date identified in Schedule 1.~~

~~(b) Subject to Franchisee's compliance with all of the terms and conditions of this Amendment, Franchisor hereby consents to Franchisee offering Dumpster Services in the Territory. If Franchisee fails to comply with any of the provisions of this Amendment, Franchisor reserves the right to revoke its consent and (i) grant the rights to provide Dumpster Services in the Territory to another third party; and/or (ii) charge Franchisee an increased initial dumpster services fee for the right to continue to offer Dumpster Services in the Territory.~~

~~(c) Franchisee acknowledges that Franchisor may terminate Franchisee's right to offer the Dumpster Services as defined under the Dumpster Service Termination in Section 5.R of the Franchise Agreement. If a Dumpster Service Termination occurs, (x) Franchisee will lose its right to offer Dumpster Services in the Territory, (y) Franchisor or its affiliates will have the right to offer and provide, or license others to offer and provide, Dumpster Services in the Territory using the Marks and the System (or any other marks or system), and (z) Franchisee must promptly de-identify and change the color scheme of the dumpsters and related vehicle and dispose of such assets in accordance with Franchisor's instructions.~~

~~**3. Loan**. If Franchisee qualifies for, and Franchisor agrees to, loan Franchisee funds for the Dumpster Program Initial Investment for the purchase of that certain equipment (the "**Equipment**"), then upon the execution of this Amendment and the Loan Documents (as defined below) and Franchisee's compliance with the terms required to occur therein in connection with execution, Franchisor will make the loan to Franchisee to provide financing for the Dumpster Program Initial Investment for the amount set forth in Schedule 1 (the "**Equipment Loan**"). The proceeds from the Equipment Loan must only be used by Franchisee to purchase the equipment necessary to operate the Dumpster Program. The Equipment Loan will be evidenced by the promissory note in the form attached to the Franchise Disclosure Document as Exhibit M-2 (the "**Equipment Note**") and secured by the security agreement in the form attached to the Franchise Disclosure Document as Exhibit M-2 (the "**Equipment Security Agreement**", and together with the Equipment Note, the "**Loan Documents**"). Franchisee shall ensure that: (a) title to the Equipment will be solely vested in Franchisee, free of all liens and encumbrances; and (b) the Equipment will remain in good condition and repair and of good workmanship and materials, all as determined by Franchisor in its sole discretion. Franchisee will promptly give written notice to Franchisor of any loss or damage by fire or other casualty to any substantial part of the Equipment.~~

~~**4. General Release.** In order to induce Franchisor to enter into this Agreement, Franchisee and Owners, each on behalf of himself/herself/itself, and as applicable, each of its present and past affiliates and his/her/its present and past owners, investors, guarantors, shareholders, members, directors, officers, employees, contractors, agents, and legal representatives, and the predecessors, successors, heirs, executors, administrators, and assigns of the foregoing in their corporate and individual capacities (collectively, "**Releasors**"), freely and without any influence, forever release and covenant not to sue Franchisor, and its past, present, and future direct or indirect parent organizations, subsidiaries, divisions, affiliated entities and its and their shareholders, contractors, agents, legal representatives, owners, members, partners, officers, directors, trustees, administrators, fiduciaries, employment benefit plans and/or pension plans or funds, executors, attorneys, employees, insurers, reinsurers, and/or agents and their successors and assigns,~~

~~individually and in their official capacities (collectively, "**Releasees**"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "**Claims**"), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the Option Date, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances, Claims for contribution, indemnity and/or subrogation and Claims arising out of or relating to the Franchise Agreement and/or any other agreement between any Releasee and any Releasor ("**Related Agreement**"), the sale of franchises by any Releasee to any Releasor, the development and operation of a Franchised Business by any Releasor and/or Releasees' performance of their obligations under the Franchise Agreement and/or any Related Agreement.~~

~~Franchisee and Owners (on behalf of Releasors) agree that fair consideration has been given by Franchisor for this release and fully understand that this is a negotiated, complete and final release of all of Releasors' claims. Franchisee and Owners (on behalf of Releasors) understand that each may later discover Claims or facts that may be different from, or in addition to, those that they now know or believe to exist regarding the subject matter of the release contained in this Section, and which, if known at the time of signing this Termination Agreement, may have materially affected this Termination Agreement and such Party's decision to enter into it and grant the release contained in this Section. Nevertheless, Franchisee and Owners (on behalf of Releasors) intend to fully, finally, and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts.~~

~~Franchisee and Owners (on behalf of Releasors) have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("**Section 1542**"), which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT 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, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Franchisee and Owners (on behalf of Releasors) expressly, knowingly, and intentionally waive all rights, benefits, and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.~~

2. ~~**5. Miscellaneous**~~**Roll-In Services Gross Sales; Weekly Roll-In Services Gross Sales.**

~~**A. Cross-Default**. For the avoidance of doubt, a breach of this Amendment shall be deemed a default under the Franchise Agreement, and should this Amendment for any reason be terminated, Franchisor may, at its option, terminate the Franchise Agreement. If Franchisee, its owners, or any partnership, joint venture, or corporation in which one or more of Franchisee or its owners has a controlling interest, is a franchisee under another franchise agreement with Franchisor respecting another Junk King business, or if Franchisee and Franchisor have entered into any direct or indirect financing agreement, a default under such other franchise agreement, financing agreement or addendum (each, a "**Related Franchise Document**" and collectively, the "**Related Franchise Documents**") shall constitute a default under this Amendment and the Franchise Agreement, and should such other franchise agreement, financing agreement or addendum for any reason be terminated, Franchisor may, at its option, terminate this~~

~~Amendment, the Franchise Agreement and any Related Franchise Document. This Amendment automatically terminates upon the expiration or any earlier termination of the Franchise Agreement.~~

~~**B. Entire Agreement and Interpretation.** This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment. The terms of this Amendment form an integral part of the Franchise Agreement and hereby incorporated into and made a part of it. The Franchise Agreement will be amended only as provided in this Amendment. All other provisions of the Franchise Agreement will continue in full force and effect as set forth therein. In the event of a conflict between the terms contained in the Franchise Agreement and this Amendment, the terms and conditions of this Amendment will govern and control.~~

~~**C. Successors and Assigns.** This Amendment inures to the benefit of Franchisor and its successors and assigns and will be binding upon Franchisee and Owners, and their respective successors, permitted assigns and legal representatives.~~

~~**D. Dispute Resolution.** Any disputes arising under or in respect of this Amendment will be subject to and resolved in accordance with the dispute resolution provisions of the Franchise Agreement.~~

~~**E. Execution in Counterparts.** This Amendment may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement. This Amendment or any counterpart may be executed via facsimile or electronic transmission, and any such executed facsimile or electronic copy will be treated as an original.~~

A. The gross sales generated by the Roll-In Services during the last 12 months are: $_______________.

B. The average weekly gross sales generated by the Roll-In Services during the last 12 months are: $______________________ (annual Roll-In Services Gross Sales, divided by 52) (the "Roll-In Services Average Weekly Gross Sales").

3. **Assignment of Revenues and Customers; Definition of Gross Sales.**

A. You hereby assign or have caused your affiliate to assign (as applicable) to the Franchised Business (i) all gross sales arising from the operation of the Roll-In Services from and after the Effective Date, and (ii) the customers and/or accounts associated with the Roll-In Services.

B. Anything in the Agreement to the contrary notwithstanding, from and after the Effective Date, the definition of "Gross Sales" (as defined in the Agreement) shall apply to the operation of the Roll-In Services to the same extent as it applies to the operation of the Franchised Business and you shall pay License Fees and MAP Fees with respect to the Gross Sales arising from the operation of the Roll-In Services, as specified below and in the Data Sheet.

4. **License Fees.** Anything in the Agreement to the contrary notwithstanding, you shall pay License Fees with respect to the Roll-In Services in the amount equal to the greater of the applicable percentage of Gross Sales (applicable to the Roll-In Services) set forth on the Data Sheet and the applicable Minimum License Fee set forth on the Data Sheet.

5. **MAP Fees**. Anything in the Agreement to the contrary notwithstanding, you shall pay MAP Fees with respect to the Roll-In Services in the amount equal to the greater of the applicable percentage of Gross Sales (applicable to the Roll-In Services) set forth on the Data Sheet and the applicable Minimum MAP Fee set forth on the Data Sheet.

6. **Manner of Operation of Roll-In Services.** All provisions of the Agreement shall apply to the Roll-In Services and the accounts and customers associated with such services, including the insurance and covenants, to the same extent as they apply to the Franchised Business. For avoidance of doubt, except as specifically provided otherwise herein, for purposes of the Agreement, from and after the Effective Date, the Roll-In Services are included in the definition of the Franchised Business.

7. **Inspections; Audits.** If, after the date hereof, you (directly or through an affiliate) continue to operate the Existing Business, other than the Roll-In Services that become part of the Franchised Business (such remaining Existing Business, the "Separate Business"), you shall make and if applicable shall cause your affiliate to make the books and records (including all electronic records) for the Separate Business available to us for inspection and audit, upon reasonable prior notice, so that we may verify your compliance with the requirements of this Addendum. In addition, the provisions of Section 8.J of the Agreement regarding audits shall apply in all respects to the Separate Business, and we, in our reasonable business judgment, shall have the same rights to access (including remotely) and audit the books and records of the Separate Business, and to require payment for the audit if the audit reveals that you did not comply with the requirements of this Addendum, in addition to any other remedies available to us hereunder or under the law.

8. **Franchisee's Representations and Warranties.** You hereby represent and warrant to us that you have all necessary power and authority to execute this Addendum, to bind the Existing Business to the terms hereof and to perform and comply with all of your obligations hereunder. There is no agreement or understanding (and you will not permit any such agreement or understanding to be entered into during the term of this Addendum) with respect to the Existing Business or the Roll-In Services that would conflict with the terms of this Addendum.

9. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

< SIGNATURES APPEAR ON THE NEXT PAGE >

IN WITNESS WHEREOF, the parties have executed this ~~Amendment~~Addendum as of the ~~Amendment~~ Effective Date.

FRANCHISEE:

____
___________________, individually

____
Date

FRANCHISOR:

JUNK KING SPV LLC
A Delaware Limited Liability Company

BY: ______________________________________
David Flax, President

____
Date

~~**SCHEDULE 1**~~

~~**1.** Amendment Effective Date: ____.~~

~~**2.** Franchisee: ____________.~~

~~**3.** Franchise Agreement date: _____________________~~

~~**4.** Date by which Franchisee must begin offering Dumpster Services (the "Start Date"): ____________________~~

~~**5.** Initial Dumpster Services Fee (if any): $________________.~~

~~**6.** Financing:~~ ~~YES~~ ☐ ~~NO~~ ☐

~~1. Amount Financed: $________________.~~

Schedule I to the Franchise Agreement

~~ADDENDUM TO JUNK KING FRANCHISE AGREEMENTS~~
~~(SEGMENTATION~~EXCLUDED SERVICES ADDENDUM~~)~~

This ~~Addendum (~~**EXCLUDED SERVICES ADDENDUM** (the "Addendum") is ~~made and~~ entered into ~~as of~~ ______________________________, ~~("**Addendum Effective Date**")~~ by and between **JUNK KING SPV LLC**, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor~~," "**we**," or "**us**~~"), and ____________________, individually, having an address of ______________________________ ("Franchisee~~," "**you**," or "**your**~~").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") for the operation by Franchisee of the Business (the "Franchised Business") (Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement);

WHEREAS, Franchisee or its affiliate (as applicable) currently operates an Existing Business (as defined below) which offers Excluded Services (as defined below) that are related to but distinguishable from the services provided by the Franchised Business under the Agreement; and

~~RECITALS~~

WHEREAS, Franchisor has agreed that, subject to Franchisee's and, if applicable, its affiliate's continuing compliance with the conditions set forth in this Addendum, the continued operation of the Excluded Services by the Existing Business shall not be deemed to be a violation of Section 9.D of the Agreement (Noncompetition Covenants), and the gross sales attributable to such Excluded Services shall not be included as "Gross Sales" under the Agreement.

~~We and you are parties to a Franchise Agreement dated ____________________ ("**Franchise Agreement**") pursuant to which you are authorized to own and operate a Junk King® junk removal business in the territory identified in Schedule A to the Franchise Agreement ("**Original Territory**").~~

~~You have requested, and we have agreed, to permit you to segment the Original Territory into two smaller territories (each, a "**Revised Territory**") and execute a second franchise agreement of even date herewith (the "**Second Franchise Agreement**") to govern the operation of a second franchised business in the segmented portion of the Original Territory (the "**Second Territory**").~~

~~We and you are entering into this Addendum to memorialize the changes to the Franchise Agreement and the Second Franchise Agreement.~~

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

1. **Identification of Existing Business.** The name of the Existing Business authorized pursuant to this Addendum is: ________________________, a __________________________ located at ____ ("Existing Business"), and the Excluded Services performed by the Existing Business are: _____________ ("Excluded Services").

2. **Authorization of Excluded Services Offered by the Existing Business.** Anything in the Agreement to the contrary notwithstanding, the continued offer of the Excluded Services by the Existing Business shall not be deemed to be a violation of Section 9.D of the Agreement (Noncompetition

Covenants) and the gross sales of such Excluded Services shall not be deemed to be "Gross Sales" under the Agreement; provided, that the conditions set forth in subparagraphs 2(a)-(d) below are satisfied as of the date of this Addendum and throughout the term of the Agreement (including any extensions or renewals thereof):

A. the operation of such Existing Business does not interfere with Franchisee's operation of the Franchised Business;

B. the Existing Business does not utilize Franchisor's Marks, System or Confidential Information;

C. the Existing Business offers only the Excluded Services identified herein and does not offer the services offered by the Franchised Business or services that otherwise compete with the Franchised Business; and

D. the Franchised Business and the Existing Business maintain separate books and records.

3. **Effect of Failure to Comply with Conditions.** If Franchisee or its affiliate (as applicable) at any time fails to satisfy any of the conditions set forth in subparagraphs 2.(a)-(d) of this Addendum, then the continued operation of the Existing Business shall be deemed to be a violation of Section 9.D of the Agreement (Noncompetition Covenants). In that event Franchisor may terminate the Agreement immediately if Franchisee fails (or fails to cause its affiliate) to cure the breach within a reasonable period of time, not to exceed ten (10) calendar days following written notice from Franchisor (provided however that a breach of clause 2(b) shall not be subject to a cure opportunity). Upon any termination of the Agreement pursuant to this provision, Franchisor shall be entitled to any and all legal and equitable remedies available under the Agreement and applicable law, including, without limitation, the collection, as liquidated damages and not as a penalty, of an amount equal to the License Fees provided in the Agreement with respect to all Gross Sales of the Existing Business for all periods during which the breach is continuing or, if such period cannot be ascertained with certainty, during all periods during which this Addendum has been in effect. This provision shall survive any transfer, expiration, termination or non-renewal of the Agreement or the Franchised Business for the time period set forth in Section 9.D.3 of the Agreement.

4. **Inspections; Audits.** Franchisee shall make and if applicable shall cause its affiliate to make the books and records (including all electronic records, tax returns and personal tax returns) for the Existing Business available to Franchisor for inspection and audit, upon reasonable prior notice, so that Franchisor may verify Franchisee's compliance with the requirements of this Addendum, including the requirements in subparagraph 2(d) above. In addition, the provisions of Section 8.J of the Agreement regarding audits shall apply in all respects to the Existing Business and Franchisor shall have the same rights to access (including remotely) and audit the books and records of the Existing Business, and to require payment for the audit if the audit reveals that Franchisee did not comply with the requirements of this Addendum, in addition to any other remedies available to Franchisor hereunder or under the law.

5. **Franchisee's Representations and Warranties.** Franchisee hereby represents and warrants to Franchisor that it has all necessary power and authority to execute this Addendum, to bind the Existing Business to the terms hereof and to perform and comply with all of its obligations hereunder. There is no agreement or understanding (and Franchisee will not permit any such agreement or understanding to be entered into during the term of this Addendum) with respect to the Existing Business that would conflict with the terms of this Addendum.

6. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. Except as specifically provided in this Addendum, the Agreement remains fully effective in all respects in accordance with its terms, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

7. **No Restriction on In-Term and Post-Term Covenants.** Except as specifically stated in this Addendum, nothing in the Agreement or this Addendum or in the terms used herein shall be construed in any way to limit or restrict the application of the provisions of Section 9.D of the Agreement as it relates to the Existing Business or any other business Franchisee or any of its affiliates may engage in.

< SIGNATURES APPEAR ON THE NEXT PAGE >

~~**1. Incorporation of Recitals.** You acknowledge and agree that the recitals above are true and correct and are incorporated into this Addendum for all purposes.~~

~~**2. Amendment to the Franchise Agreement**. The Original Territory described in the Franchise Agreement is hereby deleted in its entirety and is replaced with the Revised Territory listed as Territory in attached Exhibit 1.~~

~~**3. Amendment to the Second Franchise Agreement**. As is outlined in Schedule A to the Second Franchise Agreement, Franchisor hereby waives Franchisee's obligation to pay an initial franchise fee in connection with the execution of the Second Franchise Agreement for the Second Territory. The Second Territory is described in Schedule A to the Second Franchise Agreement.~~

~~**4. General Release**. In order to induce Franchisor to agree to segment the Territory, Franchisee, on behalf of himself, and as applicable, each of his present and past affiliates and his/her/its present and past owners, investors, guarantors, shareholders, members, directors, officers, employees, contractors, agents, and legal representatives, and the predecessors, successors, heirs, executors, administrators, and assigns of the foregoing in their corporate and individual capacities (collectively, "Releasors"), freely and without any influence, forever release and covenant not to sue Franchisor, and its past, present, and future direct or indirect parent organizations, subsidiaries, divisions, affiliated entities and its and their shareholders, contractors, agents, legal representatives, owners, members, partners, officers, directors, trustees, administrators, fiduciaries, employment benefit plans and/or pension plans or funds, executors, attorneys, employees, insurers, reinsurers, and/or agents and their successors and assigns, individually and in their official capacities (collectively, "Releasees"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Claims"), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the Addendum Effective Date, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances, Claims for contribution, indemnity and/or subrogation and Claims arising out of or relating to the Franchise Agreement and/or any or any other agreement between any Releasee and any Releasor ("Related Agreement"), the sale of franchises by any Releasee to any Releasor, the development and operation of a Franchised Business by any Releasor and/or Releasees' performance of their obligations under the Franchise Agreement and/or any Related Agreement.~~

~~For avoidance of doubt, the foregoing release does not apply to any claims alleging a violation of any franchise laws in connection with Franchisor's offer and sale of the franchise under the Second Franchise Agreement.~~

~~Franchisee (on behalf of Releasors) agrees that fair consideration has been given by Franchisor for this release and fully understands that this is a negotiated, complete and final release of all of Releasors' claims. Franchisee (on behalf of Releasors) also expressly agrees that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived. That Section reads as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."~~

~~**5. Miscellaneous.**~~

~~**A. Capitalized Terms.** Any capitalized term that is not defined in this Addendum will have the meaning given it in the Franchise Agreement, as the context requires.~~

~~**B. Captions.** All captions in this Addendum are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Addendum.~~

~~**C. Counterparts and Signatures.** This Addendum may be executed in counterparts, and each copy so executed and delivered will be deemed to be an original. This Addendum may be signed using electronic signatures, and such signatures will have full legal force and effect.~~

~~**D. Limited Modification, Amendment, Entire Agreement.** Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be changed only in a writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. This Addendum represents the entire agreement and understanding among the parties in relation to the subject matter of this Addendum. All other agreements, writings or oral representations are hereby deemed merged into the terms of this Addendum.~~

~~**E. Acknowledgment and Confidentiality.** You agree and acknowledge that you have requested the benefit of the revisions and amended terms of the Franchise Agreement contained in this Addendum. The parties acknowledge that disclosure of the terms of this Addendum would cause irreparable harm to us and that a material term of this Addendum and the consideration therefor is that the terms of this Addendum shall be held in the strictest confidence. You shall maintain the confidentiality of this Addendum and shall not disclose the terms contained herein to any person or persons except your professional advisors for legitimate business purposes, or otherwise as required by law. This confidentiality specifically extends to any prospective or current franchisees of us that might contact you.~~

~~**F. Negotiated Changes.** After negotiations, you and we have agreed to certain modifications to the Franchise Agreement at your request and for your benefit. This Addendum contains the agreements between you and us based on those negotiations.~~

~~**G. Transfers and Assignment.** Your rights granted under this Addendum are personal to you and may not be transferred or assigned under any circumstances, and any attempt to do so will render it void, although the remainder of the Franchise Agreement will remain in effect and the changes in this Addendum will no longer apply.~~

~~**IN WITNESS WHEREOF**, the parties have duly executed, sealed and delivered this Addendum on the Addendum Effective Date.~~

FRANCHISEE:

____
____________________, individually

____
Date

FRANCHISOR:

JUNK KING SPV LLC
A Delaware Limited Liability Company

BY: ___________________________________
David Flax, President

____
Date

~~EXHIBIT 1~~

~~Attachment A to Schedule A~~

~~To~~

~~Franchise Agreement~~

~~Description of Territory~~

~~The Territory, which is reflected in the map below, consists of the zip codes listed below (the geographic area within such zip codes as of the Effective Date):~~

~~Zip codes within the Territory:~~

Schedule J to the Franchise Agreement

STATE ADDENDUM

EXHIBIT B

AGENCIES/AGENTS
FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	California Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll-free (866-275-2677)	Commissioner of Department of Financial Protection & Innovation
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities
ILLINOIS	Franchise Division Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg. 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651)-539-1600	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005-1495 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor State Capitol, Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9500 x5	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division ~~150 Israel Rd S.W.~~ PO Box 41200 ~~Tumwater~~Olympia, WA ~~98501~~ 98504-1200~~(360) 902-8760~~	Director of Washington Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Wisconsin Commissioner of Securities
OTHER STATES	N/A	Grayson Brown 1010 N. University Parks Drive Waco, TX 76707

EXHIBIT C

FINANCIAL STATEMENTS

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements

As of December 31, 2024 and 2023 and
for the years ended December 31, 2024 and 2023

Contents

Ernst & Young LLP
One Victory Park
Suite 2000
2323 Victory Avenue
Dallas, TX 75219

Tel: +1 214 969 8000
Fax: +1 214 969 8587
ey.com

Report of Independent Auditors

To the Board of Directors and Stockholders of
Neighborly Assetco LLC and Subsidiaries

Opinion

We have audited the combined financial statements of Neighborly Assetco LLC and subsidiaries (the Company), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations and comprehensive income, changes in member's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

Dallas, Texas
March 31, 2025

Neighborly Assetco LLC and Subsidiaries

Combined Balance Sheets
($000's)

As of December 31,		2024		2023
Assets				
Current assets				
Cash	**$**	**2,499**	$	3,171
Restricted Cash		**4,037**		1,566
Trade accounts receivable - net		**24,255**		23,826
Trade notes receivable, current portion – net		**7,445**		9,530
Inventories		**1,783**		989
Prepaid selling expenses, current		**7,940**		6,935
Other current assets		**3,321**		2,597
Total current assets		**51,280**		48,614
Property and equipment – net		**16,721**		18,779
Prepaid selling expenses, less current portion		**51,495**		42,479
Trade notes receivable, less current portion - net		**13,332**		15,221
Intangible assets - net		**1,251,674**		1,341,184
Goodwill		**1,731,288**		1,732,653
Total assets	**$**	**3,115,790**	**$**	3,198,930
Liabilities and Member's Equity				
Current liabilities				
Accrued liabilities	**$**	**2,998**	$	3,908
Deferred revenue, current		**14,745**		13,631
Total current liabilities		**17,743**		17,539
Deferred Revenue, less current portion		**70,787**		70,176
Contingencies (Note 9)				
Member's Equity				
Additional paid-in equity	**$**	**2,531,790**	$	2,780,580
Accumulated earnings		**494,774**		335,404
Accumulated other comprehensive income/(loss)		**696**		(4,769)
Total Member's Equity		**3,027,260**		3,111,215
Total liabilities and member's equity	**$**	**3,115,790**	$	3,198,930

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Operations and Comprehensive Income
($000's)

For the years ended December 31,		2024	2023
Revenues and income			
Franchise service fees	$	180,984	169,842
Synthetic royalties and master license fees		28,242	28,705
Franchise sales fees		33,680	36,783
Sales of products and services		140,458	143,807
Advertising and promotional fund revenue		47,800	42,404
Other revenue		30,502	30,338
Total revenues and income		461,666	451,879
Cost of Sales			
Products and services		72,612	68,752
Gross Profit		389,054	383,127
Selling expense		15,364	6,939
General and administrative expense		17,967	18,705
Advertising and promotional fund expense		49,981	47,365
Depreciation and amortization		95,532	97,290
Management expenses		47,126	44,075
Bad debt expense		3,714	2,283
Net income	$	159,370	166,470
Other comprehensive income			
Foreign currency translation adjustment		5,465	18,104
Comprehensive income	$	164,835	184,574

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Changes in Member's Equity
($000's)

	Member's Equity
Balance – December 31, 2022	**$ 3,090,123**
Adoption of accounting principle	506
Equity contribution	101,756
Distributions	(265,744)
Net income	166,470
Foreign currency translation adjustment	18,104
Balance – December 31, 2023	**$ 3,111,215**
Distributions	(248,790)
Net income	159,370
Foreign currency translation adjustment	5,465
Balance – December 31, 2024	**$ 3,027,260**

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Cash Flows
($000's)

For the years ended December 31,		2024		2023
Operating activities				
Net income	$	159,370	$	166,470
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		95,532		97,290
Bad debt expense		3,714		2,283
Trade notes issued		(14,803)		(15,050)
Collections of notes receivable		17,158		16,293
Changes in assets and liabilities:				
Trade accounts receivable		(2,524)		(464)
Inventories		(794)		883
Prepaid selling expenses and other assets		(3,646)		(11,464)
Accrued liabilities		(1,361)		198
Deferred revenue		1,725		11,195
Net cash provided by operating activities		254,371		267,634
Investing activities				
Purchase of equipment and other assets		(3,782)		(2,893)
Net cash used in investing activities		(3,782)		(2,893)
Financing activities				
Distributions paid		(248,790)		(265,744)
Net cash used in financing activities		(248,790)		(265,744)
Net increase (decrease) in cash and restricted cash		1,799		(1,003)
Cash and restricted cash - Beginning of period		4,737		5,740
Cash and restricted cash - End of period	$	6,536	$	4,737
Supplemental cash flow disclosures:				
Non-cash contribution of equity	$	-	$	101,756

See accompanying notes to combined financial statements.

1. Description of Business and Significant Accounting Policies

Organization and Description of Business

Neighborly Assetco LLC ("we", "our" and the "Company") is an infinite-lived single-member special purpose Delaware limited liability company and was organized on November 13, 2020, with no operations until March 25, 2021. The Company is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly Company (the "Manager"). All of the issued and outstanding limited liability company interests of the Company are directly owned by the Issuer, upon an initial $1.00 capital contribution. The Company is a bankruptcy remote entity that owns substantially all of the US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the United Kingdom (the "UK") tradenames of the Manager. The Company conducts transactions with affiliated parties under common control, and as such, results of operations may not be indicative of operations on a stand-alone basis, without those transactions with related parties. The Company has no employees and relies on the Manager for continued operations.

As of March 25, 2021 the Company's subsidiaries were comprised of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, and Precision Door Service SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Back Office SPV LLC and G-O Manufacturing SPV LLC (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of the Company.

In June 2021, assets of Neighborly Services Solutions SPV LLC, a Non-Franchisor SPV entity, were contributed to the Company.

In January 2022, assets of Zorware SPV LLC, NBLY Co Ops CO SPV LLC, and Trench Right SPV LLC were contributed to the Company and intangible assets were acquired by Pimlico SPV Limited, all Non-Franchisor entities. In March 2022, additional assets of NBLY Co Ops CO SPV LLC as well as assets of NBLY Co Ops AZ SPV, both Non-Franchisor entities, were contributed to the Company. In December 2022, intangible assets of Greensleeves Limited were contributed to the Company.

In January 2023, assets of NBLY Co Ops IN SPV LLC, NBLY Logistics SPV LLC, Lawn Pride SPV LLC, and Junk King SPV LLC, were contributed to the Company.

The Company holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

The Company was formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 (see Note 2). On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the SPV Guarantor, the Issuer, the Company and its subsidiaries (the "Securitization Entities"), substantially all of its US intellectual property, including tradenames (the "Securitization IP"), franchise agreements, national account relationships and systems-in-place and the UK tradenames (collectively, the "Securitization Assets"). The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

On March 25, 2021, the Securitization Entities entered into the management agreement (the "Management Agreement") with the Manager to perform certain services on behalf of the Securitization Entities, including, among other things, collecting franchisee payments, managing the operations on behalf of the Securitization Entities, and performing certain franchising, marketing, and operational and reporting services, as well as managing the intangible assets on behalf of the Securitization Entities. In exchange for providing such services, the Manager will be entitled to receive certain management fees on a weekly basis.

Basis of Presentation

The accompanying combined financial statements as of December 31, 2024 and December 31, 2023 include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE, which is the Company and its subsidiaries.

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly Company, the Manager, is the primary beneficiary, having both power and benefits, of the Securitization Entities. Accordingly, consolidation of the Company and its subsidiaries (including the SPV Franchisors and the Non-franchisor SPVs) is precluded, and as a result, combined financial statements are presented. All intercompany transactions have been eliminated.

Acquisition of the Manager

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly Company, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Use of Estimates

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

Income Taxes

The Company is a single-member limited liability company for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the Manager. As such, no recognition of federal or state income taxes will be provided for in the financial statements of the Company.

Revenue Recognition

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Synthetic royalties and master license fees from affiliated entities resulting from their use of the Company's intellectual property;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The respective franchisor's obligations under franchise agreements consist of providing a license of the applicable brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated, and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described below. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to the applicable franchisor's performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to the franchise owners to maintain the intellectual property being licensed.

The right to collect marketing, advertising, and promotional ("MAP") fees and the obligation to maintain the MAP fund is assigned to the Manager by each SPV Franchisor, and the performance obligation and fulfillment thereof resides with the Manager. The Manager's obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual businesses. We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Combined Statements of Operations and Comprehensive Income. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from contracts with customers.

($000's)

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Synthetic royalties from affiliated entities represent sales-based royalties that are related entirely to our performance obligation under intellectual property license agreements with affiliated entities and are recognized in the period in which the sales occur. These sales-based royalties are variable consideration related to our performance obligations to affiliated entities to maintain the intellectual property being licensed.

Master license and services fees from affiliated entities represent variable consideration in a series for which our performance obligation is satisfied over time, as our intellectual property is simultaneously accessed and benefits thereof consumed by affiliated entities.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being amortized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties, synthetic royalties, license fees and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,	**2024**	2023
Balance at beginning of period	$ **83,807**	$ 68,226
Fees received from franchise owners	**35,141**	47,447
Franchise sales revenue recognized	**(33,680)**	(36,783)
Contributed from Manager	**-**	4,386
Other deferred revenue recognized	**264**	531
Balance at end of period	**85,532**	83,807
Less: current portion	**14,745**	13,631
Deferred revenue, noncurrent	$ **70,787**	$ 70,176

($000's)

As of December 31, 2024, the deferred revenue expected to be recognized for each of the next five years, and in the aggregate, is as follows:

Years ending December 31,		
2025	$	14,745
2026		11,949
2027		11,701
2028		11,109
2029		9,829
Thereafter		26,199
	$	85,532

Direct, incremental selling expenses are reimbursed by the Company to the Manager. Such costs paid when the franchise agreement is executed are recorded as a contract asset by the Company and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Combined Balance Sheets. For the year ended December 31, 2024, $24,044 of costs were incurred and expense of $14,023 was recognized. For the year ended December 31, 2023, $23,590 of costs were incurred and expense of $6,181 was recognized. The ending asset for deferred contract costs as of December 31, 2024 was $59,435, of which $7,940 was current. The ending asset for deferred contract costs as of December 31, 2023 was $49,414, of which $6,935 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $12,013 and $13,353 for the years ended December 31, 2024 and 2023, respectively. Advertising expense is included in general and administrative expense in the accompanying Combined Statements of Operations and Comprehensive Income. This is separate from MAP fees which are presented on their own line in Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: machinery, equipment, and vehicles (5-10 years); and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the years ended December 31, 2024 and December 31, 2023.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance was measured as of September 1, 2021, resulting from the acquisition of the Manager and pushdown accounting election, based on the excess of consideration over the fair value of assets acquired.

The Company performed a qualitative assessment of its goodwill as of October 1, 2024 and concluded it is not more likely than not that the fair value of its reporting unit is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary. Management determined that there was no impairment of goodwill in the combined financial statements.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, developed technology, and domain name, and are stated at their acquisition-date fair value, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. The Company performed a qualitative assessment of its intangible assets and determined that no indicators of impairment were present for definite lived intangible assets.

Tradenames are amortized over their estimated useful life of 20 years, using the straight-line method. Franchise relationships and national accounts relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Software is amortized over its estimated useful life of 3 years, using the straight-line method.

Domain names are stated at their acquisition-date fair value, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1 in each of 2024 and 2023 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Fair Value of Financial Instruments and Non-Financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The trade names, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships and national account relationships were valued using the multi-period excess earnings method in the periods acquired. The future projections and estimates used for the valuations are considered Level 3 inputs.

Foreign Currency Translation

Combined entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in the UK Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Combined Statements of Operations and Comprehensive Income, primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

Cash consists of cash held on deposit. Restricted cash includes securitized cash held on deposit in Company accounts related to the Securitization Transaction.

Cash and restricted cash consists of the following:

As of December 31,		**2024**		**2023**
Cash	$	**2,499**	$	**3,171**
Restricted Cash:				
Whole business securitization		**4,037**		**1,566**
Total cash and restricted cash	$	**6,536**	$	**4,737**

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

2. Securitization Transactions

On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the Securitization Entities, substantially all of the US intellectual property, including tradenames, franchise agreements, national account relationships and systems-in-place and the UK tradenames. The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The Company received a cash capital contribution in January 2022 of $102,000 which the Company used to acquire $102,000 in intangible assets. Also in January 2022, the Company received a non-cash capital contribution of $13,456, consisting of $10,862 in property and equipment, $2,082 in intangible assets, and $512 in inventories. In March 2022, the Company received a non-cash contribution of $1,214, consisting of $1,169 in property and equipment and $45 in inventories. In December 2022, the Company received a non-cash contribution of $2,112 in intangible assets from the Manager.

In January 2023, the Company received a non-cash contribution of $101,756, consisting of $99,349 in intangible assets, $3,600 in accounts receivable, $2,241 in property and equipment, $280 in inventories, and an unearned revenue liability, net of prepaid selling expenses, of $3,714.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value as of the unaudited interim date. No gain or loss has been realized on the transactions.

The Issuer is dependent on the Company for sufficient cash flows from their securitized operations to service the Series 2021-1, Series 2022-1, and Series 2023-1 Senior Notes (see Note 3), remit management fees to the Manager, and pay certain other ongoing costs related to the Securitization Transaction.

3. Debt Guarantee

In conjunction with the Securitization Transaction, on March 25, 2021, the Issuer issued $800,000 Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2,000 and interest are paid quarterly. As of December 31, 2024 and 2023, $772,000 and $780,000, respectively, was outstanding on the Senior Notes.

On January 19, 2022, in connection with a second securitization, the Issuer, issued $410,000 Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1,030 and interest are paid quarterly. As of December 31, 2024 and 2023, respectively, $398,725 and $402,825, was outstanding on the Series 2022-1 Senior Notes.

($000's)

On February 3, 2023, in connection with a third securitization, the issuer, issued $275,000 Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687and interest are paid quarterly. As of December 31, 2024 and 2023 respectively, $270,188 and $272,938 was outstanding on the Series 2023-1 Senior Notes.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities, including the Company, each of which is a bankruptcy remote entity and which owned substantially all of the Manager's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Senior Notes and Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transaction requires, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2024 and 2023, the Issuer was in compliance with all debt-service coverage covenants.

4. Intangible Assets and Goodwill

On March 25, 2021, intangible assets were contributed to the Company, along with certain dates thereafter as discussed in Note 1. Each of the SPV Franchisors are wholly owned subsidiaries and there was no change in ultimate ownership. Accordingly, there has been no change in control and therefore the Company concluded that the guidance in ASC 805 Business Combinations was not applicable. Intangible assets were recorded at the carrying value from the contributing entities on the date of the contribution, as the entities are under common control. Upon the acquisition by KKR (see Note 1), and the Company's election to apply pushdown accounting, the intangible assets were recorded at their acquisition-date fair values.

Intangible assets as of December 31, 2024, consisted of the following:

	Useful Life		Gross Amount		Accumulated Amortization		Net Amount
Tradenames	20 years	$	968,277	$	156,717	$	811,560
Franchise relationships	15 years		552,020		121,954		430,066
National accounts	15 years		2,530		497		2,032
Customer relationships	5 years		12,400		5,787		6,613
Developed technology	3 years		720		631		89
Total definite-lived intangibles		$	1,535,947		285,586	$	1,250,360

($000's)

	Useful Life		Gross Amount		Accumulated Impairment		Net Amount
Domain name	Indefinite	$	1,314		-	$	1,314
Total indefinite-lived intangibles		$	1,314	$	-	$	1,314

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life		Gross Amount		Accumulated Amortization		Net Amount
Tradenames	20 years	$	968,512	$	107,087	$	861,425
Franchise relationships	15 years		551,918		85,051		466,867
National accounts	15 years		2,521		320		2,201
Customer relationships	5 years		11,573		2,480		9,093
Developed technology	3 years		702		418		284
Total definite-lived intangibles		$	1,535,226		195,356	$	1,339,870

	Useful Life		Gross Amount		Accumulated Impairment		Net Amount
Domain name	Indefinite	$	1,314		-	$	1,314
Total indefinite-lived intangibles		$	1,314	$	-	$	1,314

Amortization expense was $89,241 and $92,198 for the years ended December 31, 2024 and 2023, respectively.

Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,		
2025	$	87,927
2026		87,838
2027		87,011
2028		85,358
2029		85,358
Thereafter		816,868
	$	1,250,360

($000's)

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the Manager by KKR.

The changes in the carrying amount of goodwill are as follows:

Balance as of December 31, 2022	$	1,728,584
Adjustment to goodwill for unrealized gain/loss on foreign currency		4,069
Balance as of December 31, 2023	$	**1,732,653**
Adjustment to goodwill for unrealized gain/loss on foreign currency		(1,365)
Balance as of December 31, 2024	**$**	**1,731,288**

5. Member's Equity

Neighborly Assetco LLC ("the Limited Liability Company") was formed pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act").

The Limited Liability Company is governed by a Limited Liability Company Agreement in which management of the Company is vested in the member ("the Member"), the Manager, who has all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware. The Member has the authority to bind the Company.

The Member may appoint officers of the Company and may revoke delegated authorities and duties at any time by the Member.

The Limited Liability Company is capitalized with a single membership unit with a $1 per unit par value.

Pursuant to the Management Agreement, excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager, as discussed in Note 8. The Member's equity is the residual of equity contributions from the Manager and income earned from operations, less distributions to the Issuer and Manager.

The Company shall dissolve, and its affairs be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the retirement, resignation or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2024 and 2023, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years. Initial trade notes receivable for the respective SPV Franchisors were contributed to the Company as of March 31, 2021 by the Manager and subsequently at various dates thereafter. As the contribution was between entities under common control, the notes receivable transferred were recorded at their historical cost basis in the financial records of the Manager.

($000's)

A summary of trade notes receivable as of December 31 is as follows:

		2024		2023
Amounts due within one year, net of allowance for credit losses of $167 and $89 as of December 31, 2024 and 2023, respectively	**$**	**7,445**	**$**	**9,530**
Amounts due after one year, net of allowance for credit losses of $299 and $474 as of December 31, 2024 and 2023, respectively		**13,332**		**15,221**
Total trade notes receivable, net	**$**	**20,777**	**$**	**24,751**

An analysis of the changes in trade notes receivable is as follows:

For the years ended December 31,		**2024**		2023
Balance at beginning of period	**$**	**25,314**	$	26,275
Notes receivable, contributed, net		**-**		1,652
Principal payments received		**(17,158)**		(16,293)
Notes issued		**14,803**		15,050
Net write-offs		**(1,727)**		(1,370)
Other		**10**		-
Gross trade notes receivable, at end of period		**21,242**		25,314
Allowance for credit losses		**(465)**		(563)
Net trade notes receivable, at end of period	**$**	**20,777**	$	24,751

($000's)

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ended December 31,		**2024**		2023
Allowance, beginning of period	**$**	**563**	$	545
Provisions for bad debts		**1,630**		1,382
Net write-offs		**(1,727)**		(1,364)
Allowance, end of period	**$**	**465**	$	563

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,		
2025	$	7,612
2026		3,999
2027		2,820
2028		2,907
2029		1,980
Thereafter		1,924
	$	21,242

($000's)

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2024	2023
Machinery and equipment	$ **8,448**	$ 6,303
Software	**11,172**	11,035
Vehicles	**10,479**	9,614
Total property and equipment	**30,099**	26,952
Less accumulated depreciation	**(13,378)**	(8,173)
Property and equipment – net	$ **16,721**	$ 18,779

Depreciation expense was $6,291 and $5,092 for the years ended December 31, 2024 and 2023, respectively.

8. Related Party Transactions

The Company has material ongoing transactions with the Manager and other direct and indirect subsidiaries of the Manager.

Related parties, some of which are outside the United States, pay the Company, or its subsidiaries, a synthetic royalty or license fee for access to and use of their intellectual property, none of which are denominated in a foreign currency. Synthetic royalties and master license fees from affiliated entities were $28,241 and $28,705 for the years ended December 31, 2024 and 2023, respectively.

As discussed in Note 2, the Securitized Entities entered into the Management Agreement with the Manager to perform certain services on behalf of the Securitized Entities. In exchange for the services, the Securitized Entities pay a management fee for each 12-month period equal to the sum of (i) an annual base management fee of $8,000, plus (ii) a fee of $12.425 for every $100 of aggregate total securitization revenues in the form of collections for the applicable period.

The Company incurred management fees of $47,126 and $44,075 for the years ending December 31, 2024 and 2023, respectively.

Costs of products and services as well as advertising and promotion fund expenses are reimbursed by the Company to the Manager.

Excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager. Distributions were $248,790 and $265,744 for the years ended December 31, 2024 and 2023, respectively.

9. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2024 and 2023.

Management believes that the outcome of such matters will not have a material effect on the Company's combined financial statements.

10. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through March 31, 2025, which was the date the Company's financial statements were available to be issued.

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements

As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements

As of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022

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Report of Independent Auditors

To the Board of Directors and Members of
Neighborly Assetco LLC and Subsidiaries

Opinion

We have audited the combined financial statements of Neighborly Assetco LLC and subsidiaries (the Company), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations and comprehensive income, changes in member's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Restatement of 2022 Financial Statements

As discussed in Note 1 to the financial statements, the 2022 financial statements have been restated to correct a misstatement in the loss recorded on the impairment of goodwill. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 the Company's ability to continue as a going concern for 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

Dallas, Texas
April 1, 2024

Combined Financial Statements

Neighborly Assetco LLC and Subsidiaries

Combined Balance Sheets
($000's)

As of December 31,		**2023**		(Restated) 2022
Assets				
Current assets				
Cash	$	**3,171**	$	2,381
Restricted Cash		**1,566**		3,359
Trade accounts receivable - net		**23,826**		21,803
Trade notes receivable, current portion – net		**9,530**		7,846
Inventories		**989**		1,592
Prepaid selling expenses, current		**6,935**		4,449
Other current assets		**2,597**		1,644
Total current assets		**48,614**		43,074
Property and equipment - net		**18,779**		18,279
Prepaid selling expenses, less current portion		**42,479**		27,556
Trade notes receivable, less current portion - net		**15,221**		17,884
Intangible assets - net		**1,341,184**		1,326,225
Goodwill		**1,732,653**		1,728,584
Total assets	**$**	**3,198,931**	**$**	3,161,602
Liabilities and Member's Equity				
Current liabilities				
Accrued liabilities	**$**	**3,908**	$	3,253
Deferred revenue, current		**13,631**		10,604
Total current liabilities		**17,539**		13,857
Deferred Revenue, less current portion		**70,176**		57,622
Contingencies (Note 9)				
Member's Equity				
Additional paid-in equity	**$**	**2,780,580**	$	2,944,568
Accumulated earnings		**335,404**		168,428
Accumulated other comprehensive income/(loss)		**(4,769)**		(22,873)
Total Member's Equity		**3,111,215**		3,090,123
Total liabilities and member's equity	**$**	**3,198,931**	$	3,161,602

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Operations and Comprehensive Income
($000's)

For the years ended December 31,		2023	(Restated) 2022
Revenues and income			
Franchise service fees	$	**169,842**	152,248
Synthetic royalties and master license fees		**28,705**	22,879
Franchise sales fees		**36,783**	13,642
Sales of products and services		**143,807**	123,984
Advertising and promotional fund revenue		**42,404**	39,184
Other revenue		**30,338**	32,014
Total revenues and income		**451,879**	383,951
Cost of Sales			
Products and services		**68,752**	62,493
Gross Profit		**383,127**	321,458
Selling expense		**6,939**	8,274
General and administrative expense		**18,705**	9,033
Advertising and promotional fund expense		**47,365**	42,987
Depreciation and amortization		**97,290**	82,921
Management expenses		**44,075**	37,264
Bad debt expense		**2,283**	2,035
Net income	$	**166,470**	138,944
Other comprehensive income/(loss)			
Foreign currency translation adjustment		**18,104**	(22,873)
Comprehensive income	$	**184,574**	116,071

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Changes in Member's Equity
($000's)

	Member's Equity
Balance - December 31, 2021	**$ 3,060,380**
Equity contribution	116,670
Distributions	(202,999)
Net income	138,944
Foreign currency translation adjustment	(22,873)
Balance – December 31, 2022 (Restated)	**$ 3,090,123**
Adoption of accounting principle	506
Equity contribution	101,756
Distributions	(265,744)
Net income	166,470
Foreign currency translation adjustment	18,104
Balance – December 31, 2023	**$ 3,111,215**

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Cash Flows
($000's)

For the years ended December 31,		2023	(Restated) 2022
Operating activities			
Net income	$	**166,470**	$ 138,944
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		**97,290**	82,921
Bad debt expense		**2,283**	2,035
Notes received		**(15,050)**	(12,808)
Collections of notes receivable		**16,293**	13,699
Changes in assets and liabilities:			
Trade accounts receivable		**(464)**	(8,183)
Inventories		**883**	(1,035)
Prepaid selling expenses and other assets		**(11,464)**	(9,491)
Accrued liabilities		**198**	338
Deferred revenue		**11,195**	5,832
Net cash provided by operating activities		**267,634**	212,253
Investing activities			
Purchase of equipment and other assets		**(2,893)**	(7,904)
Purchase of intellectual property		**-**	(104,112)
Net cash used in investing activities		**(2,893)**	(112,016)
Financing activities			
Equity contribution		**-**	102,000
Distributions paid		**(265,744)**	(202,999)
Net cash used in financing activities		**(265,744)**	(100,999)
Net decrease in cash and restricted cash		**(1,003)**	(762)
Cash and restricted cash - Beginning of period		**5,740**	6,502
Cash and restricted cash - End of period	$	**4,737**	$ 5,740
Supplemental cash flow disclosures:			
Non-cash contribution of equity	$	**101,756**	$ 14,670

See accompanying notes to combined financial statements.

1. Description of Business and Significant Accounting Policies

Organization and Description of Business

Neighborly Assetco LLC ("we", "our" and the "Company") is an infinite-lived single-member special purpose Delaware limited liability company and was organized on November 13, 2020, with no operations until March 25, 2021. The Company is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly Company (the "Manager"). All of the issued and outstanding limited liability company interests of the Company are directly owned by the Issuer, upon an initial $1.00 capital contribution. The Company is a bankruptcy remote entity that owns substantially all of the US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the United Kingdom (the "UK") tradenames of the Manager. The Company conducts transactions with affiliated parties under common control, and as such, results of operations may not be indicative of operations on a stand-alone basis, without those transactions with related parties. The Company has no employees and relies on the Manager for continued operations.

As of March 25, 2021 the Company's subsidiaries were comprised of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, and Precision Door Service SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Back Office SPV LLC and G-O Manufacturing SPV LLC (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of the Company.

In June 2021, assets of Neighborly Services Solutions SPV LLC, a Non-Franchisor SPV entity, were contributed to the Company.

In January 2022, assets of Zorware SPV LLC, NBLY Co Ops CO SPV LLC, and Trench Right SPV LLC were contributed to the Company and intangible assets were acquired by Pimlico SPV Limited, all Non-Franchisor entities. In March 2022, additional assets of NBLY Co Ops CO SPV LLC as well as assets of NBLY Co Ops AZ SPV, both Non-Franchisor entities, were contributed to the Company. In December 2022, intangible assets of Greensleeves Limited were contributed to the Company.

In January 2023, assets of NBLY Co Ops IN SPV LLC, NBLY Logistics SPV LLC, Lawn Pride SPV LLC, and Junk King SPV LLC, were contributed to the Company.

The Company holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

The Company was formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 (see Note 2). On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the SPV Guarantor, the Issuer, the Company and its subsidiaries (the "Securitization Entities"), substantially all of its US intellectual property, including tradenames (the "Securitization IP"), franchise agreements, national account relationships and systems-in-place and the UK tradenames (collectively, the "Securitization Assets"). The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

On March 25, 2021, the Securitization Entities entered into the management agreement (the "Management Agreement") with the Manager to perform certain services on behalf of the Securitization Entities, including, among other things, collecting franchisee payments, managing the operations on behalf of the Securitization Entities, and performing certain franchising, marketing, and operational and reporting services, as well as managing the intangible assets on behalf of the Securitization Entities. In exchange for providing such services, the Manager will be entitled to receive certain management fees on a weekly basis.

Basis of Presentation

The accompanying combined financial statements as of December 31, 2023 and December 31, 2022 include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE, which is the Company and its subsidiaries.

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly Company, the Manager, is the primary beneficiary, having both power and benefits, of the Securitization Entities. Accordingly, consolidation of the Company and its subsidiaries (including the SPV Franchisors and the Non-franchisor SPVs) is precluded, and as a result, combined financial statements are presented. All intercompany transactions have been eliminated.

Acquisition of the Manager

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly Company, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Use of Estimates

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

Income Taxes

The Company is a single-member limited liability company for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the Manager. As such, no recognition of federal or state income taxes will be provided for in the financial statements of the Company.

Revenue Recognition

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Synthetic royalties and master license fees from affiliated entities resulting from their use of the Company's intellectual property;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The respective franchisor's obligations under franchise agreements consist of providing a license of the applicable brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated, and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described below. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to the applicable franchisor's performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to the franchise owners to maintain the intellectual property being licensed.

The right to collect marketing, advertising, and promotional ("MAP") fees and the obligation to maintain the MAP fund is assigned to the Manager by each SPV Franchisor, and the performance obligation and fulfillment thereof resides with the Manager. The Manager's obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual businesses. We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Combined Statements of Operations and Comprehensive Income. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from contracts with customers.

($000's)

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Synthetic royalties from affiliated entities represent sales-based royalties that are related entirely to our performance obligation under intellectual property license agreements with affiliated entities and are recognized in the period in which the sales occur. These sales-based royalties are variable consideration related to our performance obligations to affiliated entities to maintain the intellectual property being licensed.

Master license and services fees from affiliated entities represent variable consideration in a series for which our performance obligation is satisfied over time, as our intellectual property is simultaneously accessed and benefits thereof consumed by affiliated entities.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being amortized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties, synthetic royalties, license fees and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,	**2023**	**2022**
Balance at beginning of period	$ **68,226**	$ 62,393
Fees received from franchise owners	**47,447**	24,518
Franchise sales revenue recognized	**(36,783)**	(13,642)
Contributed from Manager	**4,386**	-
Other deferred revenue recognized	**531**	(5,043)
Balance at end of period	**83,807**	68,226
Less: current portion	**13,631**	10,604
Deferred revenue, noncurrent	$ **70,176**	$ 57,622

($000's)

Revenue deferred as of December 31, 2022 and recognized in the year ended December 31, 2023 was $10,385. Revenue deferred as of December 31, 2021 and recognized in the year ended December 31, 2022 was $16,912.

As of December 31, 2023, the deferred revenue expected to be recognized for each of the next five years, and in the aggregate, is as follows:

Years ending December 31,		
2024	$	13,631
2025		11,053
2026		10,857
2027		10,547
2028		9,973
Thereafter		27,746
	$	83,807

Direct, incremental selling expenses are reimbursed by the Company to the Manager. Such costs paid when the franchise agreement is executed are recorded as a contract asset by the Company and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Combined Balance Sheets. For the year ended December 31, 2023, $23,590 of costs were incurred and expense of $6,181 was recognized. For the year ended December 31, 2022, $16,534 of costs were incurred and expense of $8,274 was recognized. The ending asset for deferred contract costs as of December 31, 2023 was $49,414, of which $6,935 was current. The ending asset for deferred contract costs as of December 31, 2022 was $32,005, of which $4,449 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $13,353 for the year ended December 31, 2023 and $9,033 for the year ended December 31, 2022. Advertising expense is included in general and administrative expense in the accompanying Combined Statements of Operations and Comprehensive Income.

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: machinery, equipment, and vehicles (5-10 years); and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the years ended December 31, 2023 and December 31, 2022.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance was measured as of September 1, 2021, resulting from the acquisition of the Manager and pushdown accounting election, based on the excess of consideration over the fair value of assets acquired.

The Company performed a qualitative assessment of its goodwill as of October 1, 2023 and concluded it is not more likely than not that the fair value of its reporting unit is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary. Management determined that there was no impairment of goodwill in the combined financial statements.

Restatement

During 2023, we determined that our prior year goodwill impairment was overstated and the goodwill balance was understated, resulting in an error in our previously issued financial statements for the period ended December 31, 2022. The overstatement of impairment expense was the result of concluding, in error, that reporting units in Assetco were the same as in the Manager. We have instead concluded that Assetco is comprised of only one consolidated reporting unit, and based on our quantitative impairment analysis performed as of December 31, 2022, we concluded that no impairment existed at Assetco. We concluded that the effect of the error on the financial statements of the prior period was material, and the correction to the prior year is reflected in the accompanying financial statements.

As a result, we recorded a $25,937 adjustment to reduce Loss on impairment of goodwill and increase Goodwill and Total assets by $25,937 in the combined balance sheet as of December 31, 2022. The correction also impacted the following financial statement line items in the related financial statements: (i) increased Accumulated other comprehensive income/(loss), Goodwill, and Total assets by $2,264 and increased Total Member's Equity and Total liabilities and member's equity by $28,201 in the combined balance sheet as of December 31, 2022; (ii) increased Net income by $25,937, increased Foreign currency translation adjustment by $2,264 and increased Comprehensive income by $28,201 in the combined statement of operations and comprehensive income for the period ended December 31, 2022; (iii) increased Net income by $25,937, increased Foreign currency translation adjustment by $2,264 and increased total Member's equity balance by $28,201 in the combined statements of changes in Member's Equity for the period ended December 31, 2022; (iv) increased Net income by $25,937 and reduced loss on impairment of goodwill by the same amount in the combined statement of cash flows for the period ended December 31, 2022; and (v) reduced the goodwill impairment by $25,937, increased the Adjustment to goodwill for unrealized gain/loss on foreign currency by $2,264, and increased the ending goodwill balance by $28,201 as of December 31, 2022 in Note 4 to the combined financial statements.

Additionally, we recorded an immaterial correction of $800 in 2022 which impacted the following financial statement line items in the related financial statements: (i) increased Trade accounts receivable – net, Total current assets, Total assets, Accumulated earnings, Total Member's Equity, and Total liabilities and member's equity by $800 in the combined balance sheet as of December

31, 2022; (ii) increased Other revenue, Total revenues and income, Gross Profit, Net income and Comprehensive income by $800 in the combined statement of operations and comprehensive income for the period ended December 31, 2022; (iii) increased Net income and total Member's equity balance by $800 in the combined statements of changes in Member's Equity for the period ended December 31, 2022; (iv) increased Net income by $800 and reduced Trade accounts receivable by the same amount in the combined statement of cash flows for the period ended December 31, 2022.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, developed technology, and domain name, and are stated at their acquisition-date fair value, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. The Company performed a qualitative assessment of its intangible assets and determined that no indicators of impairment were present for definite lived intangible assets.

Tradenames are amortized over their estimated useful life of 20 years, using the straight-line method. Franchise relationships and national accounts relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Software is amortized over its estimated useful life of 3 years, using the straight-line method.

Domain names are stated at their acquisition-date fair value, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1 in each of 2023 and 2022 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Fair Value of Financial Instruments and Non-Financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

($000's)

The trade names, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships and national account relationships were valued using the multi-period excess earnings method in the periods acquired. The future projections and estimates used for the valuations are considered Level 3 inputs.

Foreign Currency Translation

Combined entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in the UK Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Combined Statements of Operations and Comprehensive Income, primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

Cash consists of cash held on deposit. Restricted cash includes securitized cash held on deposit in Company accounts related to the Securitization Transaction.

Cash and restricted cash consists of the following:

As of December 31,		2023		2022
Cash	$	**3,171**	$	2,381
Restricted Cash:				
Whole business securitization		**1,566**		3,359
Total cash and restricted cash	$	**4,737**	$	5,740

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal years beginning after December 15, 2022, with early adoption permitted.

The Company adopted ASU 2016-13 using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $0.5 million and a corresponding adjustment to accumulated earnings/(loss).

2. Securitization Transactions

On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the Securitization Entities, substantially all of the US intellectual property, including tradenames, franchise agreements, national account relationships and systems-in-place and the UK tradenames. The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The Company received a cash capital contribution in January 2022 of $102,000 which the Company used to acquire $102,000 in intangible assets. Also in January 2022, the Company received a non-cash capital contribution of $13,456, consisting of $10,862 in property and equipment, $2,082 in intangible assets, and $512 in inventories. In March 2022, the Company received a non-cash contribution of $1,214, consisting of $1,169 in property and equipment and $45 in inventories. In December 2022, the Company received a non-cash contribution of $2,112 in intangible assets from the Manager.

In January 2023, the Company received a non-cash contribution of $101,756, consisting of $99,349 in intangible assets, $3,600 in accounts receivable, $2,241 in property and equipment, $280 in inventories, and an unearned revenue liability, net of prepaid selling expenses, of $3,714.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value as of the unaudited interim date. No gain or loss has been realized on the transactions.

The Issuer is dependent on the Company for sufficient cash flows from their securitized operations to service the Series 2021-1, Series 2022-1, and Series 2023-1 Senior Notes (see Note 3), remit management fees to the Manager, and pay certain other ongoing costs related to the Securitization Transaction.

3. Debt Guarantee

In conjunction with the Securitization Transaction, on March 25, 2021, the Issuer issued $800 million Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Senior

Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2 million and interest are paid quarterly. As of December 31, 2023 and 2022, $780 million and $788 million, respectively, was outstanding on the Senior Notes.

On January 19, 2022, in connection with a second securitization, the Issuer, issued $410 million Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1.03 million and interest are paid quarterly. As of December 31, 2023 and 2022, respectively, $402.83 million and $406.93 million, was outstanding on the Series 2022-1 Senior Notes.

On February 3, 2023, in connection with a third securitization, the issuer, issued $275 million Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687.5 and interest are paid quarterly. As of December 31, 2023, $272.94 million was outstanding on the Series 2023-1 Senior Notes.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities, including the Company, each of which is a bankruptcy remote entity and which owned substantially all of the Manager's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Senior Notes and Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transaction requires, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2023 and 2022, the Issuer was in compliance with all debt-service coverage covenants.

4. Intangible Assets and Goodwill

On March 25, 2021, intangible assets were contributed to the Company, along with certain dates thereafter as discussed in Note 1. Each of the SPV Franchisors are wholly owned subsidiaries and there was no change in ultimate ownership. Accordingly, there has been no change in control and therefore the Company concluded that the guidance in ASC 805 Business Combinations was not applicable. Intangible assets were recorded at the carrying value from the contributing entities on the date of the contribution, as the entities are under common control. Upon the acquisition by KKR (see Note 1), and the Company's election to apply pushdown accounting, the intangible assets were recorded at their acquisition-date fair values.

($000's)

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life		Gross Amount		Accumulated Amortization		Net Amount
Tradenames	20 years	$	968,512	$	107,087	$	861,425
Franchise relationships	15 years		551,918		85,051		466,867
National accounts	15 years		2,521		320		2,201
Customer relationships	5 years		11,573		2,480		9,093
Developed technology	3 years		702		418		284
Total definite-lived intangibles		$	1,535,226		195,356	$	1,339,870

	Useful Life		Gross Amount		Accumulated Impairment		Net Amount
Domain name	Indefinite	$	1,314		-	$	1,314
Total indefinite-lived intangibles		$	1,314	$	-	$	1,314

Intangible assets as of December 31, 2022, consisted of the following:

	Useful Life		Gross Amount		Accumulated Amortization		Net Amount
Tradenames	20 years	$	886,322	$	57,733	$	828,589
Franchise relationships	15 years		542,800		48,249		494,551
National accounts	15 years		1,700		151		1,549
Developed technology	3 years		400		178		222
Total definite-lived intangibles		$	1,431,222		106,311	$	1,324,911

	Useful Life		Gross Amount		Accumulated Impairment		Net Amount
Domain name	Indefinite	$	1,314		-	$	1,314
Total indefinite-lived intangibles		$	1,314	$	-	$	1,314

($000's)

Amortization expense was $92,198 for the year ended December 31, 2023. Amortization expense was $81,265 for the year ended December 31, 2022.

Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,		
2024	$	88,766
2025		87,976
2026		87,887
2027		87,061
2028		85,407
Thereafter		902,773
	$	1,339,870

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the Manager by KKR.

The changes in the carrying amount of goodwill are as follows:

Balance as of December 31, 2021	$	1,739,192
Adjustment to goodwill for unrealized gain/loss on foreign currency		(10,608)
Balance as of December 31, 2022 (Restated)	$	1,728,584
Adjustment to goodwill for unrealized gain/loss on foreign currency		4,069
Balance as of December 31, 2023	**$**	**1,732,653**

5. Member's Equity

Neighborly Assetco LLC ("the Limited Liability Company") was formed pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act").

The Limited Liability Company is governed by a Limited Liability Company Agreement in which management of the Company is vested in the member ("the Member"), the Manager, who has all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware. The Member has the authority to bind the Company.

The Member may appoint officers of the Company and may revoke delegated authorities and duties at any time by the Member.

The Limited Liability Company is capitalized with a single membership unit with a $1 per unit par value.

($000's)

Pursuant to the Management Agreement, excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager, as discussed in Note 8. The Member's equity is the residual of equity contributions from the Manager and income earned from operations, less distributions to the Issuer and Manager.

The Company shall dissolve, and its affairs be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the retirement, resignation or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2023 and 2022, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years. Initial trade notes receivable for the respective SPV Franchisors were contributed to the Company as of March 31, 2021 by the Manager and subsequently at various dates thereafter. As the contribution was between entities under common control, the notes receivable transferred were recorded at their historical cost basis in the financial records of the Manager.

A summary of trade notes receivable as of December 31 is as follows:

	2023	2022
Amounts due within one year, net of allowance for credit losses of $89 as of December, 31, 2023 and allowance for doubtful accounts of $166 as of December 31, 2022	**$ 9,530**	$ 7,846
Amounts due after one year, net of allowance for credit losses of $474 as of December 31, 2023 and allowance for doubtful accounts of $379 as of December 31, 2022	**15,221**	17,884
Total trade notes receivable, net	**$ 24,751**	$ 25,730

($000's)

An analysis of the changes in trade notes receivable is as follows:

For the years ended December 31,		**2023**		2022
Balance at beginning of period	$	**26,275**	$	28,389
Notes receivable, contributed, net		**1,652**		-
Principal payments received		**(16,293)**		(13,699)
Notes issued		**15,050**		12,808
Net write-offs		**(1,370)**		(1,223)
Gross trade notes receivable, at end of period		**25,314**		26,275
Allowance for credit losses		**(563)**		-
Allowance for doubtful accounts		**-**		(545)
Net trade notes receivable, at end of period	$	**24,751**	$	25,730

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ended December 31,		**2023**		2022
Allowance, beginning of period	**$**	**545**	$	447
Provisions for bad debts		**1,382**		1,282
Net write-offs		**(1,364)**		(1,184)
Allowance, end of period	**$**	**563**	$	545

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,		
2024	$	9,619
2025		4,795
2026		3,965
2027		2,882
2028		2,085
Thereafter		1,968
	$	25,314

($000's)

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2023	2022
Machinery and equipment	$ 6,303	$ 5,523
Software	11,035	6,831
Vehicles	9,614	8,539
Total property and equipment	26,952	20,893
Less accumulated depreciation	(8,173)	(2,614)
Property and equipment – net	$ 18,779	$ 18,279

Depreciation expense was $5,092 for the year ended December 31, 2023 and $1,656 for the year ended December 31, 2022.

8. Related Party Transactions

The Company has material ongoing transactions with the Manager and other direct and indirect subsidiaries of the Manager.

Related parties, some of which are outside the United States, pay the Company, or its subsidiaries, a synthetic royalty or license fee for access to and use of their intellectual property, none of which are denominated in a foreign currency. Synthetic royalties and master license fees from affiliated entities were $28,705 for the year ended December 31, 2023, and $22,879 for the year ended December 31, 2022.

As discussed in Note 2, the Securitized Entities entered into the Management Agreement with the Manager to perform certain services on behalf of the Securitized Entities. In exchange for the services, the Securitized Entities pay a management fee for each 12-month period equal to the sum of (i) an annual base management fee of $8,000, plus (ii) a fee of $12.425 for every $100 of aggregate total securitization revenues in the form of collections for the applicable period.

The Company incurred management fees of $44,075 for the year ending December 31, 2023, and $37,264 for the year ending December 31, 2022.

Costs of products and services as well as advertising and promotion fund expenses are reimbursed by the Company to the Manager.

Excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager. Distributions were $265,744 for the year ended December 31, 2023, and $202,999 for the year ended December 31, 2022.

9. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2023 and 2022.

Management believes that the outcome of such matters will not have a material effect on the Company's combined financial statements.

10. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through April 1, 2024, which was the date the Company's financial statements were available to be issued.

Neighborly Company and Subsidiaries

Consolidated Financial Statements

As of December 31, 2024 and 2023 and
for the years ended December 31, 2024 and 2023

Neighborly Company and Subsidiaries

Contents

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Report of Independent Auditors

To the Board of Directors and Stockholders of
Neighborly Company and subsidiaries

Opinion

We have audited the consolidated financial statements of Neighborly Company and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

Dallas, Texas
March 31, 2025

Neighborly Company and Subsidiaries

Consolidated Balance Sheets
($000's)

	December 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash	$ **18,436**	$ 43,416
Restricted cash	**28,077**	28,636
Trade accounts receivable - net	**44,747**	44,566
Trade notes receivable - current portion – net	**7,776**	9,777
Inventories	**3,776**	4,007
Income tax receivable	**9,231**	1,880
Prepaid selling expenses - current	**4,726**	3,959
Other current assets	**6,106**	2,839
Total Current Assets	**122,875**	139,080
Property and equipment – net	**92,158**	89,137
Operating lease right of use assets	**20,221**	27,227
Prepaid selling expenses – less current portion	**19,896**	19,104
Trade notes receivable – less current portion - net	**13,577**	15,894
Intangible assets – net	**1,327,052**	1,425,724
Goodwill	**1,739,179**	1,741,101
Other non-current assets	**1,758**	2,128
Total Assets	$ **3,336,716**	$ 3,459,395

Neighborly Company and Subsidiaries

Consolidated Balance Sheets (continued)
($000's, except share and per share amounts)

	December 31, 2024	December 31, 2023
Liabilities and Stockholder's Equity		
Current Liabilities		
Trade accounts payable	**$ 17,856**	$ 15,962
Accrued liabilities	**48,074**	56,589
Deferred revenue - current	**18,215**	17,760
Current portion of long-term debt	**10,051**	10,488
Current portion of operating lease liabilities	**5,401**	6,925
Current portion of finance lease obligations	**5,941**	4,426
Total current liabilities	**105,538**	112,150
Long-term debt - less current portion	**1,571,110**	1,451,356
Operating lease obligations – less current portion	**15,639**	21,302
Finance lease obligations – less current portion	**10,278**	10,187
Deferred tax liabilities	**199,638**	220,780
Deferred revenue - less current portion	**74,718**	73,850
Other non-current liabilities	**1,616**	1,696
Commitments and Contingencies (Note 11)		
Stockholder's Equity		
Common stock-par value $0.01 per share; 100 shares authorized, issued and outstanding	**-**	-
Additional paid-in capital	**1,933,936**	2,100,435
Accumulated deficit	**(528,523)**	(489,405)
Accumulated other comprehensive loss	**(47,234)**	(42,956)
Total Stockholder's Equity	**1,358,179**	1,568,074
Total Liabilities and Stockholder's Equity	**$ 3,336,716**	$ 3,459,395

See accompanying notes to consolidated financial statements

Neighborly Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)
($000's)

	Year Ended December 31, 2024	2023
Revenues and income		
Franchise service fees	**$ 208,277**	$ 194,731
Franchise sales fees	**35,122**	38,441
Sales of products and services	**282,737**	288,146
Advertising and promotional fund revenue	**60,159**	53,320
Other revenue	**39,387**	39,026
Total revenues and income	**625,682**	613,664
Cost of products and services	**174,140**	169,627
Gross Profit	**451,542**	444,037
Selling expense	**26,173**	26,179
General and administrative expense	**206,402**	196,985
Advertising and promotional fund expense	**61,482**	58,124
Equity-based compensation expense	**3,130**	4,194
Depreciation and amortization	**123,676**	116,929
Management and board fees and expenses	**3,650**	4,638
Loss on impairment of goodwill and tradenames	**-**	428,286
Credit losses	**3,810**	2,812
Operating Income (Loss)	**23,219**	(394,110)
Interest expense	**70,278**	68,756
Loss Before Income Taxes	**(47,059)**	(462,866)
Income tax benefit	**(7,941)**	(23,790)
Net Loss	**(39,118)**	(439,076)
Other comprehensive income/(loss)		
Foreign currency translation adjustment, net of tax of $1,070 and 2,132, respectively	**(3,208)**	6,395
Total Other Comprehensive income/(loss)	**(3,208)**	6,395
Comprehensive Loss	**$ (42,326)**	$ (432,681)

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statement of Changes in Stockholder's Equity
($000's, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid - In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2022	100	$ -	$ 2,420,959	$ (50,587)	$ (51,483)	$ 2,318,889
Adoption of accounting principle	-	-	-	258	-	258
Distribution to parent	-	-	(324,718)	-	-	(324,718)
Equity-based compensation	-	-	4,194	-	-	4,194
Foreign currency translation adjustment	-	-	-	-	8,527	8,527
Net loss	-	-	-	(439,076)	-	(439,076)
Balance at December 31, 2023	100	$ -	$ 2,100,435	(489,405)	(42,956)	1,568,074
Contribution to Equity	-	-	575	-	-	575
Distribution to parent	-	-	(170,204)	-	-	(170,204)
Equity-based compensation	-	-	3,130	-	-	3,130
Foreign currency translation adjustment	-	-	-	-	(4,278)	(4,278)
Net loss	-	-	-	(39,118)	-	(39,118)
Balance at December 31, 2024	**100**	**$ -**	**$ 1,933,936**	**$ (528,523)**	**$ (47,234)**	**$ 1,358,179**

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statement of Cash Flows
($000's unless otherwise noted)

	For the Year Ended December 31, 2024	2023
Operating activities		
Net loss	$ (39,118)	$ (439,076)
Adjustments to reconcile net loss to net cash provided by **operating activities**:		
Depreciation and amortization	123,676	116,929
Amortization of deferred financing costs	4,409	4,164
Loss on impairment of goodwill and tradenames	-	428,286
Bad debt expense	3,810	2,812
Trade notes issued	(14,978)	(15,243)
Collections of notes receivable	17,660	16,605
Deferred income taxes	(20,651)	(44,346)
Loss on disposal of assets	3,589	-
Equity-based compensation	3,130	4,194
Changes in assets and liabilities:		
Trade accounts receivable	(2,848)	(1,403)
Inventories	249	626
Prepaid selling expenses and other assets	(4,313)	3,722
Trade accounts payable	1,907	(6,249)
Accrued liabilities	(9,729)	(8,512)
Other non-current liabilities	(83)	(275)
Income tax payable	(7,352)	(1,519)
Change in operating lease assets and liabilities	(181)	3,535
Deferred revenue	1,323	11,246
Net cash provided by operating activities	60,500	75,496
Investing activities		
Purchase of property, equipment and other assets	(25,042)	(27,931)
Acquisitions of intangible assets	(677)	-
Net cash used in investing activities	(25,719)	(27,931)
Financing activities		
Equity contribution	575	-
Distributions paid	(170,204)	(324,718)
Deferred financing costs paid	(3,241)	(13,866)
Proceeds from revolving credit	158,000	25,000
Payment on revolving credit	(25,000)	-
Payments on principal portion of finance lease liabilities	(4,749)	(3,455)
Payments on long-term borrowings	(14,850)	(14,323)
Proceeds from long-term borrowings	-	275,000
Net cash used in financing activities	(59,469)	(56,362)
Effect of foreign currency translation on cash	(851)	(1,255)
Net decrease in cash and restricted cash	(25,539)	(10,052)
Cash and restricted cash - Beginning of period	$ 72,052	$ 82,104
Cash and restricted cash - End of period	$ 46,513	$ 72,052
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds	$ 16,770	$ 15,829
Cash paid for interest	65,052	$ 60,258

1. Organization and Description of Business

Organization and Description of Business

Neighborly Company and Subsidiaries ("we", "our", "Neighborly" and the "Company") is a Delaware corporation and is the parent company of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally which include the following companies: Mr. Rooter, Rainbow International, Mr. Electric, Aire Serv, Mr. Appliance, Glass Doctor, Grounds Guys, Molly Maid, Mr. Handyman, Five Star Painting, Mosquito Joe, Real Property Management, Window Genie, HouseMaster, Dryer Vent Wizard, ShelfGenie, Precision Door Service, Restoration 1, Junk King, Lawn Pride, ZorWare, Drain Doctor, Locatec, Countrywide, Bright and Beautiful, Dream Doors, Greensleeves, and ProTradeNet.

In addition, the Company owns and operates non-franchisor entities as follows: Portland Glass, which offers auto, home, and business glass repair and replacement through company owned stores located in Maine, Vermont, and New Hampshire; Pimlico Plumbers, which offers repair and maintenance services, concentrated in central London; Plumb Enterprises, which offers full plumbing, drain and sewer cleaning services, excavation, and repairs in Colorado; and Lawn Pride, which offers lawn care and maintenance services through the application of fertilizer, as well as pest control, in Indiana.

Acquisition of the Company

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

2. Summary of Significant Accounting Policies

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," (ASU No. 2023-09) which requires disclosure of disaggregated information about a reporting entity's effective tax rate reconciliation as well as disclosures on income taxes paid by jurisdiction. ASU No. 2023-09 is effective for annual periods beginning after December 15, 2024. The guidance is required to be applied on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements and related disclosures.

In January 2024, the FASB issued ASU No. 2024-01, "Scope Application of Profits Interest and Similar Awards." This update clarifies that profits interests and similar awards granted to employees as compensation for services are within the scope of ASC Topic 718 (Compensation—Stock Compensation). The amendments in this update are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, with early adoption permitted. The Company is required to apply these amendments on a modified retrospective basis to awards outstanding at the beginning of the fiscal year of adoption, with cumulative-effect adjustments to retained earnings. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements and related disclosures.

Principles of Consolidation and Variable Interest Entities

The accompanying consolidated financial statements as of December 31, 2024 and 2023 include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

FASB Accounting Standards Codification (ASC) Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct activities of a VIE that most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Neighborly Assetco LLC ("Assetco") is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly (the "Manager").

Assetco's subsidiaries are comprised of a number of franchisors and related supporting businesses operating in the US and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, Precision Door Service SPV LLC, Junk King SPV LLC, and Lawn Pride SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Neighborly Service Solutions SPV LLC, Back Office SPV LLC, G-O Manufacturing SPV LLC, Zorware SPV LLC, NBLY Co Ops CO SPV LLC, NBLY Co Ops WA SPV LLC, NBLY Co Ops AZ SPV LLC, NBLY Co Ops IN SPV LLC, Trench Right SPV LLC, Trench Right WA SPV LLC, Dig Boss SPV LLC, NBLY Logistics SPV LLC, and Pimlico SPV Limited (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of Assetco.

Assetco holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV

Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

Neighborly SPV Guarantor LLC, Neighborly Issuer LLC, and Neighborly Assetco LLC (collectively with the SPV Franchisors and the Non-Franchisor SPV Entities are referred to as "Securitization Entities") were formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 and on subsequent dates thereafter (see Note 3).

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly is the primary beneficiary, having both power and benefits, of the Securitization Entities and accordingly, consolidation is concluded.

Use of Estimates

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

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's gross sales, depending upon the particular franchise concept and upon various other factors;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional fund revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. Our performance obligations under franchise agreements consist of providing a license of our brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees as well as applicable termination fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13 ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $200 and a corresponding adjustment to accumulated deficit, net of tax.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to our franchise owners to maintain the intellectual property being licensed.

We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). Our obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts which are classified as restricted cash on the Consolidated Balance Sheet and use MAP fees for certain activities related to the marketing and promotion of the individual brands. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from Contracts with Customers.

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

($000's)

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being recognized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

	Year Ended December 31,	
	2024	2023
Balance at beginning of period	$ 91,610	$ 80,364
Fees received from franchise owners	37,203	49,188
Franchise sales revenue recognized	(35,122)	(38,441)
Other changes in deferred revenue	(758)	499
Balance at end of period	92,933	91,610
Less: current portion	18,215	17,760
Deferred revenue noncurrent	$ 74,718	$ 73,850

Revenue deferred as of December 31, 2023 and recognized in the period from January 1, 2024 through December 31, 2024 was $17,623. Revenue deferred as of December 31, 2022 and recognized in the period from January 1, 2023 through December 31, 2023 was $20,133.

As of December 31, 2024, the deferred revenue expected to be recognized for each of the next five years and in the aggregate is as follows:

Years ending December 31,	
2025	$ 18,215
2026	12,829
2027	12,455
2028	11,718
2029	10,267
Thereafter	27,449
	$ 92,933

Direct, incremental selling expenses incurred when the franchise agreement is executed are recorded as a contract asset and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Consolidated Balance Sheets and the amortization is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2024, $7,736 of costs were paid and amortization expense of $6,175 was recognized. For the year ended December 31, 2023, $8,883 of costs were paid and amortization expense of $5,845 was recognized.

The ending asset for deferred contract costs as of December 31, 2024 was $24,622, of which $4,726 was current. The ending asset for deferred contract costs as of December 31, 2023 was $23,063, of which $3,959 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $23,200 and $28,772 for the years ended December 31, 2024 and 2023, respectively. Advertising expense is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). This is separate from MAP fees which are presented on their own line in Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

With the exception of land, which is not depreciated, property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: buildings (30 years) and building improvements (5-15 years), capped at the lesser of life of the leasehold improvements or remaining lease life; machinery, equipment, and vehicles (5-10 years); furniture and fixtures (5 years); and hardware and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the year ended December 31, 2024.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance resulted from the acquisition of the Company as of September 1, 2021, and from the Company's acquisitions in the successor period, as discussed in Note 1.

The Company performed a qualitative assessment of its goodwill as of October 1, 2024 and concluded that indicators of impairment existed for certain of its reporting units, based on trends in financial performance. Therefore, the Company performed a quantitative assessment of its goodwill for certain reporting units with indicators of impairment by measuring the fair value using present value techniques including the income approach and the market approach. The Company's weighted average cost of capital declined slightly as well as projected positive operating performance of the reporting units resulted in a fair value that exceeded carrying value with no resulting impairment. A goodwill impairment expense of $417,591 was recorded in the year ended December 31, 2023, and none in 2024.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, insurance company relationships, customer relationships, re-acquired franchise rights, developed technology, copyrights, and domain name, and are stated at their estimated fair value as of the date of acquisition, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. No impairment expense was recorded in the year ended December 31, 2024, and $10,695 was recorded in the year ended December 31, 2023.

Tradenames are amortized over their estimated useful life, which ranges from three years to 20 years, using the straight-line method. Franchise relationships, national accounts relationships, and insurance company relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Customer relationships are amortized over their estimated useful life of three to 10 years, using the straight-line method. Reacquired franchise rights are amortized over the remaining life of the reacquired agreements, between one to seven years, using the straight-line method. Copyrights are amortized over their estimated useful life of five years, using the straight-line method. Developed technology is amortized over their estimated useful life of three years, using the straight-line method.

Domain names are stated at their estimated fair value at the date of acquisition, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1, of 2024 and 2023 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

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The Company establishes valuation allowances in accordance with the provisions of FASB ASC Topic 740, Income Taxes. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses uncertain tax benefits in accordance with FASB ASC Topic 740-10, Income Taxes-Overall. The Company has elected to classify interest and penalties related to uncertain tax benefits as a component of income tax expense.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, Compensation-Stock Compensation. This pronouncement requires the measurement of all equity-based payments to employees using a fair-value-based method and the recording of such expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). The Company participates in an equity-based employee compensation plan, which is described more fully in Note 5.

Foreign Currency Translation

Consolidated entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in Canada, the United Kingdom (the "UK"), Germany and Austria. Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss), primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents.

Cash consists primarily of cash on hand and cash on deposit. Restricted cash includes funds held for the MAP funds and securitized cash held for principal and interest payments on deposit related to the Securitization Transaction.

Cash and restricted cash consists of the following as of December 31,:

	2024	2023
Cash	$ **18,436**	$ 43,416
Restricted Cash:		
Whole business securitization	**23,639**	21,903
MAP funds	**4,438**	6,733
Total cash and restricted cash	$ **46,513**	$ 72,052

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments and Non-financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The tradenames, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships, customer relationships, national account relationships, and insurance company relationships were valued using the multi-period excess earnings method in the periods acquired, except for those tradenames remeasured in 2023 as a result of impairment testing as discussed above. Rollover equity was valued using a combination of Level 2 observable inputs including EBITDA multiples and comparable public company as well as discounted cash flow analysis of future projections in the period issued. The future projections and estimates used to fair value the assets acquired in acquisitions, as well as those used in our long-lived asset and goodwill impairment testing, are considered Level 3 inputs.

3. Debt Agreements

Through its wholly owned subsidiary, Neighborly Issuer LLC (the "Issuer"), the Company entered into the Securitization Transaction which was completed on March 25, 2021. In conjunction with the Securitization Transaction, the Issuer issued $800,000 Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Series 2021-1 Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2,000 and interest are paid quarterly. As of December 31, 2024 and 2023, the Series 2021-1 Senior Notes had $772,000 and $780,000 outstanding, respectively.

Additionally, the Securitization Transaction provided for a $10,000 variable rate Delayed Draw Class A-1-LR Senior Note ("Series 2021-1 Class A-1 Notes"), with a final maturity date of April 30, 2051, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at the Secured Overnight Financing Rate (SOFR) plus 300 basis points. As of December 31, 2024 and 2023, no borrowings had been made on the Series 2021-1 Class A-1 Notes.

The Securitization Transaction also provided for a $30,000 variable rate Class A-1-VFN Senior Note (the "2021 VFN facility"), with a maturity date of April 30, 2026, and two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 266 basis points. As of December 31, 2024, $8,000 of borrowings were outstanding on the 2021 VFN facility and availability was $5,050.

For the year ended December 31, 2023, the Company had no borrowings on the facility and availability was $13,050. Issued and undrawn letters of credit under the VFN facility were $16,950 as of December 31, 2024 and 2023. Undrawn letters of credit under the VFN facility incur interest at a rate of 2.66%, which is payable quarterly. The Company considered the upcoming maturity of the 2021 VFN Facility and concluded it has the unilateral ability to extend the maturity date to April 2027, if certain conditions are met. The Company evaluated the conditions precedent and concluded they will be met throughout 2025; therefore, the Company will have the unilateral ability to extend and intends to execute the extension prior to the initial maturity date of April 30, 2026.

On January 19, 2022, the Company, through the Issuer, issued $410,000 Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1,025 and interest are paid quarterly. As of December 31, 2024 and 2023, $398,725 and $402,825 was outstanding on the Series 2022-1 Senior Notes, respectively.

Additionally, the Second Securitization Transaction provided for a $4,000 variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2022-1 Class A-1 Notes"), with a final maturity date of January 30, 2052, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to Prime plus 300 basis points. As of December 31, 2024 and 2023, no draws had been made on the Series 2022-1 Class A-1 Notes.

In conjunction with the Second Securitization Transaction, $10,353 in transaction fees were capitalized as deferred financing costs to be amortized over the anticipated term of the notes using the straight-line method, which material approximates the effective interest rate method. For the years ended December 31, 2024 and 2023, respectively, a total of $1,494 and $1,510 of previously capitalized deferred financing costs related to the Second Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 3, 2023, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, issued $275,000 Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687 and interest are paid quarterly. As of December 31, 2024 and 2023, $270,188 and $272,938 was outstanding on the Series 2023-1 Senior Notes, respectively.

Additionally, the Third Securitization Transaction provided for a $5,025 variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2023-1 Class A-1 Notes"), with a final maturity date of January 30, 2053, which is only available for limited purposes and may not be drawn by the Issuer. On December 11, 2024, the Series 2023-1 Class A-1 Notes maturity date was amended to change to January 30, 2055. Interest on draws is paid weekly at a rate equal to SOFR plus 300 basis points. As of December 31, 2024, no draws had been made on the Series 2023-1 Class A-1 Notes.

The Third Securitization Transaction also provided for a $125,000 variable rate Class A-1-VFN Senior Note (the "2023 VFN facility"), with a maturity date of January 30, 2026, with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 350 basis points. As of December 31, 2024, the Company had borrowings outstanding of $75,000 on the 2023 VFN facility and had $50,000 of availability. As of December 31, 2023, borrowings outstanding on the 2023 VFN facility were $25,000, and availability was $100,000. The Company considered the upcoming maturity of the 2023 VFN Facility and concluded it has the unilateral ability to extend the maturity date to January 2027, if certain conditions are met. The Company evaluated the conditions precedent and concluded they will be met throughout 2025; therefore, the Company will have the unilateral ability to extend and intends to execute the extension prior to the initial maturity date of January 30, 2026.

In conjunction with the Third Securitization Transaction, $14,177 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the effective interest method. For the years ended December 31, 2024 and 2023, $2,868 and $2,654 of previously capitalized deferred financing costs related to the Third Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss), respectively.

On December 11, 2024, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, entered into a $75,000 variable rate Class A-1-VFN Senior Note (the "2024 VFN Facility") through a fourth whole business securitization transaction (the "Fourth Securitization Transaction"). The 2024 VFN Facility has an anticipated repayment date of January 30, 2030 with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 240 basis points. As of December 31, 2024, borrowings outstanding on the 2024 VFN facility were $75,000, and no availability.

In conjunction with the Fourth Securitization Transaction in 2024, $3,241 in transaction fees were capitalized as deferred financing costs in 2024, to be amortized over the anticipated term of the notes on a straight line basis which approximates the effective method. Amortization was negligible in 2024.

The Series 2023-1 Senior Notes and the 2024 VFN Facility issued in conjunction with the securitization transaction are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities. Proceeds were distributed to Neighborly's parent company to extinguish debt incurred by the parent to fund the Company's acquisitions.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, the Series 2023-1 Class A-1 Notes, and VFN facilities described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, the Third Securitization Transaction and the Fourth Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of Neighborly Issuer LLC and the other Securitization Entities, and guaranteed by the Issuer and such Securitization Entities, each of which is a bankruptcy remote entity and which owned substantially all of the Company's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Series 2021-1 Senior Notes, Series 2022-1 Senior Notes, Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transactions require, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2024 and 2023, the Issuer was in compliance with all debt-service coverage covenants.

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The Company's long-term debt and trade notes receivable bear interest at market rates. Thus, management believes their carrying amounts approximate fair value.

Debt consists of the following as of December 31:

	2024	2023
Series 2021-1 Senior Notes	**$ 772,000**	$ 780,000
Series 2022-1 Senior Notes	**398,725**	402,825
Series 2023-1 Senior Notes	**270,188**	272,938
2021 VFN Facility	**8,000**	-
2023 VFN Facility	**75,000**	25,000
2024 VFN Facility	**75,000**	-
Total carrying value of debt	**1,598,913**	1,480,763
Less: Deferred financing costs	**(17,752)**	(18,919)
Total net debt	**1,581,161**	1,461,844
Less: current portion	**(10,051)**	(10,488)
Long-term debt	**$ 1,571,110**	$ 1,451,356

Future maturities of long-term debt based on principal payments outstanding as of December 31, 2024, are as follows:

Years ending December 31,	
2025	$ 14,850
2026	14,850
2027	14,850
2028	754,850
2029	385,075
Thereafter	414,438
	$ 1,598,913

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4. Intangible Assets and Goodwill

Intangible assets as of December 31, 2024, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 996,297	$ 10,248	$ 158,895	$ 827,154
Franchise relationships	15 years	612,607	418	135,273	476,916
National accounts	15 years	3,248	148	624	2,476
Insurance company relationships	15 years	2,300	-	511	1,789
Customer relationships	3-10 years	17,834	-	7,612	10,222
Franchise rights	1-7 years	12,200	-	5,154	7,046
Developed technology	3 years	720	-	631	89
Copyrights	5 years	140	-	93	46
Total definite-lived intangibles		$ 1,645,347	$ 10,814	$ 308,793	$ 1,325,738

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	-	$ 1,314

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 1,001,190	$ 10,248	$ 111,600	$ 879,342
Franchise relationships	15 years	613,289	418	94,631	518,240
National accounts	15 years	3,138	148	424	2,566
Insurance company relationships	15 years	2,300	-	358	1,942
Customer relationships	3-10 years	17,848	-	4,594	13,254
Franchise rights	1-7 years	12,200	-	3,495	8,705
Developed technology	3 years	720	-	436	284
Copyrights	5 years	143	-	66	77
Total definite-lived intangibles		$ 1,650,828	$ 10,814	$ 215,604	$ 1,424,410

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	-	$ 1,314

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Amortization expense was $96,830 and $96,710 for the years ended December 31, 2024 and 2023, respectively. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,		
2025	$	95,561
2026		95,463
2027		94,618
2028		92,964
2029		91,718
Thereafter		855,410
	$	1,325,738

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the parent by KKR and from the Company's acquisitions on September 1, 2021, and any subsequent acquisitions.

The changes in the carrying amount of goodwill are as follows:

	December 31,			
		2024		2023
Balance at beginning of period	**$**	**1,741,101**	$	2,154,115
Adjustment to goodwill for unrealized gain/loss on foreign currency		**(1,922)**		4,577
Goodwill impairment		**-**		(417,591)
Balance at end of period	**$**	**1,739,179**	$	1,741,101

5. Equity-based Compensation

In September 2021, Nest Management LP, a co-investor with KKR, created a profits interest plan which provides for profits interest award grants of Nest Holdings LP and its subsidiaries. A total of 202,843,686 profits interests units were approved to be granted under the plan.

On October 27, 2021, and certain dates thereafter, Nest Management LP granted awards under the plan. The profits interests are exercisable only to the extent they are vested, and do not expire. Generally, vesting of a portion of the profits interests (50%) is subject to the passage of time; the remaining (50%) vest based on achievement of defined financial criteria upon a liquidity event of the Company. Based on continuous employment, time-based profits interest units vest 20% annually, for each of five years.

The Company accounts for equity-based compensation in accordance with ASC 718, Compensation-Stock Compensation, which requires the fair value of equity-based payments to be recognized in the consolidated statements as compensation expense over the requisite service period. For time-based awards, compensation expense is recognized on a straight-line basis, net of forfeitures which are recognized as they occur, over the requisite service period for awards that actually vest. For performance-based awards, compensation expense is estimated based on

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achievement of performance conditions and is recognized over the requisite service period for awards that actually vest. Equity-based compensation expense is recorded in the equity-based compensation line in the consolidated statements of operations.

The average grant date fair value of awards under the Nest Management LP profits interest plan was determined using Monte-Carlo simulation, and was $0.36 per unit for awards in the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023 no units were both vested and exercisable.

Equity-based compensation expense recorded for the years ended December 31, 2024 and 2023 was $3,130 and $4,194, respectively. As of December 31, 2024, unamortized stock compensation expense to be recognized in future years was $9,707.

	Number of Underlying Units
Outstanding – December 31, 2022	138,245,959
Granted	16,124,890
Forfeited	(32,158,970)
Redeemed	-
Outstanding – December 31, 2023	122,211,879
Granted	48,017,602
Forfeited	(36,223,635)
Redeemed	-
Outstanding – December 31, 2024	134,005,848
Vested and Exercisable – December 31, 2024	-

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2024 and 2023, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years.

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A summary of trade notes receivable as of December 31 is as follows:

		2024		2023
Amounts due within one year, net of allowance for credit losses of $1,167 and $464 as of December 31, 2024 and 2023, respectively	**$**	**7,776**	$	9,777
Amounts due after one year, net of allowance for credit losses of $2,105 and $2,155 as of December 31, 2024 and 2023, respectively		**13,577**		15,894
Total trade notes receivable, net	**$**	**21,353**	$	25,671

An analysis of the changes in trade notes receivable is as follows:

	Year Ended December 31,			
		2024		2023
Gross trade notes receivable, beginning of period	**$**	**28,290**	$	30,228
Principal payments received		**(17,660)**		(16,605)
Notes issued		**14,978**		15,243
Net write-offs		**(946)**		(574)
Foreign currency translation		**(37)**		(2)
Gross trade notes receivable, end of period		**24,625**		28,290
Allowance for credit losses		**(3,272)**		(2,619)
Net trade notes receivable, end of period	**$**	**21,353**	$	25,671

An analysis of the changes in the trade notes receivable allowance is as follows:

	Year Ended December 31,			
		2024		2023
Allowance, beginning of period	**$**	**2,619**	$	1,874
Provision for credit losses		**1,600**		1,303
Net write-offs		**(946)**		(574)
Foreign currency translation		**(1)-**		16
Allowance, end of period	**$**	**3,272**	$	2,619

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,		
2025	$	8,943
2026		5,208

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2027		4,086
2028		2,957
2029		2,011
Thereafter		1,420
	$	24,625

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2024	2023
Land	**$ 2,561**	$ 1,720
Building and improvements	**36,403**	31,157
Machinery and equipment	**10,690**	8,843
Hardware	**8,564**	6,519
Software	**54,907**	40,940
Furniture and fixtures	**2,033**	4,234
Vehicles	**12,151**	9,428
Vehicles under financing lease	**25,150**	19,028
Total property and equipment	**152,459**	121,869
Less accumulated depreciation	**(60,301)**	(32,732)
Property and equipment – net	**$ 92,158**	$ 89,137

Depreciation expense was $26,846 and $20,219 for the years ended December 31, 2024 and 2023, respectively.

8. Leases

The Company's primary operating lease commitments consist of leases for office and retail space for its company-operated stores and corporate offices. The Company leases vehicles under financing lease agreements expiring at various dates through 2029.

We determine whether an agreement contains a lease at inception based on our right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. The Company does not to recognize a right-of-use asset and a lease liability for leases with an initial term of twelve months or less. Lease liabilities represent the present value of future lease payments and the right-of-use (ROU) assets represent our right to use the underlying assets for the respective lease terms. The Company does not separate lease and non-lease components for new and modified leases after the adoption date, and instead accounts for each separate lease component of a contract and its associated non-lease components as a single lease component.

The operating lease liability is measured as the present value of the unpaid lease payments and the ROU asset is derived from the calculation of the operating lease liability. Other than for leased vehicles, our leases do not generally provide an implicit rate and we use our incremental borrowing rate as the discount rate to calculate the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate that would be required to borrow over a similar term, on a collateralized basis in a similar economic environment.

Rent escalations occurring during the term of the leases are included in the calculation of the future minimum lease payments and the rent expense related to these leases is recognized on a straight-line basis over the lease term. In addition to minimum lease payments, certain leases require payment of a proportionate share of real estate taxes and certain building operating expenses allocated on a percentage of sales in excess of a specified base. These variable lease costs are not included in the measurement of the ROU asset or lease liability due to unpredictability of the payment amount and are recorded as lease expense in the period incurred. The ROU asset is adjusted to account for previously recorded lease-related expenses such as deferred rent and other lease liabilities.

The components of lease cost are as follows (in thousands):

	December 31,	
	2024	**2023**
Operating lease cost	$ **7,149**	$ 7,855
Variable lease cost	**324**	272
Finance lease cost:		
Amortization of right-of-use assets	**7,849**	5,079
Interest on lease obligations	**1,088**	720
Total lease cost	$ **16,411**	$ 13,926

The table below presents additional information related to the Company's leases:

	December 31,	
	2024	**2023**
Weighted average remaining lease term (in years):		
Operating leases	**5.1**	5.2
Finance leases	**2.5**	3.2
Weighted average discount rate:		
Operating leases	**4.2**%	3.4%
Finance leases	**6.3**%	6.1%

Other information related to leases, including supplemental disclosures of cash flow information, is as follows (in thousands):

	For the Years Ended December 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 7,359**	$ 7,857
Operating cash flows from finance leases	**861**	572
Financing cash flows from finance leases	**4,749**	3,455
Right-of-use assets obtained in exchange for operating lease liabilities	**1,876**	2,620

Maturities of lease liabilities are as follows as of December 31, 2024 (in thousands):

Years ending December 31,	Operating leases	Finance leases	Total
2025	$ 6,132	$ 6,692	$ 12,823
2026	5,057	6,941	11,998
2027	3,423	2,854	6,277
2028	2,902	1,134	4,035
2029	2,029	210	2,240
Thereafter	4,089	-	4,089
Total lease payments	$ 23,631	$ 17,831	$ 41,462
Less: Interest	2,591	1,612	4,203
Total lease liabilities	$ 21,040	$ 16,219	$ 37,258
Less: Current lease liabilities	5,401	5,941	11,342
Non-current lease liabilities	$ 15,639	$ 10,278	$ 25,917

Rent expense for operating leases was $7,149 for the year ended December 31, 2024. Total lease cost was $16,411 for the year ended December 31, 2024, including finance lease costs and variable lease costs. Rent expense for operating leases was $7,855 for the year ended December 31, 2023. Total lease cost was $13,926 for the year ended December 31, 2023, including finance lease costs and variable lease costs.

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9. Income Taxes

The income tax benefit is as follows:

For the years ending December 31,	2024	2023
Current:		
Federal	$ 10,911	$ 16,845
State	2,002	2,958
Foreign	(202)	766
Total current	12,710	20,569
Deferred:		
Federal	(18,525)	(32,983)
State	(979)	(5,619)
Foreign	(1,147)	(5,757)
Total deferred	(20,651)	(44,359)
Total income tax benefit	$ (7,941)	$ (23,790)

A reconciliation of the income tax benefit at statutory rates to the income tax benefit at effective is as follows:

For the years ending December 31,	2024	2023
Federal income taxes at statutory rate	$ (9,882)	$ (97,180)
State taxes	602	(3,282)
Permanent differences	1,452	77,266
Foreign currency adjustment	6	55
Tax rate change	-	(258)
Deferred balance adjustment	63	1,653
Tradename sale to SPV	-	(914)
Other NOL	29	-
Payables adjustment	(1,581)	(1,130)
Other	1,370	-
Total income tax benefit	$ (7,941)	$ (23,790)

The Company's effective income tax rate is 16.87% and 5.14% for the years-ended December 31, 2024 and 2023, respectively. The Company's overall global effective income tax rate differs from the statutory US Federal income tax rate of 21.00% due to state income taxes and the state income tax rate change applied to the Company's net US deferred tax liabilities, , and adjustments to the beginning of the tax period accounts.

($000's)

The components of deferred income tax assets and liabilities as of December 31 are as follows:

		2024		2023
Deferred tax assets:				
Accounts receivable allowance	$	**777**	$	540
Accrued expenses		**439**		1,670
Notes receivable allowance		**794**		820
Net operating loss carryforwards		**599**		513
Interest expense limitation		**43,200**		32,083
Deferred revenue		**15,342**		13,850
Operating lease liability		**4,669**		6,569
Other		**3,358**		3,423
Total deferred tax assets		**69,178**		59,468
Deferred tax liabilities:				
Prepaid expenses		**(1,052)**		(562)
Property and equipment		**(10,093)**		(8,946)
Intangible assets and goodwill		**(250,731)**		(263,703)
Interest rate swap		**(6)**		(6)
Operating lease right-of use assets		**(5,007)**		(6,845)
Other		**(1,927)**		(186)
Total deferred tax liabilities		**(268,816)**		(280,248)
Net deferred tax liabilities	$	**(199,638)**	$	(220,780)

For the periods ended December 31, 2024 and 2023, no change was recorded for uncertain tax provisions, and the balance was ($641). As of December 31, 2024, no interest or penalty has been accrued or recognized by the Company related to ASC 740-10 Income Taxes.

($000's)

The Company reported net operating losses in the following jurisdictions as of December 31:

Jurisdiction		**2024**		2022	Expiration
US Federal	$	**-**	$	-	Indefinite
US State		**17,100**		17,085	Various
United Kingdom		**-**		-	Indefinite
Germany		**-**		-	Indefinite
Austria		**-**		-	Indefinite
Canada		**-**		91	20 Years
Total	$	**17,100**	$	17,176	

The Company files a US consolidated federal income tax return for Nest Holdings, Inc. and Subsidiaries which includes Neighborly Company. State returns are filed on either a separate company or consolidated return basis. The company also files separate returns where required for the various LLC entities. The Company's subsidiaries file income tax returns in Canada, Germany, the UK and Austria.

The Company files US state income tax returns in nearly every state in the US. Many of the state return filings reflect net operating loss carryovers computed on a post-apportionment basis, while several states compute operating loss carryovers on a pre-apportionment basis. The US state income tax effect of the net operating loss carryforwards, net of federal income tax, amounted to $1,048 and $938 at December 31, 2024 and 2023, respectively. The state net operating losses have varying carryover periods. The Company expects to fully utilize all net operating loss carryovers prior to expiration.

The Company has no current or pending IRS examinations. US Federal income tax returns for years ended August 31, 2021, December 31, 2021, December 31, 2022, and December 31, 2023 remain open for examination. State income tax returns remain open for similar years, and several states having a longer statute remain open for examination. The Company has timely filed all federal and state income tax returns.

The UK entities have no prior or pending tax examinations with HMRC. The UK corporation tax process is one of self-assessment. Following filing of the tax return, HMRC has a period of (usually) 12 months in which to raise formal inquiries. These can range from simple information requests to detailed technical challenges over treatments adopted in the tax return. HMRC has made no requests. The December 31, 2023, corporate tax returns remain open for examination. The UK entities have timely filed all corporate income tax returns.

The German entities are currently under review by the BZSt. The statute of limitations for examination is four (4) years from the end of the year in which the return was filed. Tax returns for years ended December 31, 2020, and forward remain open for examination. The German entities have timely filed all corporate income tax returns.

The US and foreign entities operate under transfer pricing agreements that control the pricing of intercompany management services, interest and royalties.

The Company has both the intent and ability to reinvest foreign earnings, therefore deferred tax liabilities have not been recorded on either unremitted earnings, components of other comprehensive income, or applicable foreign withholding taxes.

10. Related Party Transactions

On September 1, 2021, a Monitoring Agreement was entered into with Kohlberg Kravis Roberts & Co and Harvest Partners under which the Company will pay certain fees and expenses under the terms of the Monitoring Agreement. For the years ended December 31, 2024 and 2023, the Company recognized management and board fees and expenses of $3,641 and $4,638, respectively, in the Management and board fees and expenses line item in the Company's consolidated statements of operations. Additionally, the Company paid $750 to a related party in the year ended December 31, 2024 for services related to the 2024 VFN Facility. These costs are included in general and administrative expenses on the Consolidated Statement of Operations.

11. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2024 and 2023. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

12. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Company contributions recognized totaled $2,939 and $2,599 for the years ended December 31, 2024, and 2023, respectively.

13. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through March 31, 2024, which was the date the Company's financial statements were available to be issued.

Neighborly Company and Subsidiaries

Consolidated Financial Statements

As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Company
and Subsidiaries

Consolidated Financial Statements
As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Company and Subsidiaries

Contents

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Building a better working world

Report of Independent Auditors

To the Board of Directors and Stockholders of
Neighborly Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of Neighborly Company and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

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

Basis for Opinion

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

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

In performing an audit in accordance with GAAS, we:

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

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

Ernst & Young LLP

Dallas, Texas
April 1, 2024

Consolidated Financial Statements

Neighborly Company and Subsidiaries

Consolidated Balance Sheets
($000's)

As of December 31,		**2023**		2022
Assets				
Current assets				
Cash	**$**	**43,416**	$	55,741
Restricted cash		**28,636**		26,363
Trade accounts receivable – net		**44,566**		43,474
Trade notes receivable - current portion – net		**9,777**		8,461
Inventories		**4,007**		4,632
Income tax receivable		**1,880**		358
Prepaid selling expenses - current		**3,959**		3,143
Other current assets		**2,839**		8,898
Total current assets		**139,080**		151,070
Property and equipment - net		**89,137**		71,442
Operating lease right of use assets		**27,227**		27,904
Prepaid selling expenses - less current portion		**19,104**		16,882
Trade notes receivable - less current portion - net		**15,894**		19,893
Intangible assets - net		**1,425,724**		1,525,073
Goodwill		**1,741,101**		2,154,115
Other non-current assets		**2,128**		2,766
Total assets	**$**	**3,459,395**	$	3,969,145

Neighborly Company and Subsidiaries

Consolidated Balance Sheets (continued)
($000's, except share and per share amounts)

As of December 31,	2023	2022
Liabilities and Stockholder's Equity		
Current liabilities		
Trade accounts payable	$ **15,962**	$ 22,199
Accrued liabilities	**56,589**	62,940
Deferred revenue - current	**17,760**	15,688
Current portion of long-term debt	**10,488**	10,627
Current portion of operating lease liabilities	**6,925**	6,681
Current portion of finance lease obligations	**4,426**	2,659
Total current liabilities	**112,150**	120,794
Long-term debt - less current portion	**1,451,356**	1,175,523
Operating lease obligations - less current portion	**21,302**	22,141
Finance lease obligations - less current portion	**10,187**	4,053
Deferred tax liabilities	**220,780**	261,098
Deferred revenue - less current portion	**73,850**	64,676
Other non-current liabilities	**1,696**	1,971
Commitments and Contingencies (Notes 8 and 11)		
Stockholder's equity		
Common stock-par value $0.01 per share; 100 shares authorized, issued and outstanding	**-**	-
Additional paid-in capital	**2,100,435**	2,420,959
Accumulated deficit	**(489,405)**	(50,587)
Accumulated other comprehensive loss	**(42,956)**	(51,483)
Total stockholder's equity	**1,568,074**	2,318,889
Total liabilities and stockholder's equity	$ **3,459,395**	$ 3,969,145

See accompanying notes to consolidated financial statements

Neighborly Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)
($000's)

For the years ended December 31,		2023		2022
Revenues and income				
Franchise service fees	$	**194,731**	$	176,281
Franchise sales fees		**38,441**		20,655
Sales of products and services		**288,146**		263,318
Advertising and promotional fund revenue		**53,320**		50,870
Other revenue		**39,026**		38,056
Total revenues and income		**613,664**		549,180
Cost of Sales				
Products and services		**169,627**		154,815
Gross Profit		**444,037**		394,365
Selling expense		**26,179**		21,506
General and administrative expense		**196,985**		172,713
Advertising and promotional fund expense		**58,124**		54,235
Equity-based compensation expense		**4,194**		3,414
Depreciation and amortization		**116,929**		104,943
Management and board fees and expenses		**4,638**		5,207
Transaction costs		**-**		3,067
Loss on impairment of goodwill and tradenames		**428,286**		51,454
Bad debt expense		**2,812**		2,398
Operating loss		**(394,110)**		(24,572)
Other expenses				
Interest expense		**68,756**		45,552
Total other expenses		**68,756**		45,552
Net loss before income taxes		**(462,866)**		(70,124)
Income tax benefit		**(23,790)**		(34,378)
Net loss		**(439,076)**		(35,746)
Other comprehensive income/(loss)				
Foreign currency translation adjustment, before tax		**8,527**		(45,261)
Income tax expense/(benefit) related to items of other comprehensive income/(loss)		**2,132**		(11,315)
Other comprehensive income/(loss), net of tax		**6,395**		(33,946)
Comprehensive loss	$	**(432,681)**	$	(69,692)

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity
($000's, except share amounts)

	Common Stock		*Additional Paid - In Capital*	*Accumulated Deficit*	*Accumulated Other Comprehensive Income (Loss)*	*Total*
	Shares	*Amount*				
Balance – December 31, 2021	100	$ -	$ 2,576,318	(14,841)	$ (6,222)	$ 2,555,255
Distribution to parent	-	-	(431,965)	-	-	(431,965)
Equity contribution	-	-	241,794	-	-	241,794
Equity contribution for acquisitions	-	-	31,398	-	-	31,398
Equity-based compensation	-	-	3,414	-	-	3,414
Foreign currency translation adjustment	-	-	-	-	(45,261)	(45,261)
Net loss	-	-	-	(35,746)	-	(35,746)
Balance - December 31, 2022	**100**	**$ -**	**$ 2,420,959**	**$ (50,587)**	**$ (51,483)**	**$ 2,318,889**
Adoption of accounting principle				258		258
Distribution to parent	-	-	(324,718)	-	-	(324,718)
Equity-based compensation	-	-	4,194	-	-	4,194
Foreign currency translation adjustment	-	-	-	-	8,527	8,527
Net loss	-	-	-	(439,076)	-	(439,076)
Balance - December 31, 2023	**100**	**$ -**	**$ 2,100,435**	**$ (489,405)**	**$ (42,956)**	**$ 1,568,074**

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statements of Cash Flows
($000's)

For the years ended December 31,		**2023**		2022
Operating activities				
Net loss	$	(439,076)	$	(35,746)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization		116,929		104,943
Amortization of deferred financing costs		4,164		1,447
Loss on impairment of goodwill and tradenames		428,286		51,454
Bad debt expense		2,812		2,398
Notes received		(15,243)		(13,059)
Collections of notes receivable		16,605		13,965
Deferred income taxes		(44,346)		(44,898)
(Gain) loss on disposal of assets		-		(538)
Equity-based compensation		4,194		3,414
Changes in assets and liabilities, net of business acquisitions:				
Trade accounts receivable		(1,403)		(11,523)
Inventories		626		(1,281)
Prepaid selling expenses and other assets		3,722		(3,903)
Trade accounts payable		(6,249)		4,116
Accrued liabilities		(8,512)		8,264
Other non-current liabilities		(275)		(203)
Income tax receivable		(1,519)		(1,530)
Change in operating lease assets and liabilities		3,535		2,347
Deferred revenue		11,246		6,045
Net cash provided by operating activities		75,496		85,712
Investing activities				
Acquisitions, net of cash received		-		(254,373)
Purchase of property, equipment and other assets		(27,931)		(18,930)
Net cash used in investing activities		(27,931)		(273,303)
Financing activities				
Equity contribution		-		241,794
Distributions paid		(324,718)		(431,965)
Deferred financing costs paid		(13,866)		(9,380)
Proceeds from revolver		25,000		-
Payments on principal portion of finance lease liabilities		(3,455)		(1,773)
Payments on long-term borrowings		(14,323)		(11,679)
Proceeds from long-term borrowings		275,000		410,915
Net cash provided by/(used in) financing activities		(56,362)		197,912
Effect of foreign currency translation on cash		(1,255)		(1,002)
Net increase (decrease) in cash and restricted cash		(10,052)		9,319
Cash and restricted cash - Beginning of period		82,104		72,785
Cash and restricted cash - End of period		72,052		82,104
Supplemental cash flow disclosures:				
Cash paid (refunds received) for income taxes	$	15,829	$	3,734
Cash paid for interest	$	60,258	$	40,950
Non-cash equity contribution for acquisitions	$	-	$	31,398

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

Organization and Description of Business

Neighborly Company and Subsidiaries ("we", "our", "Neighborly" and the "Company") is a Delaware corporation and is the parent company of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally which include the following companies: Mr. Rooter, Rainbow International, Mr. Electric, Aire Serv, Mr. Appliance, Glass Doctor, Grounds Guys, Molly Maid, Mr. Handyman, Five Star Painting, Mosquito Joe, Real Property Management, Window Genie, HouseMaster, Dryer Vent Wizard, ShelfGenie, Precision Door Service, Restoration 1, Junk King, Lawn Pride, ZorWare, Drain Doctor, Locatec, Countrywide, Bright and Beautiful, Dream Doors, Greensleeves, and ProTradeNet.

In addition, the Company owns and operates non-franchisor entities as follows: Portland Glass, which offers auto, home, and business glass repair and replacement through company owned stores located in Maine, Vermont, and New Hampshire; Pimlico Plumbers, which offers repair and maintenance services, concentrated in central London; Plumb Enterprises, which offers full plumbing, drain and sewer cleaning services, excavation, and repairs to customers in Colorado; and Lawn Pride, which offers lawn care and maintenance services through the application of fertilizer, as well as pest control, in Indiana.

Acquisition of the Company

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Acquisitions

During 2023, the company made no acquisitions.

During 2022, the Company acquired Lawn Pride in August, Greensleeves in October and Junk King in November, and repurchased three of its previously franchised Mr. Rooter territories in March, each of which operates in the home services industry. The purchase price of the acquisitions of $290,364, comprised of $258,870 of cash, consideration payable of $96, and $31,398 of rollover equity, has been allocated to the assets acquired and liabilities assumed by the Company based on independent valuation studies and management estimates of their fair value in accordance with FASB ASC Topic 805, Business Combinations, on the date of acquisition. The Company acquired 100% ownership of these entities, or acquired certain assets, to gain control and access to the intellectual property of each.

($000's)

The total purchase price was allocated as follows:

Working capital	$	4,326
Capital lease obligations		(613)
Other long-term assets		2,507
Property and equipment		10,486
Tradenames		80,287
Developed technology		320
Franchise relationships		9,830
Franchise rights		5,400
Customer relationships		12,400
National accounts		830
Goodwill		168,868
Other long term debt		(3,712)
Deferred tax liability		(565)
Total consideration transferred	$	290,364

For the period ending December 31, 2022, the goodwill recognized is attributable to intangible assets not qualifying for separate recognition. The Company currently expects to be able to deduct goodwill of $135,695 for tax purposes. Transaction costs totaling $3,067 were incurred at closing and are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

2. Summary of Significant Accounting Policies

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal years beginning after December 15, 2022, with early adoption permitted.

The Company adopted ASU 2016-13 using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $0.2 million and a corresponding adjustment to accumulated deficit, net of tax.

Principles of Consolidation and Variable Interest Entities

The accompanying consolidated financial statements as of December 31, 2023 and 2022 include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct activities of a VIE that most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Neighborly Assetco LLC ("Assetco") is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly (the "Manager").

Assetco's subsidiaries are comprised of a number of franchisors and related supporting businesses operating in the US and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, Precision Door Service SPV LLC, Junk King SPV LLC, and Lawn Pride SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Neighborly Service Solutions SPV LLC, Back Office SPV LLC, G-O Manufacturing SPV LLC, Zorware SPV LLC, NBLY Co Ops CO SPV LLC, NBLY Co Ops WA SPV LLC, NBLY Co Ops AZ SPV LLC, NBLY Co Ops IN SPV LLC, Trench Right SPV LLC, Trench Right WA SPV LLC, Dig Boss SPV LLC, NBLY Logistics SPV LLC, and Pimlico SPV Limited (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of Assetco.

Assetco holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

Neighborly SPV Guarantor LLC, Neighborly Issuer LLC, and Neighborly Assetco LLC (collectively with the SPV Franchisors and the Non-Franchisor SPV Entities are referred to as "Securitization Entities") were formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 and on subsequent dates thereafter (see Note 3).

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly is the primary beneficiary, having both power and benefits, of the Securitization Entities and accordingly, consolidation is concluded.

Reclassifications

Certain reclassifications have been made to conform prior year balances to the current year presentation. Payments on principal of finance lease liabilities have been included in financing activities in the accompanying Consolidated Statements of Cash Flow. None of the reclassifications affected our net loss in the prior year.

Use of Estimates

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

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional fund revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. Our performance obligations under franchise agreements consist of providing a license of our brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described above. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to our franchise owners to maintain the intellectual property being licensed.

We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). Our obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual brands. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from Contracts with Customers.

($000's)

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being recognized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,	**2023**	2022
Balance at beginning of period	**$ 80,364**	$ 72,091
Fees received from franchise owners	**49,188**	26,170
Franchise sales fee revenue recognized	**(38,441)**	(20,655)
Deferred revenue from acquisitions	**-**	3,497
Other changes in deferred revenue	**499**	(739)
Balance at end of period	**91,610**	80,364
Less: current portion	**17,760**	15,688
Deferred revenue noncurrent	**$ 73,850**	$ 64,676

($000's)

Revenue deferred as of December 31, 2022 and recognized in the period from January 1, 2023 through December 31, 2023 was $20,133. Revenue deferred as of December 31, 2021 and recognized in the period from January 1, 2022 through December 31, 2022 was $12,893.

As of December 31, 2023, the deferred revenue expected to be recognized for each of the next five years and in the aggregate is as follows:

Years ending December 31,		
2024	$	17,760
2025		11,841
2026		11,538
2027		11,088
2028		10,370
Thereafter		29,013
	$	91,610

Direct, incremental selling expenses incurred when the franchise agreement is executed are recorded as a contract asset and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Consolidated Balance Sheets. For the year ended December 31, 2023, $8,883 of costs were paid and expense of $5,845 is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2022, $6,843 of costs were paid and expense of $5,584 was recognized. The ending asset for deferred contract costs as of December 31, 2023 was $23,063, of which $3,959 was current. The ending asset for deferred contract costs as of December 31, 2022 was $20,025, of which $3,143 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $28,772 for the year ended December 31, 2023 and was $22,669 for the year ended December 31, 2022. Advertising expense is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

With the exception of land, which is not depreciated, property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: buildings (30 years) and building improvements (5-10 years), capped at the lease life for leasehold improvements; machinery, equipment, and vehicles (5-10 years); furniture and fixtures (5 years); and hardware and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the year ended December 31, 2023.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance resulted from the acquisition of the Company as of September 1, 2021, and from the Company's acquisitions in the successor period, as discussed in Note 1.

The Company performed a qualitative assessment of its goodwill as of October 1, 2023 and concluded that indicators of impairment existed for certain of its reporting units, based on trends in financial performance. Additionally, upon measurement using present value techniques including the income approach and the market approach, the Company's weighted average cost of capital increased, due to increasing interest rates, combined with operating performance, unfavorably impacting the calculated fair value of those reporting units. Accordingly, a goodwill impairment charge of $417,591 was recorded in 2023.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, insurance company relationships, customer relationships, re-acquired franchise rights, developed technology, copyrights, and domain name, and are stated at their estimated fair value as of the date of acquisition, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. Impairment expense of $10,695 was recorded in the year ended December 31, 2023, and none was recorded in the year ended December 31, 2022.

Tradenames are amortized over their estimated useful life, which ranges from three years to 20 years, using the straight-line method. Franchise relationships, national accounts relationships, and insurance company relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Customer relationships are amortized over their estimated useful life of three to 10 years, using the straight-line method. Reacquired franchise rights are amortized over the remaining life of the reacquired agreements, between one to seven years, using the straight-line method. Copyrights are amortized over their estimated useful life of five years, using the straight-line method. Developed technology is amortized over their estimated useful life of three years, using the straight-line method.

Domain names are stated at their estimated fair value at the date of acquisition, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1, of 2023 and 2022 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

The Company establishes valuation allowances in accordance with the provisions of FASB ASC Topic 740, Income Taxes. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses uncertain tax benefits in accordance with FASB ASC Topic 740-10, Income Taxes-Overall. The Company has elected to classify interest and penalties related to uncertain tax benefits as a component of income tax expense.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, Compensation-Stock Compensation. This pronouncement requires the measurement of all equity-based payments to employees using a fair-value-based method and the recording of such expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). The Company participates in an equity-based employee compensation plan, which is described more fully in Note 5.

Foreign Currency Translation

Consolidated entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in Canada, the United Kingdom (the "UK"), Germany and Austria. Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss), primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents.

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Cash consists primarily of cash on hand and cash on deposit. Restricted cash includes funds held for the MAP funds and securitized cash held for principal and interest payments on deposit related to the Securitization Transaction.

Cash and restricted cash as of December 31, consists of the following:

		2023		2022
Cash	$	**43,416**	$	55,741
Restricted Cash:				
Whole business securitization		**21,903**		17,422
MAP funds		**6,733**		8,941
Total cash and restricted cash	$	**72,052**	$	82,104

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments and Non-financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The tradenames, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships, customer relationships, national account relationships, and insurance company relationships were valued using the multi-period excess earnings method in the periods acquired, except for those tradenames remeasured in 2023 as a result of impairment testing as discussed above. Rollover equity was valued using a combination of Level 2 observable inputs including EBITDA multiples and public company comparables as well as discounted cash flow analysis of future projections in the period issued. The future projections and estimates used to fair value the assets acquired in acquisitions, as well as those used in our long-lived asset impairment testing, are considered Level 3 inputs.

3. Debt Agreements

Through its wholly owned subsidiary, Neighborly Issuer LLC (the "Issuer"), the Company entered into the Securitization Transaction which was completed on March 25, 2021. In conjunction with the

Securitization Transaction, the Issuer issued $800 million Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Series 2021-1 Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2 million and interest are paid quarterly. As of December 31, 2023, $780 million was outstanding on the Series 2021-1 Senior Notes. As of December 31, 2022, $788 million was outstanding on the Series 2021-1 Senior Notes.

Additionally, the Securitization Transaction provided for a $10 million variable rate Delayed Draw Class A-1-LR Senior Note ("Series 2021-1 Class A-1 Notes"), with a final maturity date of April 30, 2051, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at the Secured Overnight Financing Rate (SOFR) plus 300 basis points. As of December 31, 2023, no borrowings had been made on the Series 2021-1 Class A-1 Notes.

The Securitization Transaction also provided for a $30 million variable rate Class A-1-VFN Senior Note (the "2021 VFN facility"), with a maturity date of April 30, 2026, and two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 266 basis points. For the year ended December 31, 2023, the Company had no borrowings on the facility. As of December 31, 2023, issued and undrawn letters of credit under the VFN facility were $16.95 million. Undrawn letters of credit under the VFN facility incur interest at a rate of 2.66%, which is payable quarterly. As of December 31, 2023, availability on the VFN facility was $13.05 million, and no borrowings were outstanding. As of December 31, 2022, issued and undrawn letters of credit under the VFN facility were $11.47 million. As of December 31, 2022, availability on the VFN facility was $18.53 million, and no borrowings were outstanding.

On January 19, 2022, the Company, through the Issuer, issued $410 million Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1.03 million and interest are paid quarterly. As of December 31, 2023, $402.83 million was outstanding on the Series 2022-1 Senior Notes. As of December 31, 2022, $406.93 million was outstanding on the Series 2022-1 Senior Notes.

Additionally, the Second Securitization Transaction provided for a $4 million variable rate Delayed Draw Class A-1-LR Senior Note(the "Series 2022-1 Class A-1 Notes"), with a final maturity date of January 30, 2052, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to Prime plus 300 basis points. As of December 31, 2023, no draws had been made on the Series 2022-1 Class A-1 Notes.

In connection with the Second Securitization Transaction, issued and undrawn letters of credit on the 2021 VFN facility increased to $11.47 million as of January 19, 2022 from $7.3 million as of December 31, 2021. In connection with the Third Securitization Transaction, issued and undrawn letters of credit on the 2021 VFN facility increased to $16.95 million as of February 3, 2023 from $11.47 million as of December 31, 2022.

In conjunction with the Second Securitization Transaction, $10,353 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the straight-line method, which material approximates the effective interest rate method. For the years ended December 31, 2023 and 2022, respectively, a total of $1,510 and $1,447 of previously capitalized deferred financing costs related to the Second Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 3, 2023, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, issued $275 million Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687.5 and interest are paid quarterly. As of December 31, 2023, $272.94 million was outstanding on the Series 2023-1 Senior Notes.

Additionally, the Third Securitization Transaction provided for a $5.03 million variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2023-1 Class A-1 Notes"), with a final maturity date of January 30, 2053, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to SOFR plus 300 basis points. As of December 31, 2023, no draws had been made on the Series 2023-1 Class A-1 Notes.

The Third Securitization Transaction also provided for a $125 million variable rate Class A-1-VFN Senior Note (the "2023 VFN facility"), with a maturity date of January 30, 2026, with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 350 basis points. As of December 31, 2023, borrowings outstanding on the 2023 VFN facility were $25 million, and availability was $100 million.

In conjunction with the Third Securitization Transaction, $14,177 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the effective interest method. For the year ended December 31, 2023, a total of $2,654 of previously capitalized deferred financing costs related to the Third Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Series 2023-1 Senior Notes issued in conjunction with the securitization transaction are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities. Proceeds were distributed to Neighborly's parent company to extinguish debt incurred by the parent to fund the Company's acquisitions.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, the Series 2023-1 Class A-1 Notes, and VFN facility described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of Neighborly Issuer LLC and the other Securitization Entities, and guaranteed by the Issuer and such Securitization Entities, each of which is a bankruptcy remote entity and which owned substantially all of the Company's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Series 2021-1 Senior Notes, Series 2022-1 Senior Notes, Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transactions require, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2023 and 2022, the Issuer was in compliance with all debt-service coverage covenants.

($000's)

The Company's long-term debt and trade notes receivable bear interest at market rates. Thus, management believes their carrying amounts approximate fair value.

Debt as of December 31, consists of the following:

		2023		2022
Series 2021-1 Senior Notes	$	**780,000**	$	788,000
Series 2022-1 Senior Notes		**402,825**		406,925
Series 2023-1 Senior Notes		**272,938**		-
Series 2021-1-VFN Senior Notes		**25,000**		-
Vehicle notes acquired		**-**		131
Deferred financing costs – net		**(18,919)**		(8,906)
Total debt		**1,461,844**		1,186,150
Less current portion		**10,488**		10,627
Long-term debt	$	**1,451,356**	$	1,175,523

Future maturities of long-term debt as of December 31, 2023, are as follows:

Years ending December 31,		
2024	$	10,488
2025		10,532
2026		10,577
2027		10,621
2028		13,191
Thereafter		1,406,435
	$	1,461,844

($000's)

4. Intangible Assets and Goodwill

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 1,001,190	$ 10,814	$ 111,600	$ 878,776
Franchise relationships	15 years	613,289	-	94,631	518,658
National accounts	15 years	3,138	-	424	2,714
Insurance company relationships	15 years	2,300	-	358	1,942
Customer relationships	3-10 years	17,848	-	4,594	13,254
Franchise rights	1-7 years	12,200	-	3,495	8,705
Developed technology	3 years	720	-	436	284
Copyrights	5 years	143	-	66	77
Total definite-lived intangibles		$ 1,650,628	$ 10,814	$ 215,604	$ 1,424,410

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Intangible assets as of December 31, 2022, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 995,347	$ 60,525	$ 934,822
Franchise relationships	15 years	610,292	53,481	556,811
National accounts	15 years	3,121	213	2,908
Insurance company relationships	15 years	2,300	204	2,096
Customer relationships	3-10 years	17,583	1,512	16,071
Franchise rights	1-7 years	12,200	1,777	10,423
Developed technology	3 years	720	196	524
Copyrights	5 years	135	31	104
Total definite-lived intangibles		$ 1,641,698	117,939	$ 1,523,759

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

($000's)

Amortization expense was $96,710 for the year ended December 31, 2023 and $90,997 for the year ended December 31, 2022. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,	
2024	$ 96,420
2025	95,598
2026	95,500
2027	94,654
2028	93,001
Thereafter	949,237
	$ 1,424,410

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the parent by KKR and from the Company's acquisitions on September 1st 2021, and with subsequent acquisitions, as discussed in Note 1.

The changes in the carrying amount of goodwill are as follows:

For the years ending December 31,	**2023**	2022
Balance at beginning of period	$ **2,154,115**	$ **2,069,311**
Goodwill recorded from acquisitions	**-**	**168,868**
Net goodwill adjustments from prior year acquisitions	**-**	**(5,432)**
Adjustment to goodwill for unrealized gain/loss on foreign currency	**4,577**	**(27,178)**
Goodwill impairment	**(417,591)**	**(51,454)**
Balance at end of period	$ **1,741,101**	$ **2,154,115**

5. Equity-based Compensation

In September 2021, Nest Management LP, a co-investor with KKR, created a profits interest plan which provides for profits interest award grants of Nest Holdings LP and its subsidiaries. A total of 202,843,686 profits interests units were approved to be granted under the plan.

On October 27, 2021, and certain dates thereafter, Nest Management LP granted awards under the plan. The profits interests are exercisable only to the extent they are vested, and do not expire. Generally, vesting of a portion of the profits interests (50%) is subject to the passage of time; the remaining (50%) vest based on achievement of defined financial criteria upon a liquidity event of the Company. Based on continuous employment, time-based profits interest units vest 20% annually, for each of five years.

($000's)

The Company accounts for equity-based compensation in accordance with ASC 718, Compensation-Stock Compensation, which requires the fair value of equity-based payments to be recognized in the consolidated statements as compensation expense over the requisite service period. For time-based awards, compensation expense is recognized on a straight-line basis, net of forfeitures which are recognized as they occur, over the requisite service period for awards that actually vest. For performance-based awards, compensation expense is estimated based on achievement of performance conditions and is recognized over the requisite service period for awards that actually vest. Equity-based compensation expense is recorded in the equity-based compensation line in the consolidated statements of operations.

The average grant date fair value of awards under the Nest Management LP profits interest plan was determined using Monte-Carlo simulation, and was $0.36 per unit for awards in the year ended December 31, 2023 and was $0.35 per unit for awards in the year ended December 31, 2022. As of December 31, 2023 and 2022 no units were both vested and exercisable.

As of December 31, 2023, the weighted average remaining contractual life of outstanding time-based awards is 3.2 years. As of December 31, 2022, the weighted average remaining contractual life of outstanding time-based awards is 4.0 years. Equity-based compensation expense recorded for the year ended December 31, 2023 was $4,194, and 2022 was $3,414. As of December 31, 2023, unamortized stock compensation expense to be recognized in future years was $11,021.

	Number of Underlying Units
Outstanding – December 31, 2021	**122,030,131**
Granted	22,750,879
Forfeited	(6,535,051)
Redeemed	-
Outstanding – December 31, 2022	138,245,959
Granted	16,124,890
Forfeited	(32,158,970)
Redeemed	-
Outstanding – December 31, 2023	122,211,879
Vested and Exercisable – December 31, 2023	-

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2023 and 2022, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years.

($000's)

A summary of trade notes receivable as of December 31 is as follows:

		2023		2022
Amounts due within one year, net of allowance for credit losses of $117 as of December 31, 2023 and allowance for doubtful accounts of $230 as of December 31, 2022	$	**9,777**	$	8,461
Amounts due after one year, net of allowance for credit losses of $542 as of December 31, 2023 and allowance for doubtful accounts $466 as of December 31, 2022		**15,894**		19,893
Total trade notes receivable, net	$	**25,671**	$	28,354

An analysis of the changes in trade notes receivable is as follows:

For the years ending December 31,		2023		2022
Gross trade notes receivable, beginning of period	$	**29,050**	$	29,211
Trade notes receivable from acquisitions		**-**		1,982
Principal payments received		**(16,605)**		(13,965)
Notes issued		**15,243**		13,059
Net write-offs		**(1,356)**		(1,178)
Foreign currency translation		**(2)**		(59)
Gross trade notes receivable, end of period		**26,330**		29,050
Allowance for credit losses		**(659)**		-
Allowance for doubtful accounts		**-**		(696)
Net trade notes receivable, end of period	$	**25,671**	$	28,354

($000's)

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ending December 31,		2023		2022
Allowance, beginning of period	$	**696**	$	441
Provision for credit losses		**1,303**		-
Provision for bad debt		**-**		1,413
Net write-offs		**(1,356)**		(1,178)
Foreign currency translation		**16**		20
Allowance, end of period	$	**659**	$	696

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,		
2024	$	9,894
2025		5,193
2026		4,125
2027		2,991
2028		2,146
Thereafter		1,981
	$	26,330

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

		2023		2022
Land	$	**1,720**	$	1,720
Building and improvements		**31,157**		32,536
Machinery and equipment		**8,843**		1,186
Hardware		**6,519**		4,616
Software		**40,940**		20,253
Furniture and fixtures		**4,234**		7,531
Vehicles		**9,428**		11,288
Vehicles under financing lease		**19,028**		7,940
Total property and equipment		**121,869**		87,070
Less accumulated depreciation		**(32,732)**		(15,628)
Property and equipment – net	$	**89,137**	$	71,442

Depreciation expense was $20,219 for the year ended December 31, 2023 and $13,946 for the year ended December 31, 2022.

8. Leases

The Company's primary operating lease commitments consist of leases for office and retail space for its company-owned stores and corporate offices. The Company leases vehicles under financing lease agreements expiring at various dates through 2027.

We adopted ASC 842 effective January 1, 2022 using the modified retrospective adoption method, which resulted in no adjustment to opening retained earnings.

We utilized the modified retrospective option available in ASC 842, which allowed the continued application of the legacy guidance in ASC 840, including disclosure requirements, in the comparative periods presented in the year of adoption. The Company elected not to separate lease and non-lease components for new and modified leases after the adoption date, and instead will account for each separate lease component of a contract and its associated non-lease components as a single lease component. The Company elected not to recognize a right-of-use asset and a lease liability for leases with an initial term of twelve months or less.

We determine whether an agreement contains a lease at inception based on our right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. Lease liabilities represent the present value of future lease payments and the right-of-use (ROU) assets represent our right to use the underlying assets for the respective lease terms.

The operating lease liability is measured as the present value of the unpaid lease payments and the ROU asset is derived from the calculation of the operating lease liability. Other than for leased vehicles, our leases do not generally provide an implicit rate and we use our incremental borrowing rate as the discount rate to calculate the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate that would be required to borrow over a similar term, on a collateralized basis in a similar economic environment.

Rent escalations occurring during the term of the leases are included in the calculation of the future minimum lease payments and the rent expense related to these leases is recognized on a straight-line basis over the lease term. In addition to minimum lease payments, certain leases require payment of a proportionate share of real estate taxes and certain building operating expenses allocated on a percentage of sales in excess of a specified base. These variable lease costs are not included in the measurement of the ROU asset or lease liability due to unpredictability of the payment amount and are recorded as lease expense in the period incurred. The ROU asset is adjusted to account for previously recorded lease-related expenses such as deferred rent and other lease liabilities.

The components of lease cost are as follows (in thousands):

For the years ending December 31,		2023		2022
Operating lease cost	$	**7,855**	$	7,406
Variable lease cost		**272**		365
Finance lease cost:				
Amortization of right-of-use assets		**5,079**		2,635
Interest on lease obligations		**720**		290
Total lease cost	$	**13,926**	$	10,696

The table below presents additional information related to the Company's leases:

As of December 31,	2023	2022
Weighted average remaining lease term (in years):		
Operating leases	**5.2**	5.6
Finance leases	**3.2**	2.7
Weighted average discount rate:		
Operating leases	**3.4**%	3.1%
Finance leases	**6.1**%	6.0%

Other information related to leases, including supplemental disclosures of cash flow information, is as follows (in thousands):

For the years ending December 31,		**2023**	**2022**
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$	**7,857**	6,567
Operating cash flows from finance leases		**572**	184
Financing cash flows from finance leases		**3,455**	1,773
Right-of-use assets obtained in exchange for operating lease liabilities		**2,620**	8,507

Maturities of lease liabilities are as follows as of December 31, 2023 (in thousands):

Years ending December 31,		**Operating leases**		**Finance leases**		**Total**
2024	$	7,795		5,051		12,846
2025		7,092		3,919		11,011
2026		5,031		4,953		9,985
2027		3,342		1,764		5,106
2028		2,611		465		3,075
Thereafter		5,435		-		5,435
Total lease payments	$	31,306	$	16,152	$	47,458
Less: Interest		3,079		1,539		4,618
Total lease liabilities	$	28,227	$	14,613	$	42,840
Less: Current lease liabilities		6,925		4,426		11,351
Non-current lease liabilities	$	21,302	$	10,187	$	31,489

Rent expense for operating leases was $7,855 for the year ended December 31, 2023. Total lease cost was $13,926 for the year ended December 31, 2023, including finance lease costs and variable lease costs. Rent expense for operating leases was $7,406 for the year ended December 31, 2022. Total lease cost was $10,696 for the year ended December 31, 2022, including finance lease costs and variable lease costs.

($000's)

9. Income Taxes

The provision for income taxes is as follows:

For the years ending December 31,		**2023**		2022
Current:				
Federal	$	**16,845**	$	5,208
State		**2,958**		1,121
Foreign		**766**		4,191
Total current		**20,569**		10,520
Deferred:				
Federal		**(32,983)**		(30,205)
State		**(5,619)**		(5,763)
Foreign		**(5,757)**		(8,930)
Total deferred		**(44,359)**		(44,898)
Total tax benefit	$	**(23,790)**	$	(34,378)

A reconciliation of the provision for income taxes at statutory rates to the provision for income taxes at effective is as follows:

For the years ending December 31,		2023		**2022**
Federal income taxes at statutory rate	$	**(97,180)**	$	(14,726)
State taxes		**(3,282)**		(3,758)
Permanent differences		**77,266**		10,304
Foreign currency adjustment		**55**		(2,473)
Tax rate change		**(258)**		(1,098)
Deferred balance true-up		**1,653**		(435)
Tradename sale to SPV		**(914)**		(22,187)
Payables true-up		**(1,130)**		(40)
Other		**-**		35
Total tax benefit	$	**(23,790)**	$	(34,378)

($000's)

The Company's effective income tax rate is 5.14% for the year-ended December 31, 2023. The Company's effective income tax rate is 49.03% for the year-ended December 31, 2022. The Company's overall global effective income tax rate differs from the statutory US Federal income tax rate of 21.00% due to state income taxes and the state income tax rate change applied to the Company's net US deferred tax liabilities, impairments of GAAP goodwill for which no deferred income tax assets or liabilities are provided, as well as the US deferred income tax impact of the purchase of the Pimlico tradename by a Non-Franchisor SPV Entity within the Securitization Entities from a non-securitization entity, and true-ups to the beginning of the tax period accounts.

The components of deferred income tax assets and liabilities as of December 31 are as follows:

	2023	2022
Deferred tax assets:		
Accounts receivable allowance	$ **540**	$ 355
Accrued expenses	**1,670**	1,765
Notes receivable allowance	**820**	855
Net operating loss carryforwards	**513**	1,234
Interest expense limitation	**32,083**	18,462
Deferred revenue	**13,850**	13,084
Operating lease liability	**6,569**	7,912
Other	**3,423**	2,363
Total deferred tax assets	**59,468**	46,030
Deferred tax liabilities:		
Prepaid expenses	**(562)**	(901)
Property and equipment	**(8,946)**	(5,284)
Intangible assets and goodwill	**(263,703)**	(293,005)
Interest rate swap	**(6)**	(6)
Operating lease right-of use assets	**(6,845)**	(7,696)
Other	**(186)**	(236)
Total deferred tax liabilities	**(280,248)**	(307,128)
Net deferred tax liabilities	$ **(220,780)**	$ (261,098)

For the periods ended December 31, 2023 and 2022, no change was recorded for uncertain tax provisions, and the balance was ($641). As of December 31, 2022, no interest or penalty has been accrued or recognized by the Company related to ASC 740 Income Taxes.

($000's)

The Company reported net operating losses in the following jurisdictions as of December 31:

Jurisdiction	2023	2022	Expiration
US Federal	$ -	$ -	Indefinite
US State	**17,085**	15,371	Various
United Kingdom	-	-	Indefinite
Germany	-	1,462	Indefinite
Austria	-	12	Indefinite
Canada	**91**	-	20 Years
Total	$ **17,176**	$ 16,845	

The Company files a US consolidated federal income tax return for Nest Holdings, Inc. and Subsidiaries which includes Neighborly Company. State returns are filed on either a separate company or consolidated return basis. The company also files separate returns where required for the various LLC entities. The Company's subsidiaries file income tax returns in Canada, Germany, the UK and Austria.

The Company files US state income tax returns in nearly every state in the US. Many of the state return filings reflect net operating loss carryovers computed on a post-apportionment basis, while several states compute operating loss carryovers on a pre-apportionment basis. The US state income tax effect of the net operating loss carryforwards, net of federal income tax, amounted to $872 and $810 at December 31, 2023 and 2022, respectively. The state net operating losses have varying carryover periods. The Company expects to fully utilize all net operating loss carryovers prior to expiration.

The Company has no current or pending US income tax examinations. US Federal income tax returns for years ended December 31, 2020, August 31, 2021, December 31, 2021, and December 31, 2022 remain open for examination. State income tax returns remain open for similar years, and several states having a longer statute remain open for examination. The Company has timely filed all federal and state income tax returns. The Company underwent a federal income tax audit for the year ended December 31, 2014. The audit was closed during June 2018 with no adjustments reported.

The UK entities have no prior or pending income tax examinations with Her (now, His) Majesty's Revenue and Customs ("HMRC"), the UK's tax, payments and customs authority. The UK corporation income tax process is one of self-assessment. Following filing of the tax return, HMRC has a period of (usually) 12 months in which to raise formal inquiries. These can range from simple information requests to detailed technical challenges over treatments adopted in the tax return. HMRC has made no requests. The UK December 31, 2022 corporate tax returns remain open for examination. The UK entities have timely filed all corporate income tax returns.

The German entities have no prior or pending income tax examinations with Bundeszentralamt für Steuern ("BZSt"), Germany's federal tax office. The statute of limitations in Germany for examination is four years from the end of the year in which the return was filed. The Germany entities' tax returns for years ended December 31, 2019 and forward remain open for examination. The German entities have timely filed all corporate income tax returns.

As of December 31, 2019 (Predecessor), the Company maintained a valuation allowance of $2,009. The valuation allowance represented a reserve against certain UK net deferred tax assets for which the Company believed the "more likely than not" criterion for recognition purposes could not be met. For the year ended December 31, 2020 (Predecessor), the Company recorded a valuation allowance release with respect to these UK net deferred tax assets, on the basis of the Company's reassessment of the "more likely than not" criterion. As of each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In the period from January 1, 2021 through August 31, 2021 (Predecessor) the Company began utilizing net operating losses in the UK tax jurisdiction and continued to do so in the period from September 1, 2021 through December 31, 2021 (Successor). The Company fully utilized all remaining net operating losses in the year ended December 31, 2022, and no valuation allowance remains. The net operating losses comprised the majority of the UK net deferred tax asset balance.

The US and foreign entities operate under transfer pricing agreements that control the pricing of intercompany management services, interest and royalties.

The Company has both the intent and ability to reinvest foreign earnings, therefore deferred tax liabilities have not been recorded on either unremitted earnings, components of other comprehensive income, or applicable foreign withholding taxes.

10. Related Party Transactions

On September 1, 2021, a Monitoring Agreement was entered into with Kohlberg Kravis Roberts & Co and Harvest Partners under which the Company will pay certain fees and expenses under the terms of the Monitoring Agreement. For the period ending December 31, 2023, the Company recognized fees and expenses of $4,638 which is included in board fees and expenses. For the period ending December 31, 2022, the Company recognized fees and expenses of $5,747 of which $4,517 is included in board fees and expenses and $1,230 in deferred debt issuance costs, which is a reduction to long-term debt, in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

11. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2023 and 2022. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

12. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Company contributions recognized totaled $2,599 for the year ended December 31, 2023, and $2,261 for the year ended December 31, 2022.

13. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through April 1, 2024, which was the date the Company's financial statements were available to be issued.

EXHIBIT D

PARENT GUARANTEE

GUARANTEE OF PERFORMANCE

For value received, NEIGHBORLY ASSETCO LLC, a Delaware limited liability company (the "Guarantor"), located at 1010 North University Parks Drive, Waco, Texas 76707, absolutely and unconditionally guarantees to assume the duties and obligations of **JUNK KING SPV LLC**, a Delaware limited liability company, located at 1010 North University Parks Drive, Waco, Texas 76707 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Waco, Texas on the 1st day of April, 2025.

Guarantor: NEIGHBORLY ASSETCO LLC

By: ______________________________
Michael Davis, Chief Executive Officer

EXHIBIT E

CURRENT FRANCHISEES
IN THE UNITED STATES AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Alabama	~~Junk King Alabaster~~McPeters, Jeff: JUKAL900	~~Jeff McPeters~~(205) 753-9313	64 Highway 265, Suite 505	Alabaster, AL 35007	~~(205) 754-7695~~
Alabama	~~Junk King Birmingham~~McPeters, Jeff: JUKAL899	~~Jeff McPeters~~(205) 753-9313	2217 Finley ~~Boulevard~~Blvd.	Birmingham, AL 35234	~~(205) 686-4599~~
~~Arkansas~~	~~Junk King Northwest Arkansas~~	~~Mike Needham~~	~~3307 S.W. 14th Street, Suite A~~	~~Bentonville, AR 72712~~	~~(479) 345-5061~~
Arizona	~~Junk King Gilbert~~Sanford, Ericka: Environmental Upcycling LLC JUKAZ896	~~Michael Sanford~~(385) 384-7686	2270 S. Airport ~~Boulevard~~Blvd., Suite 3	Chandler, AZ 85286	~~(480) 841-8001~~
Arizona	~~Junk King Surprise~~Prince, Marnie: Great White North Environmental LLC JUKAZ898	~~Marnie Prince~~(503) 688-8864	9543 W. Sahuaro Drive	Peoria, AZ 85345	~~(623) 404-8586~~
Arizona	~~Junk King Phoenix~~Prince, Marnie: Great White North Environmental LLC JUKAZ900	~~Marnie Prince~~(503) 688-8864	~~2115 W. Shangri-La Road~~11011 N. 23rd Avenue, Suite ~~6~~2	Phoenix, AZ 85029	~~(480) 719-4471~~
Arizona	~~Junk King Mesa~~Prince, Marnie: Great White North Environmenta	~~Marnie Prince~~(503) 688-8864	2105 S. Hardy Drive, Suite 2	Tempe, AZ 85282	~~(480) 681-6515~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	l LLC JUKAZ899				
Arizona	~~Junk King Tucson~~Prince, Marnie: Prince Hauling, LLC JUKAZ897	~~Marnie Prince~~(503) 688-8864	1870 W. Prince Road #64	Tucson, AZ 85705	~~(520) 873-9622~~
Arizona	Clock, Eric: Zero Waste Nation LLC JUKAZ901	(270) 404-5114	6413 N. 171st Lane	Waddell, AZ 85355	
~~California~~Arkansas	~~Junk King Anaheim~~Needham, Mike: NEEDJUNK, LLC JUKAR900	~~Lee Turrini~~(479) 644-4300	~~1100~~1202 NE ~~Orangethorpe Avenue~~McClain Road, Bldg 7, Suite ~~200M~~120	~~Anaheim~~Bentonville, ~~C~~AR ~~92801~~72712	~~(657) 837-2057~~
California	~~Junk King Bakersfield~~Burgess III, Donald: Jeila Enterprises LLC JUKCA878	~~Wes Burgess~~(559) 367-7043	6000 Schirra Court, Suite A	Bakersfield, CA 93313	~~(661) 228-8399~~
California	~~Junk King South San Francisco~~Chin, Michelle: Flagship JKBAY Inc. JUKCA898A	~~Michael Andreacchi~~(415) 886-4588	171 Industrial Way	Brisbane, CA 94005	~~(650) 382-4489~~
California	~~Junk King San Diego~~Bonavita, John: North County SD Recycling LLC JUKCA892	~~John Bonavita~~(760) 444-4704	~~2794~~2790 West Loker Avenue ~~W.~~, Suite ~~107~~1131	Carlsbad, CA 92010	~~(760) 444-4704~~
California	Poh, Benjamin: Royal California Services Corporation JUKCA104	(510) 316-3229	5660 Kenneth Avenue, Apt A	Carmichael, CA 95608	

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
California	~~Junk King Long Beach~~Young, Edward: Sunny Rose Corporation JUKCA879	~~Ed Young~~(909) 379-8455	17121 S. Central Avenue, Unit 2J	Carson, CA 90746	~~(562) 352-1457~~
California	~~Junk King Santa Clarita~~Lopez, Rolando: Brick-A-Brac LLC JUKCA877	~~Roland Lopez~~(323) 445-4597	29435 The Old Road	Castaic, CA 91384	~~(661) 689-5093~~
California	~~Junk King San Fernando Valley~~Adi, Hadianto: Charis Group Inc. JUKCA884	~~Art Adi~~(626) 641-556	10041 Canoga Avenue, Unit B	Chatsworth, CA 91311	~~(818) 275-5851~~
California	~~Junk King Fresno~~Burgess III, Donald: Jeila Enterprises LLC JUKCA886	~~Wes Burgess~~(559) 367-7043	2890 N. Larkin ~~Ave~~Avenue #~~101~~104	Fresno, CA 93727	~~(559) 205-7118~~
California	~~Junk King Gold Country~~Lymath, Peggy: PGE Lymath LLC JUKCA896	~~Greg Lymath~~(916) 295-3518	124 Clydesdale Court, Suite B	Grass Valley, CA 95945	~~(530) 924-0412~~
California	~~Junk King Orange County~~Turrini, Lee D: Turrini Ventures Incorporated JUKCA894	~~Lee Turrini~~(949) 677-1132	9272 Jeronimo Road, #108	Irvine, CA 92618	~~(949) 485-5547~~
California	~~Junk King Contra Costa~~Vepa, Krishna: Zai-	~~Krishna Vepa~~(408) 421-7140	~~4049 First Street, Suite 241~~2826 Hoya Common	Livermore, CA 94551	~~(925) 289-8511~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	Put Enterprise, Inc. JUKCA888				
California	~~Junk King Monterey~~Guzman, Mario: MEGuzman, Inc. JUKCA887	~~Mario Guzman~~(831) 206-6771	455 Reservation Road, Suite A	Marina, CA 93933	~~(831) 233-3531~~
California	~~Junk King Temecula~~Oakley, Justin: JUKCA881	~~Justin Oakley~~(714) 267-8529	26048 Wickerd Road	Menifee, CA 92584	~~(951) 330-3623~~
California	~~Junk King Chino~~Young, Edward: Sunny Rose Corporation JUKCA101	~~Ed Young~~(909) 379-8455	1535 S Baker Avenue, Suite B	Ontario, CA 91761	~~(909) 324-5882~~
California	~~Junk King Sacramento~~Verga, Matthew and Pollock, Margaret: Black Horse Recycling, Inc. JUKCA893	~~Benjamin Poh~~(707) 787-7538	~~12181 Folsom Boulevard, Suite A~~1364 N. McDowell Blvd.	~~Rancho Cordova~~Petaluma, CA ~~95742~~94954	~~(916) 378-4344~~
California	~~Junk King Inland Empire~~Young, Edward: Sunny Rose Corporation JUKCA880	~~Ed Young~~(909) 379-8455	10022 6th Street, Unit K	Rancho Cucamonga, CA 91730	~~(909) 343-5865~~
California	~~Junk King Peninsula~~Chin, Michelle: Flagship JKBAY Inc. JUKCA900A	~~Michael Andreacchi~~(415) 886-4588	~~555 Price Avenue, Suite 250~~61 Renato Court	Redwood City, CA ~~94063~~94061	~~(650) 394-7484~~
California	~~Junk King Riverside~~Young, Edward: Sunny Rose	~~Ed Young~~(505) 681-9054	~~1710 Palmyrita Avenue,~~3873 Carter Ave., Units ~~#9~~201-203	Riverside, CA ~~92507~~92501	~~(951) 383-3757~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	Corporation JUKCA883				
California	~~Junk King Roseville~~Poh, Benjamin: Royal California Services Corporation JUKCA889A	~~Benjamin Poh~~(510) 316-3229	~~209 Harding Boulevard, Suite 2~~180 Promenade Circle #300	~~Roseville~~Sacramento, CA ~~95678~~95834	~~(916) 891-4063~~
California	~~Junk King San Francisco~~Chin, Michelle: Flagship JKBAY Inc. JUKCA899A	~~Michael Andreacchi~~(415) 866-4588	1485 Bayshore Boulevard, #225	San Francisco, CA 94124	~~(415) 335-7970~~
California	~~Junk King San Jose~~Zouzounis, Kevin: JUKCA897	~~Kevin Zouzounis~~(650) 533-2606	2842 S. Bascom Avenue	San Jose, CA 95124	~~(408) 912-1063~~
California	~~Junk King Alameda~~Vepa, Krishna: Jai-Put Enterprise, Inc. JUKCA885	~~Krishna Vepa~~(408) 421-7140	15010 Wicks Boulevard, Unit B	San Leandro, CA 94577	~~(510) 371-0075~~
California	~~Junk King Marin~~Turrini, Lee D: Turrini Ventures Incorporated JUKCA102	~~Matt Verga~~(949) 677-1132	~~851 Irwin Street #214~~1791 Terry Lynn Drive	~~San Rafael~~Santa Ana, CA ~~94901~~92705	~~(707) 744-4254~~
California	~~Junk King San Diego~~Campbell, Michael: Greener California Inc. JUKCA882A	~~Michael Campbell~~(949) 473-4222	2735 Via Orange Way, Suite 104	Spring Valley, CA 91978	~~(619) 376-2477~~
California	~~Junk King Stockton~~Duenas, Carlos:	~~Carlos Duenas~~(650) 228-9867	~~3448~~2448 S~~.~~ ~~Highway~~ Hwy 99	Stockton, CA 95215	~~(209) 227-6501~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	CV Duenas LLC JUKCA891		Frontage Road, Suite 14		
California	~~Junk King LA South Bay~~Wong, Jeff: JUKCA890	~~Jeff Wong~~(310) 560-9540	2908 Oregon Court, Suite I-1	Torrance, CA 90503	~~(310) 929-1771~~
California	~~Junk King Los Angeles~~Young, Edward: Sunny Rose Corporation JUKCA895	~~Ed Young~~(909) 379-8455	2660 Pacific Park Drive	Whittier, CA 90601	~~(909) 332-3964~~
Colorado	Durant, Paul: Durant Enterprises, Inc. JUKC0898	(720) 878-2757	349 Massachusetts Avenue	Berthoud, CO 80513	
Colorado	~~Junk King Boulder~~Durant, Paul: Durant Enterprises, Inc. JUKC0896	~~Paul Durant~~(720) 878-2757	5485 Conestoga Court, Suite 110~~K~~k	Boulder, CO 80301	~~(720) 702-9332~~
Colorado	~~Junk King Colorado Springs~~Busby, Linda: Plains Chimney Rock Ranch, LLC JUKCO899	~~John Busby~~(719) 761-6120	8680 Shoup Road	Colorado Springs, CO 80908	~~(719) 694-5250~~
Colorado	~~Junk King Denver~~Donovan, David: Stormy Gayle Enterprises LLC JUKCO897	~~David Donovan~~(720) 648-6708	~~190 E. 9th Avenue, Suite 540~~2401 S. Raritan	~~Denver~~Englewood, CO ~~80203~~80110	~~(720) 458-1398~~
Colorado	~~Junk King Denver South~~Donovan, David: Stormy Gayle	~~David Donovan~~(720) 648-6708	2401 S. Raritan	Englewood, CO 80110	~~(720) 571-8229~~

State	~~DBA Name~~**Principal Owner**	~~Principal Owner~~**Phone Number**	Address	City, State, Zip Code	~~Phone Number~~
	Enterprises LLC JUKCO900				
~~Colorado~~Connecticut	~~Junk King Fort Collins~~McCabe, Thomas: JUKCCT900	~~Paul Durant~~(203) 314-7967	~~1719 E. Mulberry Street~~15 Great Pasture Road, #~~9~~9B	~~Fort Collins,~~Danbury, C~~O~~T ~~80524~~06810	~~(970) 808-0073~~
Connecticut	~~Junk King Connecticut~~Hussain, Arshad: Zero Waste L.L.C. JUKCT899A	~~Jeff Schwartz~~(860) 977-0167	132 Pepes Farm Road, Unit 1	Milford, CT 06460	~~(203) 349-6326~~
Connecticut	Hussain, Arshad: Zero Waste L.L.C. JUKCT898A	(860) 977-0167	635 New Park Avenue, Suite 3B-1 & 3B-2	West Hartford, CT 06110	
District of Columbia	~~Junk King Washington DC~~Graham, Daniel: JUKDC900	~~Daniel Graham~~(703) 424-6334	~~7361 Lockport Place~~8900 Edgeworth Drive, Suite ~~M~~H	~~Lorton, VA 22079~~Capitol Heights, MD 20743	~~(703) 348-8214~~
Florida	~~Junk King Boca Raton~~Michel, Melissa: Anchor Carting, LLC JUKFL891	~~Keith Rafferty~~(954) 328-9952	1140 Holland Drive, Suite 8	Boca Raton, FL 33487	~~(561) 944-2650~~
Florida	~~Junk King Miami South~~Martinez Ortiz, Jordi: JUKFL893	~~Jordi Martinez~~(305) 815-8068	10715 S.W. 190th Street, Suite 7	Cutler Bay, FL 33157	~~(786) 350-3000~~
Florida	Garcia, Omar: 3D Junk ~~King Miami North,~~ LLC JUKFL897	~~Eduardo Morales~~(561) 720-4937	10760 N.W. 138th Street, Unit 4	Hialeah Gardens, FL 33018	~~(786) 837-9775~~
Florida	~~Junk King Jacksonville~~Selvaraj, Ananthi, Et Al: Dhochin Recycling Jax	~~Ananthi Selvaraj~~(904) 793-0476	2727 Clydo Road, Unit 6	Jacksonville, FL 32207	~~(904) 474-5767~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	LLC JUKFL892A				
Florida	Konieczko, Sharon: Junk ~~King Jupiter~~Queens, Inc. JUKFL887	~~Sharon Konieczko~~(703) 501-8174	1559 S. Cypress Drive, Unit 3	Jupiter, FL 33469	~~(561) 944-8212~~
Florida	Konieczko, Sharon: Junk Queens, Inc. JUKFL898	(703) 501-8174	1847 Aragon Avenue, Suite 3	Lake Worth, FL 33461	
Florida	Guzman, Alondra: ABG Plumbing Services LLC JUKFL101	(787) 513-9717	1270 Lake Washington Road, Suite B	Melbourne, FL 32935	
Florida	~~Junk King Naples~~Posca, Shauna: Posca, LLC JUKFL888	~~Shauna Posca~~(239) 293-9018	3945 Tollhouse Drive, Unit 908	Naples, FL 34114	~~(239) 351-1419~~
Florida	~~Junk King Fort Lauderdale~~Michel, Melissa: Anchro Carting, LLC JUKFL890	~~Melissa Michel~~(954) 328-9952	881 NE 30th Street	Oakland Park, FL 33334	~~(954) 514-9333~~
Florida	~~Junk King~~Bryan, Michelle: 1517 Ocala LLC JUKFL889	~~Michelle Bryant~~(352)480-8557	7175 S Pine Avenue, Suite D	Ocala, FL 34480	~~(352) 770-7503~~
Florida	~~Junk King Orlando~~Selvaraj, Ananthi, Et Al: Dhochin Recycling Orl LLC JUKFL894A	~~Ananthi Selvaraj~~(904) 793-0476	3038 N. John Young Parkway, Unit 32	Orlando, FL 32804	~~(407) 284-4899~~
Florida	Wright, Alisa & Paul: Junk ~~King~~	~~Tomas Jasek~~(813) 624-5049	~~6260 Colan Place, Unit A~~ 4848 Palm Aire Drive	Sarasota, FL ~~34240~~34243	~~(941) 256-0044~~

State	~~**DBA Name**~~**Principal Owner**	~~**Principal Owner**~~**Phone Number**	**Address**	**City, State, Zip Code**	~~**Phone Number**~~
	~~Sarasota~~Queen Green LLC JUKFL899A				
Florida	~~Junk King Tallahassee~~Miller, Kelly: Get Dirty Corporation JUKFL900	~~Kelly Miller~~(850) 445-0038	~~225 E. Pershing Street~~4003 Crawfordville Road	Tallahassee, FL ~~32301~~32305	~~(850) 391-6214~~
~~Florida~~	~~Junk King Palm Beach~~	~~Sharon Konieczko~~	~~1650 Latham Road, Unit 2~~	~~West Palm Beach, FL 33409~~	~~(561) 537-5799~~
Georgia	~~Junk King Atlanta South~~Wallace, Melanie: WMR Enterprises, LLC JUKGA896	~~Robb Wallace~~(404) 401-9533	~~75~~3700 ~~M~~Wendell Drive ~~S.W.~~, Suite ~~C~~#16	Atlanta, GA 30336	~~(404) 445-4534~~
Georgia	~~Junk King Atlanta North~~Van Buren, Harry: Georgia Kudzu Corporation JUKGA900	~~Harry Van Buren~~(706) 969-8566	1712 Lumpkin Campground Road South	Dawsonville, GA 30542	~~(706) 247-7513~~
Georgia	~~Junk King Macon~~Peluso, Ragan: DRTR Enterprises LLC JUKGA894	~~Ragan Peluso~~(770) 872-8188	~~895 Flint Road~~183 Martin Luther King Jr. Drive	Forsyth, GA 31029	~~(770) 872-8188~~
Georgia	~~Junk King Atlanta Southeast~~Wallace, Melanie: WMR Enterprises, LLC JUKGA897	~~Robb Wallace~~(404) 401-9533	6611 Tribble Street	Lithonia, GA 30058	~~(678) 325-6755~~
Georgia	~~Junk King Cobb County~~Van Buren, Harry: Georgia Kudzu	~~Harry Van Buren~~(706) 969-8566	3015 Canton Road, Suite 7	Marietta, GA 30066	~~(706) 705-5320~~

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	Corporation JUKGA898				
Georgia	~~Junk King Gwinnett~~Van Buren, Harry: Georgia Kudzu Corporation JUKGA899	~~Harry Van Buren~~(706) 969-8566	4229 Steve Reynolds Boulevard, Suite 180	Norcross, GA 30093	~~(706) 350-6270~~
Georgia	~~Junk King Savannah~~Smart, Tijay & Sirena: Antracus, LLC JUKGA895A	~~Dominic Scaperotti~~(832) 823-8328	121 Busch Road	Rincon, GA 31326	~~(912) 378-3545~~
Idaho	~~Junk King Boise~~Gebran, George: Bin There Dump That LLC JUKID900	~~George Gebran~~(915) 204-6345	5107 Alworth Street	Boise, ID 83714	~~(208) 495-5865~~
Illinois	~~Junk King Chicago West~~Homrok, Sarah & Andrew: HH2 Holdings Corp. JUKIL894A	~~Sarah Homrok~~(708) 601-4773	323 Village Drive	Carol Stream, IL 60188	~~(847) 852-4222~~
Illinois	~~Junk King Chicago Downtown~~Homrok, Sarah & Andrew: Homork Holdings, Inc. JUKIL899	~~Sarah Homrok~~(708) 601-4773	3333 West Harrison Street	Chicago, IL 60624	~~(312) 827-2717~~
Illinois	Nemec, Daniel: HH&N Services Ltd. JUKIL898	(630) 514-8777	4727 W. 135th Street	Crestwood, IL 60418	
Illinois	~~Junk King Belleville~~Farris, Aaron, Et Al: Titan	~~Tim Weatherby~~(316) 230-0519	3325 Highway 162, Suite 4	~~House Spring, MO 63051~~Granite City, IL 62040	~~(314) 714-4478~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	Partners St. Louis, LLC JUKIL101A				
Illinois	~~Junk King Barrington~~Kholamian, Armen: ARCTOS Corp. JUKIL895	~~Armen Kholamian~~(224) 205-9288	28039 W. Commercial Avenue, Unit 5	Lake Barrington, IL 60010	~~(847) 649-4966~~
~~Illinois~~	~~Junk King Chicago South~~	~~Dan Nemec~~	~~17406 Burnham Avenue~~	~~Lansing, IL 60438~~	~~(708) 866-2327~~
Illinois	~~Junk King Joliet~~Nemec, Daniel: HH&N Services Ltd. JUKIL896	~~Dan Nemec~~(630) 514-8777	1333 S. Schoolhouse Road, Suite 300	New Lenox, IL 60451	~~(815) 908-5729~~
Illinois	~~Junk King Chicago North~~Kholamian, Armen: ARCTOS Corp. JUKIL900	~~Armen Kholamian~~(224) 205-9288	667 Academy Drive	Northbrook, IL 60062	~~(847) 807-3449~~
Illinois	~~Junk King Oak Park~~Homrok, Sarah & Andrew: Homork Holdings, Inc. JUKIL897	~~Sarah Homrok~~(708) 601-4773	101 N. Marion Street, Suite 200	Oak Park, IL 60301	~~(708) 367-3262~~
Indiana	~~Junk King Fort Wayne~~Martin, Elgin: JK Indy LLC JUKIN897	~~Elgin Martin~~(317) 727-0527	~~46 North State Road 135~~2701 Alma Street	~~Bargersville~~Fort Wayne, IN ~~46106~~46809	~~(317) 427-5155~~
Indiana	~~Junk King Greenwood~~Martin, Elgin: JK Indy LLC JUKIN899	~~Elgin Martin~~(317) 727-0527	200 E. Main Street, Suite B	Greenwood, IN 46143	~~(317) 922-1816~~

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Indiana	~~Junk King Indianapolis~~ Martin, Elgin: JK Indy LLC JUKIN900	~~Elgin Martin~~(317) 727-0527	7525 E. 39th Street, Suite 800	Indianapolis, IN 46226	~~(317) 427-5155~~
Indiana	~~Junk King Northwest Indiana~~Nemec, Daniel: HH&N Services Ltd. JUKIN898	~~Dan Nemec~~(219) 247-7388	1575 E. 89th Avenue	Merrillville, IN 46410	~~(219) 247-7388~~
Indiana	~~Junk King South Bend~~Shudnow, Marc: Melech Pisoles X LLC JUKIN896	~~Marc Shudnow~~(773) 988-0263	401 E. Colfax Avenue, Suite 180-09	South Bend, IN 46617	~~(574) 893-5860~~
Iowa	Heffernan, Aaron: Central Iowa JK Junk ~~King Des Moines~~Hauling, L.L.C. JUKIA900A	~~Evan Fesenmeyer~~(641) 799-2273	~~1710 Guthrie Avenue~~1975 NW 92nd Court, Suite ~~J~~8	~~Des Moines~~Clive, IA ~~50316~~50325	~~(515) 393-6818~~
Iowa	~~Junk King Eastern Iowa~~Fesenmeyer, Evan: L.L. Fezz, Inc. JUKIA899	~~Evan Fesenmeyer~~(319) 239-1793	~~18 Fay~~321 West 4th Street, Suite 1	Waterloo, IA ~~50703~~50701	~~(319) 250-2225~~
Kansas	Farris, Aaron, Et Al: Titan Partners Kansas City, LLC JUKKS897B	(316) 230-0519	618 SE 4th Street, Suite 9	Lee's Summit, MO 64063	
Kansas	~~Junk King Overland Park~~Farris, Aaron, Et Al: Titan Partners Kansas City,	~~Jeff Crowe~~ (316) 230-0519	8100 Marty Street	Overland Park, KS 66204	~~(913) 871-1263~~

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	LLC JUKKS900B				
Kentucky	~~Junk King Northern Kentucky~~Mc Creary, Judith: P & J MCC Legacy, Inc. JUKKY899	~~Jack Brendamour~~(513) 200-2612	609 Union Street	Covington, KY 41015	~~(859) 350-2091~~
Kentucky	~~Junk King Louisville~~Wilson, Matthew: Wilson Operating Company LLC JUKKY900A	~~Jack Brendamour~~(502) 593-2879	~~4400 Bishop Lane, Suite 106~~1504 Petunia Avenue, Unit B	Louisville, KY 40218	~~(502) 586-2793~~
Louisiana	~~Junk King Baton Rouge~~Gunn, Miller: Southeast Property Cleaning Corp. JUKLA899	~~Miller Gunn~~(662) 801-2958	3185 Balis Drive, Suite 103	Baton Rouge, LA 70808	~~(225) 209-9270~~
Louisiana	~~Junk King Jefferson Parish~~Gunn, Miller: Southeast Property Cleaning Corp. JUKLA898	~~Miller Gunn~~(662) 801-2958	2002 20th Street, B101	Kenner, LA 70062	~~(504) 285-9177~~
Louisiana	~~Junk King North Shore~~Gunn, Miller: Southeast Property Cleaning Corp. JUKLA897	~~Miller Gunn~~(662) 801-2958	22161 Marshall Road, Suite E	Mandeville, LA 70471	~~(985) 239-5394~~

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Louisiana	~~Junk King New Orleans~~Gunn, Miller: Southeast Property Cleaning Corp. JUKLA900	~~Miller Gunn~~(662) 801-2958	2828 Elysian Fields Avenue, Suite A	New Orleans, LA 70122	~~(504) 608-4147~~
Maryland	~~Junk King Baltimore~~Goel, Sumeet and Malhotra, Deepak: JKMD LLC JUKMD900A	~~Deepak Malhotra~~(410) 202-6402	1520 Caton Center Drive #S	Baltimore, MD 21227	~~(410) 892-1883~~
Maryland	~~Junk King Bel Air~~Ottensmeyer, Nathan: ProJunk Inc. JUKMD897	~~Nathan Ottensmeyer~~ (410) 458-4657	320 Baltimore Pike, Suite F	Bel Air, MD 21014	~~(410) 705-7290~~
Maryland	~~Junk King Columbia~~Goel, Sumeet and Malhotra, Deepak: JKMD LLC JUKMD898A	~~Deepak Malhotra~~(410) 202-6402	5570 Sterrett Place, ~~Suite~~ #201	Columbia, MD 21044	~~(443) 960-7068~~
Maryland	~~Junk King Rockville~~Goel, Sumeet and Malhotra, Deepak: JKMD LLC JUKMD899A	~~Deepak Malhotra~~(410) 202-6402	609 Lofstrand Lane, Suite A	Rockville, MD 20850	~~(301) 686-5324~~
Massachusetts	Martinez, Jose: WOMission LLC JUKMA899	(401) 580-7501	1 Westinghouse Plaza, Suite D117	Boston, MA 02136	
Massachusetts	~~Junk King Middlesex~~Pozerski, Scott: Massachusetts Junk Hauling	~~Scott Pozerski~~(978) 212-3973	216 Tyngsboro Road	Chelmsford, MA 01863	~~(978) 212-3973~~

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	Services, Inc. JUKMA898				
Massachusetts	Indge, Thomas: Junk King Worcester County LLC JUKMA900	~~Tom Indge~~(774) 270-1062	245 Crawford Street, Suite 1	Fitchburg, MA 01420	~~(978) 212-3973~~
Massachusetts	~~Junk King Massachusetts South Shore~~Hughes, Thomas: JUKMA897	~~Jonathan Hughes~~(405) 317-5262	~~285 Circuit Street, Building C~~38 Corporate Park, Unit ~~2~~960	~~Hanover~~Pembroke, MA ~~02339~~02359	~~(781) 262-3242~~
~~Massachusetts~~	~~Junk King Boston~~	~~Jose Martinez~~	~~1 Westinghouse Plaza, Suite D117~~	~~Hyde Park, MA 02136~~	~~(617) 318-6888~~
Massachusetts	~~Junk King~~Pozerski, Scott: Massachusetts ~~North Shore~~Junk Hauling Services, Inc. JUKMA896	~~Scott Pozerski~~(781) 805-3310	155 New Boston Street, Suite 137	Woburn, MA 01801	~~(781) 805-3310~~
Michigan	~~Junk King Grand Rapids~~Wurmlinger, Johnathon and Kettlewell, Austin: AJ's Hauling Solutions, LLC JUKMI899A	~~Kevin Schultz~~(810) 941-2747	~~7624 Clyde Park Avenue~~889 76th Street SW~~.W.~~, ~~Suite A~~Unit 5	Byron Center, MI 49315	~~(616) 710-4007~~
~~Michigan~~	~~Junk King Detroit Metro~~	~~Matt Ulbrich~~	~~1260 Rankin Drive, Suite A~~	~~Troy, MI 48083~~	~~(248) 216-0655~~
Minnesota	~~Junk King Maple Grove~~Fogarty, Edward: E & S Fogarty Enterprises,	~~Ed Fogarty~~(651) 371-5958	1155 Falls Circle	Chaska, MN 55318	~~(651) 371-5958~~

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	Inc. JUKMN101				
Minnesota	~~Junk King Minneapolis~~Fogarty, Edward: E & S Fogarty Enterprises, Inc. JUKMN900	~~Ed Fogarty~~(612) 916-5153	7398 Washington Avenue South	Eden Prairie, MN 55344	~~(612) 345-9058~~
Minnesota	~~Junk King St. Paul~~Fogarty, Edward: E & S Fogarty Enterprises, Inc. JUKMN899	~~Ed Fogarty~~(651) 371-5958	1430 County Road C West, Suite 200	Roseville, MN 55113	~~(651) 371-5958~~
Missouri	~~Junk King~~Farris, Aaron, Et Al: Titan Partners St. Louis ~~North~~, LLC JUKMO898A	~~Tim Weatherby~~(316) 230-0519	3915 Dalton Industrial ~~Drive~~Court	Bridgeton, MO 63044	~~(314) 582-1379~~
Missouri	~~Junk King~~Farris, Aaron, Et Al: Titan Partners St. Louis ~~South~~, LLC JUKMO900A	~~Tim Weatherby~~(316) 230-0519	~~2522 Gravois Road~~3915 Dalton Industrial Court	~~High Ridge~~Bridgeton, MO ~~63049~~63044	~~(314) 714-4478~~
Missouri	~~Junk King~~Farris, Aaron, Et Al: Titan Partners Kansas City, LLC JUKMO899B	~~Jeff Crowe~~(316) 230-0519	803 Woodswether Road, Suite B	Kansas City, MO 64105	~~(816) 623-2823~~
~~Missouri~~	~~Junk King Lee's Summit~~	~~Jeff Crowe~~	~~618 SE 4th Street, Suite 9~~	~~Lee's Summit, MO 64063~~	~~(816) 296-6398~~
~~New Mexico~~	~~Junk King Albuquerque~~	~~Chris Young~~	~~6101 Signal Ave N.E., Suite C~~	~~Albuquerque, NM 87113~~	~~(505) 257-6437~~
Nevada	~~Junk~~Weeks, Bryan: VJ Kings ~~Las~~	~~Steve Lloyd~~(702) 540-9766	~~6688 W. Sunset Road, # 140~~3100 E. Charleston Blvd. #105	Las Vegas, NV ~~89118~~89104	~~(702) 978-8448~~

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	~~Vegas~~, LLC JUKNV899				
Nevada	~~Junk King Reno~~Levey, Elliot: Delta Solutions LLC JUKNV900A	~~Brian Cassidy~~ (626) 833-1650	3445 Airway Drive, Suite C	Reno, NV 89511	~~(775) 624-9112~~
New ~~York~~Mexico	Young, Christopher: Junk ~~King Tri County~~Southwest LLC JUKNM900	~~Tom McCabe~~(505) 257-6437	~~15 Great Pasture Road, #9B~~6101 Signal Ave N.E., Suite C	~~Danbury, CT 06810~~Albuquerque, NM 87113	~~(914) 595-2956~~
New York	~~Junk King Albany~~Breitenstein, Carl: Black Swan Industries LLC JUKNY900	~~Carl Breitenstein~~(518) 559-1250	132 Lincoln Avenue, Suite 402	Albany, NY 12205	~~(518) 559-1250~~
New York	~~Junk King Hamburg~~Manzella, Joseph: Mazz Enterprises, LLC JUKNY101	~~Joseph Manzella~~(716) 462-3735	~~5655 Maelou~~151 Fieldstone Drive	~~Hamburg~~Grand Island, NY ~~14075~~14072	~~(716) 462-3735~~
New York	~~Junk King Hudson Valley~~Hawthorn, Christopher: Hawthorne Recycling Inc. JUKNY896A	~~Christopher Hawthorne~~(845) 834-4201	20 Mountainview Avenue, Unit G	Orangeburg, NY 10962	~~(845) 834-4201~~
New York	~~Junk King Rochester~~Joseph, Sterlyn: Port Sterlyn, Inc. JUKNY897	~~Sterlyn Joseph~~(631) 522-9691	40 Stace Street, Suite E	Rochester, NY 14612	~~(585) 299-5933~~
New York	~~Junk King Buffalo~~Manzella, Joseph: Mazz	~~Joseph Manzella~~(716) 462-3735	1386 Lovejoy Street	Sloan, NY 14212	~~(716) 271-5425~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	Enterprises, LLC JUKNY898A				
New York	~~Junk King Syracuse~~Vercillo, Henry: Upstate Clean-Out and Recycling, Inc. JUKNY899	~~Henry Vercillo~~(315) 569-7268	~~136~~127C Ball Circle	Syracuse, NY 13210	~~(315) 254-2047~~
North Carolina	May, David: May KEI Enterprises Inc. JUKNC897A	(585) 315-2227	808 Woodruff Place	Charlotte, NC 28208	
North Carolina	~~Junk King Charlotte~~David, Terendius: David Love Associates, Inc. JUKNC900	~~Terendius David~~(704) 701-3527	8425 Old Statesville Road, Unit 4	Charlotte, NC 28269	~~(704) 469-4815~~
North Carolina	~~Junk King Durham~~Mabry, Bradley and Rollo III, Miles: TRBM Investments, LLC JUKNC898A	~~Mark Patterson~~(336) 343-2754	~~4122 Bennett Memorial Road, Suite 104~~5616 Crooked Oak Drive	~~Durham~~Summerfield, NC ~~27705~~27358	~~(919) 504-5695~~
North Carolina	~~Junk King Greensboro (Triad)~~Mabry, Bradley and Rollo III, Miles: TRBM Investments, LLC JUKNC896A	~~Mark Patterson~~(336) 343-2754	~~8642 W. Market Street, Suite 150~~5616 Crooked Oak Drive	~~Greensboro~~Summerfield, NC ~~27409~~27358	~~(336) 245-4499~~
North Carolina	~~Junk King Raleigh~~Mabry, Bradley and Rollo III, Miles: TRBM Investments,	~~Mark Patterson~~(336) 343-2754	~~1117 Corporation Parkway, Suite 102~~5616 Crooked Oak Drive	~~Raleigh~~Summerfield, NC ~~27610~~27358	~~(919) 457-1063~~

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	LLC JUKNC899A				
North Carolina	~~Junk King Winston-Salem~~Mabry, Bradley and Rollo III, Miles: TRBM Investments, LLC JUKNC898A	~~Mark Patterson~~(336) 343-2754	~~2453 Spaugh Industrial~~5616 Crooked Oak Drive~~, A~~	~~Winston-Salem~~Summerfield, NC ~~27103~~27358	~~(336) 203-9768~~
Ohio	~~Junk King Northeast Ohio~~Baker, Ivan: HEK Medina, LLC JUKOH898	~~Ivan Baker~~(216) 586-6672	3301 E. Royalton Road	Broadview Heights, OH 44147	~~(216) 586-6672~~
Ohio	~~Junk King Cincinnati~~McCreary, Judith: P & J MCC Legacy, Inc. JUKOH899	~~Jack Brendamour~~(513) 200-2612	11430 Gondola Street	Cincinnati, OH 45241	~~(513) 206-8945~~
~~Ohio~~	~~Junk King Cincinnati East~~	~~Jack Brendamour~~	~~11430 Gondola Street~~	~~Cincinnati, OH 45241~~	~~(502) 586-2793~~
Ohio	~~Junk King Columbus~~Hughes, Erik & Marta: E M Hughes Enterprises, LLC JUKOH900	~~Erik Hughes~~(614) 519-3292	819 Phillipi Road	Columbus, OH 43228	~~(614) 467-4156~~
Ohio	~~Junk King Toledo~~McCreary, Judith: P & J MCC Legacy, Inc. JUKOH894	~~Jessica Menard~~(513) 200-2612	~~515 Burbank Drive~~5300 Dupont Circle, #D1	~~Toledo~~Milford, OH ~~43607~~45150	~~(419) 827-3806~~
Ohio	~~Junk King Dayton~~McCreary, Judith: P & J MCC Legacy, Inc. JUKOH897	~~Jack Brendamour~~(513) 200-2612	5335 Springboro Pike, Suite I	West Carrolton, OH 45449	~~(937) 684-9441~~

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Ohio	~~Junk King Delaware~~Hughes, Erik & Marta: E M Hughes Enterprises, LLC JUKOH895	~~Erik Hughes~~(614) 519-3292	670 Meridian Way, Suite 253	Westerville, OH 43082	~~(740) 875-3567~~
Oklahoma	Murray IV, Thomas: Junk ~~King Oklahoma City~~by Murray, Inc. JUKOK899	~~TJ Murray~~(405) 317-5262	2813 S.E. 44th, Suite A&B	Oklahoma City, OK 73129	~~(405) 400-0772~~
Oklahoma	~~Junk King Tulsa~~Walker, Gabriel: JKOK, LLC JUKOK900B	~~TJ Murray~~(918) 346-4721	2751 East Apache	Tulsa, OK 74110	~~(918) 615-9386~~
~~Oregon~~	~~Junk King Beaverton~~	~~Jason Edge~~	~~8195 SW Hunziker Street~~	~~Portland, OR 97223~~	~~(503) 832-5077~~
Oregon	~~Junk King~~Edge, Jason: JK Portland LLC JUKOR101	~~Jason Edge~~(408) 772-2520	8195 S.W. Hunziker Street	~~Tigard,~~Portland OR 97223	~~(503) 549-4734~~
Oregon	Edge, Jason: JK Portland LLC JUKOR900	(408) 772-2520	28316 SW Amsterdam Avenue	Wilsonville, OR 97070	
Pennsylvania	Masha, Ashley: Masha Junk ~~King Greater Philadelphia~~Removal LLC JUKPA895A	~~Marc Shudnow~~(484) 832-7882	14 Crozerville Road, Suite D	Aston, PA 19014	~~(610) 467-2282~~
Pennsylvania	Masha, Ashley: Masha Junk Removal LLC JUKPA898A	(484) 832-7882	14 Crozerville Road, Suite D	Aston, PA 19014	
Pennsylvania	Masha, Ashley:	(484) 832-7882	715 Southwinds Drive	Bryn Mawr, PA 19010	

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
	Masha Junk Removal LLC JUKPA899A				
Pennsylvania	~~Junk King Cranberry Township~~Stripay, Edward: First Launch LLC JUKPA900	~~Ed Stripay~~(412) 953-7642	3028 Unionville Road	Cranberry Township, PA 16066	~~(412) 254-8437~~
Pennsylvania	~~Junk King Harrisburg~~Onelangsy, Don: ONE Hauling and Moving, LLC JUKPA897	~~Don Onelangsy~~(717) 686-0932	1500 Paxton Street, Suite 500	Harrisburg, PA 17104	~~(717) 621-3664~~
~~Pennsylvania~~	~~Junk King West Chester~~	~~Marc Shudnow~~	~~53 Darby Road, Suite Y~~	~~Paoli, PA 19301~~	~~(610) 708-0660~~
Pennsylvania	~~Junk King Pittsburgh~~Stripay, Edward: First Launch LLC JUKPA896	~~Ed Stripay~~(412) 953-7642	20 S. 8th Street	Pittsburgh, PA 15203	~~(412) 536-7678~~
~~Pennsylvania~~	~~Junk King Bucks County~~	~~Marc Shudnow~~	~~1816 Mearns Road~~	~~Warminster, PA 18974~~	~~(215) 970-2653~~
Rhode Island	~~Junk King Rhode Island~~Martinez, Jose: Martinez, Inc. JUKRI900	~~Jose Martinez~~(401) 580-7501	~~545 Atwood~~5 Mt. Pleasant Avenue	~~Cranston~~Providence, RI ~~02920~~02908	~~(401) 250-8887~~
South Carolina	~~Junk King Columbia~~D'Eramo, Mitchell, Et Al: QC Strategies, LLC JUKSC899A	~~Andrew Lucas~~(203) 434-9386	~~2320 Wayne Street, #111~~426 Marsh Road	~~Columbia~~Charlotte, ~~S~~NC ~~29201~~28209	~~(803) 991-6722~~
~~South Carolina~~	~~Junk King Myrtle Beach~~	~~Eric Jones~~	~~1836 Lone Star Street, Unit 3~~	~~Conway, SC 29526~~	~~(843) 604-1950~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
South Carolina	Harris, Justin: Harris Junk ~~King Greenville~~LLC JUKSC896	~~Justin Harris~~(805) 208-6303	1200 Woodruff Road, Unit G-10	Greenville, SC 29607	~~(864) 732-6191~~
South Carolina	~~Junk King Rock Hill~~Shvetz, Peter and Montali, Christopher: 3 Musketeers of Irmo LLC JUKSC897A	~~Mitchell D'Eramo~~(803) 237-7957	~~845 Fort Mill Highway, Suite 101~~7455 Eastview Drive	~~Indian Land~~Irmo, SC ~~29707~~29603	~~(803) 902-4945~~
South Carolina	Jones, T. Eric: Noble Jones, LLC JUKSC898	(410) 274-0705	568 George Bishop Pkwy #540	Myrtle Beach, SC 29579	
South Carolina	~~Junk King Charleston~~Hayes, Paul: JUKSC900	~~Paul Hayes~~(843) 790-5784	5527 Woodbine Avenue, Unit 1 & 2	North Charleston, SC 29406	~~(843) 790-5784~~
Tennessee	~~Junk King Chattanooga~~Bryant, Tiffany: JunkEsteem LLC JUKTN899	~~Tiffany Bryant~~(432) 505-1352	4295 Cromwell Road, Suite# 514	Chattanooga, TN 37421	~~(423) 702-4984~~
Tennessee	~~Junk King Memphis~~Cox, Kenneth: 3H Holdings, LLC JUKTN101	~~Kenny Cox~~(901) 237-6873	~~10685 Headley Cove~~879 Willow Tree Circle Ste. 108	Cordova, TN ~~38016-5564~~38018	~~(901) 237-6873~~
Tennessee	Leedy, Justin: Franklin Tucker Corporation JUKTN900A	(440) 479-6878	9029 Berry Farms Crossing	Franklin, TN 37064	
Texas	~~Junk King North Texas~~Ferguson, Renee: Derak JR LLC JUKTX896	~~Renee Ferguson~~(972) 955-5330	9920 Liberty Road	Aubrey, TX 76227	~~(940) 580-2757~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Texas	Farris, Aaron, Et Al: Titan Partners Austin, LLC JUKTX895A	(316) 230-0519	600 West 28th Street #105	Austin, TX 78705	
Texas	~~Junk King Dallas~~Ferguson, Renee: Derak JR LLC JUKTX899	~~Renee Ferguson~~(972) 955-5330	13659 Jupiter Road, Suite 208	Dallas, TX 75238	~~(214) 865-6533~~
~~Texas~~	~~Junk King Dallas Mid Cities~~	~~George Berry~~	~~2435 Glenda Lane, Unit 6~~	~~Dallas, TX 75229~~	~~(972) 861-1229~~
~~Texas~~	~~Junk King Irving~~	~~Renee Ferguson~~	~~2435 Glenda Lane, Unit 6~~	~~Dallas, TX 75229~~	~~(214) 427-8829~~
~~Texas~~	~~Junk King Fort Worth~~	~~George Berry~~	~~5045 Martin Luther King Freeway~~	~~Fort Worth, TX 76119~~	~~(682) 237-6200~~
Texas	~~Junk King Georgetown~~Farris, Aaron, Et Al: Titan Partners Austin, LLC JUKTX887A	~~Mike Seeley~~(316) 230-0519	2217 David Ferretti Drive	Georgetown, TX 78626	~~(512) 399-1210~~
Texas	~~Junk King Austin~~Melconian, Ryan: RBE&E LLC JUKTX886A	~~Mike Seeley~~(281) 772-6941	~~2217 David Ferretti~~1715 Shadow Bend Drive	~~Georgetown~~Houston, TX ~~78626~~77043	~~(512) 994-2250~~
Texas	~~Junk King Houston North~~Melconian, Ryan: RBE&E LLC JUKTX894A	~~Adam Dillaplain~~(281) 772-6941	7117 Belgold Drive, Suite B	Houston, TX 77066	~~(281) 823-7397~~
Texas	Ferguson, Renee: Derak JR LLC JUKTX888	(972) 955-5330	2435 Glenda Lane, Unit 6	Irving, TX 75229	
Texas	~~Junk King Katy~~Melconian, Ryan: RBE&E LLC JUKTX891A	~~Vik Patel~~(281) 772-6941	6539 Pitts Road	Katy, TX 77493	~~(832) 802-7353~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Texas	~~Junk King Plano~~Ferguson, Renee: Derak JR LLC JUKTX889	~~Renee Ferguson~~(972) 955-5330	910 10th Street, Suite 800	Plano, TX 75074	~~(214) 730-6965~~
Texas	~~Junk King San Antonio~~Rote, Shelly & Robert: Will-Luc Enterprises, LLC JUKTX893	~~DeWitt Rote~~(210) 979-9287	10415 Perrin Beitel Road, Suite 106	San Antonio, TX 78217	~~(210) 305-5248~~
Texas	~~Junk King San Antonio Northwest~~Rote, Shelly & Robert: Will-Luc Enterprises, LLC JUKTX890	~~DeWitt Rote~~(210) 979-9287	4700 Timco West, Suite 119	San Antonio, TX 78237	~~(210) 988-6346~~
Texas	~~Junk King Houston~~Melconian, Ryan: RBE&E LLC JUKTX900	~~Ryan Melconian~~(281) 772-6941	10311 West Airport Boulevard, Suite 101	Stafford, TX 77477	~~(281) 772-6941~~
Utah	~~Junk King Utah County~~Wren, Luke: Wren Management LLC JUKUT899	~~Doug Wren~~(801) 698-4842	1349 South 500 East, Suite 223	American Fork, UT 84003	~~(385) 247-8939~~
~~Utah~~	~~Junk King Draper~~	~~Luke Wren~~	~~13894 South Bangerter Parkway, Suite 221~~	~~Draper, UT 84020~~	~~(801) 515-2348~~
Utah	~~Junk King Ogden~~Wren, Luke: Wren Management LLC JUKUT898	~~Timothy Wren~~(801) 698-4842	375 S. Stewart Way, Building 3 (672), Bay 2	Ogden, UT 84404	~~(435) 292-3126~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Utah	Wren, Luke: Wren Management LLC JUKUT101	(801) 641-4704	1252 Saddlebred Way	Riverton, UT 84065	
Utah	Wren, Luke: Wren Management LLC JUKUT900	(801) 698-4842	3080 South 300 Way	Salt Lake City, UT 84115	
Utah	~~Junk King St. George~~Wren, Luke: Wren Management LLC JUKUT897	~~Luke Wren~~(801) 698-4842	291 E. 1400 S, #8-C	St. George, UT 84790	~~(435) 334-6993~~
~~Utah~~	~~Junk King Salt Lake City~~	~~Luke Wren~~	~~2181 W. 2200 S., Unit B~~	~~West Valley City, UT 84119~~	~~(801) 849-9609~~
Virginia	~~Junk King Fairfax~~Graham, Daniel: Dandanal Services, Inc. JUKVA900	~~Daniel Graham~~(703) 424-6334	~~7361 Lockport Place, Suite M~~291 E. 1400 S, #8-C	Lorton, VA 22079	~~(703) 348-8214~~
Virginia	~~Junk King Chesterfield~~Reahard, IV, Ralph: JNK-RVA LLC JUKVA898A	~~Bill Taggart~~(804) 337-2449	555 Southlake Boulevard~~, Unit C3~~	~~North Chesterfield~~Richmond, VA 23236	~~(804) 294-2895~~
Virginia	~~Junk King Richmond~~Reahard, IV, Ralph: JNK-RVA LLC JUKVA899A	~~Bill Taggart~~(804) 337-2449	~~2350 Lanier Road~~555 Southlake Boulevard	~~Rockville~~Richmond, VA ~~23146~~23236	~~(804) 591-0673~~
Washington	~~Junk King Kent~~Page, D. Scott: Totem Logistics, Inc. JUKWA897	~~Scott Page~~(510) 332-1231	308 Clay Street N.W.	Auburn, WA 98001	~~(253) 753-2961~~
Washington	~~Junk King Tacoma~~Edge, Jason: JK Portland LLC JUKWA898	~~Jason Edge~~(408) 772-2520	9316 Lakeview Avenue S.W., Suite A-1	Lakewood, WA 98499	~~(253) 331-2916~~

State	~~DBA Name~~Principal Owner	~~Principal Owner~~Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Washington	~~Junk King Seattle~~Page, D. Scott: Totem Logistics, Inc. JUKWA900	~~Scott Page~~(510) 332-1231	525 S. Brighton Street C11	Seattle, WA 98108	~~(253) 267-8793~~
Washington	~~Junk King Vancouver~~Edge, Jason: JK Portland LLC JUKWA899	~~Jason Edge~~(408) 772-2520	1909 E. 5th Avenue, Suite D	Vancouver, WA 98661	~~(360) 295-4584~~
Wisconsin	Wilke, Michael: Elite Junk ~~King Milwaukee~~Removal LLC JUKWI900	~~Thomas Kondziella~~(920) 650-7157	~~1642 124th Street~~6033 Monona Drive, Suite 112	~~Caledonia~~Monona, WI ~~53126~~53716	~~(414) 375-4333~~
Wisconsin	Kondziella, Thomas: TJ-KAP Investors Inc. JUKWI899A	(414) 517-7909	W249S10845 Overlook Drive	Mukwonago, WI 53149	
Wisconsin	~~Junk King Madison~~Buman, Skyler & Jenna: LSF Solutions LLC. JUKWI101	~~Michael Wilke~~(920) 660-2013	~~6001 Femrite Drive, Unit 4~~826 Ivory Street	~~Madison~~Seymour, WI ~~53718~~54165	~~(608) 888-0161~~

~~*[The remainder of this page is intentionally left blank.]*~~

FRANCHISEES IN THE UNITED STATES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT ARE NOT YET OPERATIONAL AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.

State	~~DBA Name~~	Principal Owner	Phone Number	Address	City, State, Zip Code	~~Phone Number~~
Arizona	~~Junk King Glendale~~	~~Michael~~ Sanford, Ericka: Environmental Upcycling LLC JUKAZ895	(385) 384-7686	5709 West Admiral Way	Florence, AZ 85132	~~(480) 841-8001~~
California	~~Junk King Concord~~	~~Krishna~~ Vepa, Krishna: Zai-Put Enterprise, Inc. JUKCA103	(408) 421-7140	2826 Hoya Common	Livermore, CA 94551	~~(408) 421 7140~~
California	~~Junk King Modesto~~	~~Carlos~~ Duenas, Carlos: CV Duenas LLC JUKCA876	(650) 228-9867	~~3448 South Highway 99 Frontage~~ 2448 S Hwy 99 Frontage Road, Suite 14	Stockton, CA 95215	~~(209) 227-6501~~
~~Connecticut~~	~~Junk King Hartford~~	~~Arshad Hussain~~	~~880 Willard Avenue~~		~~Newington, CT 06111~~	~~(860) 977-0167~~
Florida	~~Junk King Spring Hill~~	~~Kelly~~ Piparo, Kelly: 20151720 LLC JUKFL886	(647) 920-5080	~~1 Hickory Tree Road, Apartment 1108~~690 Main Street, #661	~~Toronto ON CAN M9N 3W4~~Safety Harbor, FL 34695	~~(647) 920-5080~~
Illinois	~~Junk King Hyde Park~~	~~Sarah~~ Homrok, Sarah & Andrew: Homork Holdings, Inc. JUKIL102	(708) 601-4773	833 South Ridgeland Avenue	Oak Park, IL 60304	~~(708) 601-4773~~
Kansas		Garrett, Brian:	(316) 833-1037	2334 N. Castle Rock Court	Wichita, KS 67228	

State	~~DBA Name~~	Principal Owner	Phone Number	Address	City, State, Zip Code	~~Phone Number~~
		Garrett Holdings II LLC JUKKS901				
Massachusetts	~~Junk King Needham~~	~~Jose~~ Martinez, Jose & Maureen: Martinez, Inc. JUKMA101	(401) 580-7501	48 Audubon Avenue	North Providence, RI 02908	~~(401) 580-7501~~
Pennsylvania	~~Junk King Lancaster~~	~~Logan~~ Pettinato, Logan: Pettinato Family Ventures LLC JUKPA101	(484) 794-8561	50 ~~North~~N. Pearl Street	Wernersville, PA 19565	~~(484) 794-8561~~
Tennessee	~~Junk King Franklin~~	~~Justin~~ Leedy, Justin: Franklin Tucker Corporation JUKTN102	(440) 479-6878	9029 Berry Farms Crossing	Franklin, TN 37064	~~(440) 479-6878~~
Tennessee	~~Junk King Hendersonville~~	~~Justin~~ Leedy, Justin: Franklin Tucker Corporation JUKTN103	(440) 479-6878	9029 Berry Farms Crossing	Franklin, TN 37064	~~(440) 479-6878~~
~~Texas~~	~~Junk King Sugarland~~	~~Ryan Melconian~~	~~1715 Shadow Bend Drive~~		~~Houston, TX 77043~~	~~(281)772-6941~~
~~Texas~~	~~Junk King The Woodlands~~	~~Adam Dillaplain~~	~~1343 Allston Street~~		~~Houston, TX 77008~~	~~(281) 823-7397~~
Texas	~~Junk King Castle Hills~~	~~Shelly~~ Rote, Shelly & Robert:	(210) 979-9287	26006 Magic View	San Antonio, TX 78260	~~(210) 710-8598~~

State	~~DBA Name~~	Principal Owner	Phone Number	Address	City, State, Zip Code	~~Phone Number~~
		Will-Luc Enterprises, LLC JUKTX101				
Texas		Melconian, Ryan: RBE&E LLC JUKTX102	(650) 291-9222	10311 West Airport Boulevard, Suite 101	Stafford, TX 77477	

AFFILIATE OWNED FRANCHISES
AS OF DECEMBER 31, ~~2023~~2024

~~*Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.*~~

~~**State**~~	~~**DBA Name**~~	~~**Contact Information**~~	~~**Address**~~	~~**City, State, Zip Code**~~	~~**Phone Number**~~
~~North Carolina~~	~~Junk King Charlotte West~~	~~Attention: Grayson Brown, General Counsel of Neighborly: 1010 N. University Parks Drive, Waco, TX 76707~~	~~1700 11th Avenue NE~~	~~Hickory, NC 28601~~	~~(704) 486-9591~~
~~Tennessee~~	~~Junk King Nashville~~	~~Attention: Grayson Brown, General Counsel of Neighborly: 1010 N. University Parks Drive, Waco, TX 76707~~	~~125 Space Park Drive S.~~	~~Nashville, TN 37211~~	~~(615) 823-8009~~
~~Texas~~	~~Junk King Houston East~~	~~Attention: Grayson Brown, General Counsel of Neighborly: 1010 N. University Parks Drive, Waco, TX 76707~~	~~15255 Gulf Freeway, Suite E-112~~	~~Houston, TX 77034~~	~~(281) 509-9212~~

No affiliate owned stores as of December 31, 2024.

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EXHIBIT F

FRANCHISEES IN THE UNITED STATES WHO LEFT THE SYSTEM IN THE PAST 12 MONTHS AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.
**Indicates franchisee left the system as a result of transferring their franchise agreement.*

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
~~California~~	~~Junk King San Diego~~	California*~~Bruce Stone~~	~~1565 East Chase Avenue~~	~~El Cajon,~~Andreacchi, Michael: Junk King Bay Area, LLC~~A 92020~~JUKCA898	(~~619~~650) ~~971-5450~~464-1263	171 Industrial Way	Brisbane, CA 94005
~~California~~	~~Junk King Sacramento~~	California*~~John McCue~~	~~124 Blue Bonnet Court~~	~~Roseville,~~Andreacchi, Michael: Junk King Bay Area, LLC~~A 95661~~JUKCA900	(~~916~~650) ~~759-9587~~464-1263	555 Price Avenue, Suite 250	Redwood City, CA 94063
~~Florida~~	~~Junk King St. Petersburg~~	~~David Eby~~California*	~~6438 Bristol Oaks Drive~~	~~Lakeland,~~Andreacchi, Michael: Junk King Bay Area, ~~F~~LLC ~~33811~~JUKCA899	(~~863~~650) ~~255-4828~~464-1263	320 Judah Street	San Francisco, CA 94122
~~Florida~~	~~Junk King Tampa~~	~~David Eby~~Connecticut*	~~6438 Bristol Oaks Drive~~	~~Lakeland,~~Schwartz, Jeff: TILO ~~F~~LLC ~~33811~~JUKCT899	(~~863~~703) ~~255-4828~~328-6805	29 Deerfield Avenue	Milford, CT 06460
~~Florida~~	~~Junk King Jacksonville~~	Florida*~~Bryan Anderson~~	~~285 Palm Breeze Drive~~	~~Ponte Vedra,~~Jasek, Tomas: Expert Removal Service	(~~727~~941) ~~301-3587~~685-7065	2147 Porter Lake Drive, Unit F	Sarasota, FL 34240

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
				~~F~~LLC ~~32081~~JUKFL899			
~~Florida~~	~~Junk King Orlando~~	Georgia *~~Bryan Anderson~~	~~285 Palm Breeze Drive~~	~~Ponte Vedra,~~Scaperotti, Dominic: Scaperotti Holdings, ~~F~~LLC ~~32081~~JUKGA895	(~~727~~914) ~~301-3587~~482-7955	121 Busch Road	Rincon, GA 31326
~~Illinois~~	~~Junk King Chicago West Suburbs~~	Illinois* ~~Schmit, Matt~~	~~323 Village Drive~~	~~Carol Stream,~~Weatherby, Stephen: Weatherby Family Enterprises ~~I~~LLC ~~60188~~JUKIL101	(~~847~~314) ~~852-4222~~306-5404	3325 Highway 162, Suite 4	Granite City, IL 62040
Iowa*				Fesenmeyer, Evan: L.L. Fezz Inc. JUKIA900	(319) 239-1793	1710 Guthrie Avenue, Suite J	Des Moines, IA 50316
~~Kansas~~	~~Junk King Overland Park~~	Kansas* ~~Kathryn Bauman~~	~~825 West 58th Street~~	~~Kansas City, MO 64113~~Crowe, Jeffrey: DJK Partners, LLC JUKKS897A	(~~314~~816) ~~488-3100~~835-2732	825 W. Gregory Boulevard	Kansas City, MO 64114
~~Maryland~~	~~Junk King Baltimore, MD~~	Kansas* ~~Jones, T. Eric~~	~~1520 Caton Center Drive #S~~	~~Baltimore,~~ Crowe, Jeffrey: ~~M~~DJK ~~21227~~Partners, LLC JUKKS900A	(~~410~~816) ~~892-1883~~835-2732	825 W. Gregory Boulevard	Kansas City, MO 64114

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
~~Maryland~~	~~Junk King Columbia, MD~~	Kentucky*~~Jones, T. Eric~~	~~5570 Sterrett Place, Suite 201~~	~~Columbia,~~ McCreary, Judith: P & J M~~D~~CC ~~21044~~Legacy, Inc. JUKKY900	(~~443~~513) ~~960-7068~~200-2612	440 Bishop Lane, Suite 106	Louisville, KY 40218
~~Maryland~~	~~Junk King Rockville, MD~~	Michigan*~~Jones, T. Eric~~	~~609 Lofstrand Lane, Suite A~~	~~Rockville, MD 20850~~Shultz, Kevin: WEX2 Management, LLC JUKMI899	(~~301~~616) ~~686-5324~~643-7714	7624 Clyde Park Avenue SW, Suite A	Byron Center, MI 49315
Michigan				Ulbrich, Matthew: Basilia, Incorporated JUKMI900	(248) 798-4440	1260 Ranking Drive, Suite A	Troy, MI 48083
~~Missouri~~	~~Junk King Kansas City~~	Missouri*~~Kathryn Bauman~~	~~825 West 58th Street~~	~~Kansas City, MO 64113~~Weatherby, Stephen: TJWeatherby Enterprises, Inc. JUKMO898	(314) ~~488-3100~~306-5404	3915 Dalton Industrial Court	Bridgeton, MO 63044
Missouri*				Weatherby, Stephen: TJWeatherby Enterprises, Inc. JUKMO900	(314) 306-5404	775 Merus Court	Fenton, MO 63026

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
~~Missouri~~	~~Junk King Lee's Summit~~	Missouri*~~Kathryn Bauman~~	~~825 West 58th Street~~	~~Kansas City, MO 64113~~Crowe, Jeffrey: DJK Partners, LLC JUKMO899A	(~~314~~816) ~~488-3100~~835-2732	803 Woodswether Road, Suite B	Kansas City, MO 64105
~~New York~~	~~Junk King Buffalo~~	~~*Dale Wittlief~~ North Carolina*	~~34 Summerfield Drive~~	~~Lancaster, NY 14086~~Patterson, Mark: Four P's Investments, LLC JUKNC899	(~~716~~260) ~~420-1122~~249-9247	4122 Bennett Memorial Road, Suite 104	Durham, NC 27705
North Carolina*				Patterson, Mark: Four P's Investments, LLC JUKNC898	(260) 249-9247	8642 W. Market Street	Greensboro, NC 27409
~~New York~~	~~Junk King Hudson Valley, NY~~	North Carolina *~~McCabe, Tom~~	~~50 Fairmount Avenue~~	~~Haverstraw, NY 10927~~Patterson, Mark: Four P's Investments, LLC JUKNC896	(~~845~~260) ~~834-4201~~249-9247	1117 Corporation Parkway, Suite 102	Raleigh, NC 27610
North Carolina*				Patterson, Mark: Four P's Investments, LLC JUKNC895	(260) 249-9247	2453 Spaugh Industrial Drive, Suite A	Winston-Salem, NC 27103

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
Ohio				Menard, Jessica: Boverio Menard Enterprises LLC JUKOH896	(419) 750-2096	515 Burbank Drive	Toledo, OH 43607
Oklahoma*				Pope, Dustin: Dupo Enterprises, Inc. JUKOK900A	(918) 691-6543	2751 E. Apache Street	Tulsa, OK 74110
Oklahoma*				Murray IV, Thomas: Junk By Murray, Inc. JUKOK900	(405) 317-5262	2751 E. Apache Street	Tulsa, OK 74110
Pennsylvania*				Shudnow, Mark: Melech Pisoles LLC JUKPA898	(773) 988-0263	1816 Mearns Road	Warminster, PA 18974
Pennsylvania*				Shudnow, Mark: Melech Pisoles LLC JUKPA899	(773) 988-0263	1816 Mearns Road	Warminster, PA 18974
Pennsylvania*				Shudnow, Mark: Melech Pisoles LLC JUKPA895	(773) 988-0263	1816 Mearns Road	Warminster, PA 18974
South Carolina*				Lucas, Andrew:	(803) 422-9892	2320 Wayne Street #111	Columbia, SC 29201

~~State~~	~~DBA Name~~	~~Principal Owner~~State	~~Address~~	~~City, State, Zip Code~~Principal Owner	Phone Number	Address	City, State, Zip Code
				JK Columbia, LLC JUKSC897			
Texas				Berry, George: BerrCorp LLC JUKTX892	(817) 988-3045	2435 Glenda Lane, Unit 6	Dallas, TX 75229
Texas				Berry, George: BerrCorp LLC JUKTX897	(817) 988-3045	5045 Martin Luther King Freeway	Fort Worth, TX 76116
Texas*				Seeley, Michael: Seeley Enterprises LLC JUKTX887	(512) 694-8806	2217 David Ferretti Drive	Georgetown, TX 78626
Texas*				Seeley, Michael: Seeley Enterprises LLC JUKTX895	(512) 694-8806	2226 N. Austin Avenue #101	Georgetown, TX 78626
Texas*				Dillaplain, Adam & Patel, Vikramaditya: VA Trans TX-1, LLC JUKTX886	(469) 544-7469	1343 Allston Street	Houston, TX 77008
Texas*				Dillaplain, Adam & Patel, Vikramaditya: VA	(469) 544-7469	7117 Belgold Drive, Suite B	Houston, TX 77066

~~State~~	~~DBA Name~~	~~Principal Owner~~**State**	~~Address~~	~~City, State, Zip Code~~**Principal Owner**	**Phone Number**	**Address**	**City, State, Zip Code**
				Trans TX-1, LLC JUKTX894			
Virginia*				Taggart, William: Vermillion, Inc. JUKVA898	(804) 912-5941	11 S. 12th Street	North Chesterfield, VA 23236
Virginia*				Taggart, William: Vermillion, Inc. JUKVA899	(804) 912-5941	7361 Lockport Place, Suite M	Richmond, VA 23219

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EXHIBIT G

~~**OPTION TO PURCHASE AGREEMENT**~~

JUNK KING CUSTOMER CARE CENTER UNCLOSED ESTIMATE PROGRAM AGREEMENT

This ~~OPTION TO PURCHASE AGREEMENT (the "Option") is~~Unclosed Estimate Agreement ("**Agreement**") is made and entered into as of ~~____________~~ ~~(~~the ~~"~~below Effective Date~~")~~, by and between **JUNK KING SPV LLC**, a Delaware limited liability company ~~having a principal place of business at 1010 North University Parks Drive, Waco, TX 76707~~, the franchisor of the Junk King franchise system ("**Franchisor**"), and ______________~~, a ____________ having an address of~~ ____________________________~~__________~~ ("**Franchisee**").

~~WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisor granted Franchisee a license to use the Marks and the System to operate a Junk King® franchise in a specified geographical area more fully described in the Agreement (the "Territory"), and Franchisee desires and Franchisor is willing to grant Franchisee an Option to acquire the territory described on Exhibit "A" hereto (the "Additional Territory").~~

RECITALS

Franchisee and Franchisor have entered into or are entering into a franchise agreement ("**Franchise Agreement**"), pursuant to which Franchisee is authorized to own and operate a Junk King® junk removal business ("**Franchised Business**").

Franchisee will participate in Franchisor's Unclosed Estimate Program ("**UE Program**") in which the Customer Care Center will follow-up on Franchisee's unclosed estimates in Franchisee's point-of-sale system.

NOW~~,~~ **THEREFORE,** ~~for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,~~ the parties agree as follows:

~~1. Franchisor acknowledges that Franchisee has paid Franchisor the non-refundable sum of $____________(the "Deposit"), which shall be credited toward the initial franchise fee of $____________ for the Additional Territory (the "Initial Franchisee Fee") upon Franchisee's exercise of this Option.~~

~~2. Franchisee is hereby granted an Option, for a period of eighteen (18) months from the Effective Date (the "Option Period"), to acquire the rights to the Additional Territory so long as the foregoing conditions are fulfilled:~~

1. Defined Terms. All capitalized terms not defined in this Agreement will have the meaning assigned to such term in the Franchise Agreement.

2. Unclosed Estimate Program.

(a) The Customer Care Center staff will make multiple outbound attempts to re-engage customers and convert the unclosed estimate to a job on Franchisee's schedule in the point-of-sale system using phone calls, SMS (texting), and/or email as communication channels.

~~a. Franchisee must be in compliance with the Agreement during the Option Period in order to exercise its Option hereunder. All rights created hereunder shall terminate Franchisee at any time be in material breach of the Agreement.~~

~~b. Franchisee may exercise this Option at any time during the Option Period by notifying Franchisor in writing of Franchisee's intent to purchase the Additional Territory (if Franchisee does not notify Franchisor by the end of the Option Period, this Option will expire and the consideration paid will be forfeited).~~

(b) Customers will be offered discounted rates by Customer Care Center staff in the follow-up communications. Discounts of up to 30% off full price rates offered are at the sole discretion of the Customer Care Center staff.

(c) ~~c.~~ Franchisee ~~must meet Franchisor's then-current qualifications for expansion~~will honor quoted discounted rates.

~~d. Franchisor will deliver to Franchisee a franchise agreement for the grant of the Additional Territory (or an amendment to the Agreement adding the Additional Territory, as determined by Franchisor) within 30 business days after receipt of Franchisee's notice.~~

~~e. Franchisee shall sign and return the franchise agreement (or amendment, as the case may be) and pay the Initial Franchise Fee (minus the Deposit) within the time specified by Franchisor.~~

~~3. Nothing in this Option shall be construed to grant Franchisee any ownership rights to the Additional Territory. Franchisee acknowledges that until Franchisee purchases the Additional Territory (i.e., signs the then-current franchise agreement (or an amendment, as applicable) and pays for the Additional Territory), the Additional Territory shall be considered TAFS (unless the Gross Sales in the Additional Territory are derived as part of the Key Accounts or Preferred Lead Programs (each term as defined in the Agreement)). During the Option Period, if Franchisor permits Franchisee to provide services in the Additional Territory, Franchisee agrees and acknowledges that it will be subject to competition in the Additional Territory from other franchisees.~~

~~Signed this _________ day of ________________, 20__.~~

(d) Franchisee will have access to reporting of the outbound follow-up attempts.

3. **Monthly Fee for Program**: Up to $250 per franchise unit.

4. **Initial Incentive**: For existing franchise units, the first 6 months of the program will be free (no charge) with the execution of this Agreement.

5. **Term; Termination:**

(a) Term. Except as otherwise expressly set forth below, the Parties intend that the term of the Agreement will be coextensive with the term of the Franchise Agreement and all renewals and extensions thereof.

(b) *Aut*omatic Termination. The Agreement shall terminate automatically upon the expiration, nonrenewal or termination of the Franchise Agreement or any renewal or extension thereof.

(c) Termination by Franchisor. Franchisor may terminate this Agreement in the event that Franchisee materially breaches any of its obligations under this Agreement or under the Franchise Agreement.

(d) No Refunds. Upon expiration or termination of the Agreement, Franchisee will not receive any refund of any payments made.

6. Miscellaneous.

(a) Entire Agreement and Interpretation. This Agreement supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Agreement, and this Agreement contains the sole and entire agreement between the parties with respect to the matters contemplated by this Agreement.

(b) Successors and Assigns. This Agreement inures to the benefit of Franchisor and its successors and assigns and will be binding upon Franchisee and Guarantors, and their respective successors, permitted assigns and legal representatives.

(c) Execution in Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement. This Agreement or any counterpart may be executed via facsimile or electronic transmission, and any such executed facsimile or electronic copy will be treated as an original.

(d) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within the State of Texas, without regard to Texas's conflicts of law principles.

(e) Forum. The parties hereby irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in Waco, McLennan County, Texas, in any action for temporary, interim or provisional equitable remedies. The parties hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum non conveniens. The parties further consent to service of process by certified mail, return receipt requested, or by any other means permitted by law.

(f) Costs, Expenses and Attorneys' Fees. If an action is commenced between the parties to enforce any provision of this Agreement, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

(g) Remedies. No delay, omission or failure to exercise any right or remedy provided for herein will be deemed to be a waiver thereof or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

<SIGNATURES APPEAR ON THE NEXT PAGE>

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date the Franchisor signs below ("Effective Date").

FRANCHISEE:

~~_____~~BY: ~~________________________________~~

~~___________________________~~_____

__________, individually

BY:

________________, individually

~~Accepted as of this _____ day of _________________, 20__, in __________, _______.~~

FRANCHISOR:

JUNK KING SPV LLC

~~BY:__________________________________~~

~~David Flax, President~~ A Delaware Limited Liability Company

~~EXHIBIT A~~
~~TO THE OPTION TO PURCHASE AGREEMENT~~

~~Additional Territory Description~~	~~[*INSERT TERRITORY DESCRIPTION*]~~ **~~Areas with Special Laws or Requirements:~~** ~~To the extent any portion of the Territory includes an area designated as an Indian Reserve, a governmental territory or other territory that may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee is qualified under such separate or additional requirements to perform work in such territory; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.~~

EXHIBIT H

RENEWAL ADDENDUM WITH TERMINATION OF ORIGINAL FRANCHISE AGREEMENT AND RELEASE

This RENEWAL ADDENDUM WITH TERMINATION OF FRANCHISE AGREEMENT AND RELEASE (this "Addendum") is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor"), and ______________, individually, having an address of ___________________________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee have entered into a franchise agreement dated as of ___ pursuant to which Franchisor has granted Franchisee a right and obligation to establish and operate a Junk King® franchise using the Marks and the System in and for the Territory (the "Original Franchise Agreement"); and

WHEREAS, on the terms set forth below, Franchisor and Franchisee desire to terminate and cancel the Original Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a franchise agreement pursuant to which Franchisor has granted Franchisee a renewal license, granting Franchisee the right and obligation to continue operation of the franchise using the Marks and the System in and for the Territory (the "Agreement"); and

[WHEREAS, Franchisee acknowledges and agrees that Franchisee's execution of the Agreement is pursuant to Franchisee's last renewal option under the Original Franchise Agreement and Franchisee has no further rights of renewal; and]

WHEREAS, the parties have agreed to alter the terms stated in the Agreement, as provided herein to reflect the parties' intentions and the terms of renewal stated in the Original Franchise Agreement.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Original Franchise Agreement is hereby terminated by mutual agreement, except for Franchisee's indemnification obligations thereunder.

2. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

3. Franchisee agrees that the renewal fee will be collected via electronic ACH from Franchisee's bank account at signing of the Agreement, and Franchisee hereby represents and warrants to Franchisor that all necessary action for the execution of this Addendum has been taken.

4. If Franchisee is executing the Agreement at least 60 days prior to the expiration date of the then-current term of the Original Franchise Agreement (such expiration date, the "Original FA Expiration Date"), then Section 4.A, Term, of the Agreement is hereby amended so that the term of the Agreement is the time period from the Effective Date of the Agreement until the Original FA Expiration Date, plus 10

years. (For example, if the Agreement was signed 12 months before the Original Franchise Agreement expires, the term of the Agreement would be 11 years).

[Because Franchisee is hereby exercising its last renewal option under the Original Franchise Agreement, Section 4.B (Renewal Term and Conditions of Renewal) of the Original Franchise Agreement is hereby deleted.]

5. Section 8.A, Initial License Fee, is amended to provide that no initial franchise fee shall be due upon execution of the Agreement.

6. Franchisee, for itself and each of its past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through Franchisee, in their corporate and individual capacities (collectively "Releasor"), hereby releases and forever discharges Franchisor and each of its predecessors, successors, affiliates, subsidiaries, assigns, past and present officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever related to the Original Franchise Agreement and the business operated thereunder or any other agreement between Releasor and Releasees, or the relationship between Releasor and Releasees, through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Original Franchise Agreement or any other related agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date. For avoidance of doubt, the Releasor does not release Releasees from any obligations arising by virtue of the Agreement and any claims arising from the Releasees' failure to comply with those obligations or the Franchise Disclosure Document furnished to Franchisee as part of entering into the Agreement and the franchise laws that apply to the specific offer, sale and signing of the Agreement.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Addendum and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Addendum. The Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This release is and shall be and remain a full, complete and unconditional general release. The Releasor acknowledges and agrees that this release is an essential, integral and material term of this Addendum. The Releasor further acknowledges and agrees that no violation of this Addendum shall void the release set forth herein.

7. Notwithstanding the releases contained herein, all rights and obligations created under this Addendum will specifically survive the execution of this Addendum and the releases contained herein.

8. Each person executing this Addendum on behalf of any of the parties hereto represents and warrants that he or she has been fully empowered to execute this Addendum and that all necessary action has been taken.

9. The provisions of this Addendum shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties.

10. Each of the parties hereto represents and warrants to each other party that it has not heretofore assigned or transferred, or purported to assign or transfer to any person, entity or corporation whatsoever, any of the claims released hereunder. Each party agrees to indemnify and hold harmless each other party against any claim, demand, debt, obligation, liability, cost, expense, right of action or cause of action based on, arising out of, or in connection with any such transfer or assignment or purported transfer or assignment.

11. If any provision of this Addendum shall for any reason be held violative of any applicable law, governmental rule or regulation, or if said agreement is held to be unenforceable or unconscionable, then the invalidity of such specific provisions herein shall not be held to invalidate the remaining provisions of this Addendum.

< SIGNATURES APPEAR ON THE NEXT PAGE >

Signed on this ___________ day of ________________, 20__ (the "Effective Date").

FRANCHISEE:

____

________________________, individually

Accepted as of the ________ day of _________________, 20__, in ___________, ___.

FRANCHISOR:

JUNK KING SPV LLC

BY: ______________________________

David Flax, President

EXHIBIT I

GENERAL RELEASE

This GENERAL RELEASE (this "Release") is made and executed by [NAME], individually ("you"), as of _________________ ("Effective Date").

WHEREAS, you entered into a franchise agreement dated ________ with JUNK KING SPV LLC ("us"), and [describe facts].

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through you, in their corporate and individual capacities (collectively "Releasor"), hereby releases and forever discharges us and each of our predecessors, successors, affiliates, subsidiaries, assigns, past and present officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of any agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Release and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Release. The Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of

executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This Release is and shall be and remain a full, complete and unconditional general release.

____

Name, individually

EXHIBIT J

PROTRADENET AGREEMENT

WHEREAS, ______________, individually, having an address of ______________________________ ("Franchisee," sometimes referred to as "Contractor") is a Franchisee of **JUNK KING SPV LLC** , a Delaware limited liability company, having an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor," sometimes referred to as "Trading Partner"), the trading partner of **PROTRADENET SPV LLC** ("PROTRADENET") having an address of 1010 N. University Parks Drive, Waco, TX 76707 and Franchisee desires to participate in discounts, rebates, incentives and other benefits ("Programs") negotiated by PROTRADENET with selected vendors, manufacturers and distributors ("Vendors");

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged by all parties, the parties hereto agree to the following terms and conditions:

1. **Term and Default.** The term of this Agreement shall commence on ______________________ and end on December 31 of this year and the Agreement will automatically renew for an additional one (1) calendar year period each year thereafter, commencing on January 1 of next year and each January 1st thereafter, unless earlier terminated in accordance with this Agreement. Notwithstanding the foregoing, PROTRADENET may terminate this Agreement at any time, with or without cause, for any reason whatsoever upon providing the other party written notice of intent to terminate the Agreement and this agreement will automatically terminate upon expiration or termination of the franchise agreement by and between Franchisee and Franchisor with no notice of termination required. In any case, PROTRADENET may terminate this Agreement at any time upon notice to Franchisee if Franchisee is in default of his Franchise Agreement with Franchisor or if Franchisee has failed to comply with the terms and conditions of participation in this Program as set forth in this Agreement, on the website of PROTRADENET or as specified by Franchisor. Upon any termination of this agreement neither PROTRADENET nor any of its affiliates will have any liability to Franchisee or any other party.

2. **PROTRADENET Administration.** PROTRADENET or Franchisor may, but are not required to, return a portion of the fees paid to PROTRADENET from Vendors on behalf of purchases made by Franchisee ("Rebates") directly to Franchisee if Franchisee meets certain conditions, such as Vendor terms and conditions, attendance at Franchisor annual meetings, and other criteria as established by Vendor, PROTRADENET or Franchisor. All fees or Rebates not returned to franchisees may be retained by PROTRADENET or Franchisor and used to cover administrative costs, or promote Franchisor's system and brand. The allocation of these Rebates may change at the sole discretion of PROTRADENET. Accordingly, subject to the terms and conditions set forth in this Agreement, PROTRADENET agrees to process Program Rebates when paid by Vendor within terms as agreed upon by Franchisor. PROTRADENET will pay Franchisor or Franchisee directly, at the discretion of Franchisor. Franchisor reserves the right to deny Program Rebates otherwise due to Franchisee if Franchisor deems Franchisee not qualified for a Rebate(s). PROTRADENET may also withhold or deny Program Rebates if terms of the Program are not met.

3. **Franchisee Exclusion from Vendor Program.** Franchisee acknowledges the Vendor's right to exclude Franchisee from the Program for failure to meet Vendor's terms or for other reasons at the Vendor's discretion.

4. **Access and Release of Information.** Franchisee authorizes PROTRADENET to provide information including, but not limited to, Franchisee's Federal Tax Identification Number "FTIN") and purchase orders, invoices, payments, purchase history or other purchasing information to its Vendors

regarding Franchisee, and Franchisee authorizes PROTRADENET to request, and Vendors to provide, information manually or electronically regarding purchase orders, invoices, payments, purchase history or other purchasing information from Vendors for the purpose of administration of the Program. Franchisee hereby releases PROTRADENET and its parent, affiliates, past and present members, officers, employees, agents, successors and assigns from any liability whatsoever with regard to PROTRADENET providing Franchisee's confidential information, including Franchisee's FTIN, to Vendors or Franchisor pursuant to this Agreement.

5. **Confidentiality.** Franchisee acknowledges the proprietary and confidential nature of PROTRADENET's, Franchisors' and Vendor's Program details and shall use this information only for the purposes of inquiry or purchasing of VENDOR's products and services from the Program. Franchisee shall not provide PROTRADENET's, Franchisors' and/or Vendor's confidential Program information to a third party. This section shall survive the expiration or termination of this Agreement.

6. **Vendors.** Vendors may be added or removed from the Program at any time. Franchisee will receive written, email, or website notification of a change in Vendor status from PROTRADENET or Franchisor. Franchisors have SOLE DISCRETION over whether or not they choose to participate in a Vendor Program and offer that Program to their franchisees.

7. **Miscellaneous**

7.1 **No Guarantee of Rebates.** PROTRADENET does not guarantee any Vendor rebates or payments by Vendors. If PROTRADENET does not receive payment from the Vendor, rebates will not be paid.

7.2 **No Guarantee of Accuracy.** PROTRADENET makes no guarantee of accuracy or uninterrupted delivery of the data exchanged using the e-commerce web solution software as a part of the Program. It is the responsibility of the Franchisee to notify PROTRADENET or Vendor if the purchasing information represented on the e-commerce website is incorrect. Franchisee must notify PROTRADENET within sixty (60) days of the transaction date if the purchasing information is missing or invalid.

7.3 **Effective Date.** This Agreement shall become effective on the date that it is signed by PROTRADENET.

8. **Electronic Invoicing.** Franchisee agrees by its signature below to receive invoices from any Vendor electronically that offers this service though the PROTRADENET e-commerce platform.

9. **Electronic Promotions.** Franchisee agrees by its signature below to receive electronic or email based promotions from PROTRADENET.

10. **Additional Terms and Conditions.** Franchisee agrees by its signature below to abide by all of the terms and conditions on the website of PROTRADENET, www.PROTRADENET.com, www.PROTRADENET.com and www.PROTRADENET.net, which include but are not limited to:

Terms of Use
Privacy Policy

These terms and conditions may be modified and additional terms and conditions added at the sole discretion of Franchisor or PROTRADENET.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives whose signatures appear below.

Signed on this ____________ day of ___________________, 20__.

FRANCHISEE:

____

______________________________, individually

Accepted as of this _____ day of ___________________, 20__, in Waco, Texas.

PROTRADENET:

PROTRADENET SPV~~,~~ LLC

BY:_____________________________________
Luke Stanton, President

EXHIBIT K

SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

This SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT ("Agreement") is entered into on the Effective Date noted below in Section 6(h) by and between **JUNK KING SPV LLC**, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX ("Franchisor"), and _____________________, a(n) _______________________________, having an address of ___________________ ("Franchisee"). Franchisor and Franchisee may be referred to herein singularly as a "Party" and jointly as the "Parties".

WHEREAS, the Parties have entered into or are entering into a franchise agreement ("Franchise Agreement") pursuant to which Franchisor has granted or is granting to Franchisee the right to operate a JUNK KING® franchise and Franchisee has agreed to or is agreeing to undertake the obligations of a JUNK KING® franchisee. One of Franchisee's obligations under the Franchisee Agreement is to install, maintain and upgrade such computer hardware, software and Internet access as Franchisor may periodically require; and

WHEREAS, Franchisor currently requires all of its franchisees to use the software and technology identified on **Exhibit "A"** hereto (the "Software System") in their respective JUNK KING® Franchised Businesses, which Software System Franchisor may revise from time to time upon notice to Franchisee; and

WHEREAS, to the extent the Software System includes third-party software, Franchisee will become licensed by such third party software provider (each, a "Third-Party Provider") to access and use the third-party software through the acceptance of the Third-Party Provider's terms and conditions as provided on the Third-Party Provider's website, as set forth on **Exhibit "A"** hereto; and

WHEREAS, each Third-Party Provider has delegated to Franchisor and/or Franchisor's designee the training, maintenance and support of such Third-Party Provider's software included in the Software System and licensed to the JUNK KING® franchisees; and

WHEREAS, the Third-Party Providers and the Parties desire to define the terms and conditions on which Franchisor will provide for the training, maintenance and support for the software included in the Software System.

NOW, THEREFORE, the Parties agree as follows:

1. **TRAINING AND SUPPORT**

(a) ***Franchisor's Designee***. Franchisor may in the future appoint an affiliate, including without limitation ZorWare SPV LLC ("ZorWare"), as Franchisor's agent and designee to provide training, maintenance and support to Franchisee with respect to the Software System. Franchisee agrees to cooperate with ZorWare or such other designee in all matters relating to the installation, maintenance and support of the Software System and the training of Franchisee's personnel with respect to the Software System.

(b) ***Training and Support***. ZorWare will provide service for training, maintenance, and support to Franchisee by telephone and over the internet during ZorWare's normal business hours, as set forth in **Exhibit "B"**. The amount and types of support may change in the future.

(c) ***Maintenance, Upgrades and Fixes***. Franchisor or its designee may, in their discretion, modify, upgrade or create fixes, service releases and new versions of the Software System from time to time and provide them to Franchisee. Franchisor may from time to time add software to or remove software from the Software System upon notice to Franchisee.

(d) ***Remote Access***. Franchisee acknowledges that the proper functioning of the Software System as intended by Franchisor requires Franchisee to give Franchisor and its designee remote access to Franchisee's network. Franchisee agrees to give Franchisor and its designee such remote access to Franchisee's network at all times to allow for the full functioning of the Software System, to allow Franchisor or its designee to install the Software System and modifications, fixes, service releases and new versions of the Software System, and to provide training and support. Franchisee understands and acknowledges that such remote access will allow both Franchisor and Franchisor's designee to have access to the data generated by Franchisee's use of the Software System, and will allow for Franchisee's submission of periodic reports to Franchisor, as required by Franchisor. Franchisor, to ensure Franchisor's access to Franchisee's data, may require Franchisee to execute an authorization form (a sample of such form is attached to this Agreement as **Exhibit "C"**), whereby Franchisee authorizes the Third-Party Provider to provide Franchisor with access to all of Franchisee's data in the possession of the Third-Party Provider via the Software System and/or otherwise.

2. **FEES**

(a) ***Software System Enrollment Fee***. Upon signing this Agreement, Franchisee will pay to ZorWare, via ACH draft from Franchisee's bank account, an enrollment fee in the amount set forth on **Exhibit "A"** to this Agreement per license granted to Franchisee. Franchisor may increase this fee as provided in **Exhibit "A"**, and/or modify the services that are provided for this fee, provided Franchisee is notified of any changes applicable to Franchisee. In the event that Franchisee enters into a franchise agreement with Franchisor for an additional franchised business (the "Additional Franchised Business"), Franchisee shall pay an initial Software System enrollment fee as set forth on **Exhibit "A"** for the Additional Franchised Business.

(~~a~~b) ***~~Annual~~Monthly Fees***. Franchisee will pay to Franchisor (or its designee) an annual support and maintenance fee, in the amount set forth on **Exhibit "A"**. The fees will be paid via automatic bank draft. ZorWare may increase the support and maintenance fees ~~(~~as provided on **Exhibit "A"**~~)~~, and/or modify the services that are provided for these fees, provided Franchisee is notified of any changes applicable to Franchisee. The amount of each bill will be the then-current amount charged for the support and maintenance fees by ZorWare to franchisees of Franchisor.

(c) ***Additional Fees***. If Franchisor or its affiliate develops proprietary software other than the Software System that Franchisor requires or permits Franchisee to use, Franchisor may charge Franchisee a license or maintenance fee for such software that will be reasonable in light of the fees that other companies charge for comparable software packages. Unless the Parties enter into a separate license agreement for such software, the terms and conditions for that software's maintenance and support will be the same as those set forth in this Agreement.

(d) ***Late Payments***. Any amount due hereunder that is not paid within 30 days of the invoice date will incur a late fee of $25 per month, or the maximum amount allowed under the law, whichever is lower.

3. **CONFIDENTIALITY AND LIMITED ACCESS**

(a) ***Nondisclosure***. Franchisee agrees to maintain the Software System, its documentation and the data generated by the use of the Software System in confidence by using at least the same physical and other security measures that Franchisee uses for its own confidential information. Franchisee further agrees not to allow anyone to access or use the Software System or to see its documentation or the data it generates other than Franchisee's employees, agents and representatives who have a need to have access to or to use the Software System in order to support Franchisee's authorized use thereof, provided that each such employee, agent and representative shall have signed an undertaking to Franchisee acknowledging that he or she is bound by an obligation of confidentiality.

(b) ***Notice of Loss***. Franchisee shall immediately notify Franchisor upon discovering any loss or theft of any copy of the Software System or its documentation or any data generated by its use, or any unauthorized disclosure thereof by any of Franchisee's employees, agents or representatives.

4. **REPRESENTATIONS; WARRANTIES; LIMITATION OF LIABILITY**

(a) ***Franchisor's Representations***. Franchisor hereby represents, warrants and covenants that to the best of its knowledge, information and belief its maintenance obligations under this Agreement will not infringe any U.S. patent, copyright or trade secret of any third party.

(b) ***Disclaimer of Warranty***. **EXCEPT AS SPECIFICALLY PROVIDED HEREIN, FRANCHISOR DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. FRANCHISOR EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

(c) ***Limitation of Liability*. THE LIABILITY OF FRANCHISOR TO FRANCHISEE WILL BE LIMITED TO DIRECT DAMAGES ARISING SOLELY OUT OF FRANCHISOR'S MAINTENANCE OBLIGATIONS UNDER THIS AGREEMENT. IN NO EVENT WILL FRANCHISOR BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF FRANCHISOR HAS PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

5. **TERM; TERMINATION; DISABLING OF SOFTWARE SYSTEM**

(a) ***Term***. Except as otherwise expressly set forth below, with respect to each software included in the Software System, the Parties intend that the term of the license granted by the applicable Third-Party Provider for such software will be coextensive with the term of the Franchise Agreement and all renewals and extensions thereof.

(b) ***Automatic Termination***. The license granted by each Third-Party Provider will terminate automatically upon the expiration, nonrenewal or termination of the Franchise Agreement.

(c) ***Termination by Franchisor***. Franchisor may seek to have the Third-Party Provider terminate its license granted to Franchisee upon notice to Franchisee with immediate effect in the event that (i) Franchisee materially breaches any of its obligations under this Agreement or under the Franchise Agreement, or (ii) Franchisor requires Franchisee to cease using such software (or all software) included in the Software System.

(d) ***Disabling of the Software System***. Franchisor reserves the right to request that a Third-Party Provider disable the functionality of such Third-Party Provider's software included the Software

System, in whole or in part, in the event that Franchisee (i) fails in a timely manner to submit to Franchisor the reports required by Franchisor under the Franchise Agreement, (ii) fails in a timely manner to pay to Franchisor or ZorWare the required monthly Software System fees, or (iii) otherwise materially breaches this Agreement or the Franchise Agreement. Franchisor will not be liable to Franchisee for any damages whatsoever that may result directly or indirectly from a Third-Party Provider's disabling of the functionality of its software pursuant to this section.

(e) ***Disposition of Copies***. Upon termination of the license granted by a Third-Party Provider, Franchisee shall promptly return to Franchisor, or otherwise dispose of, as Franchisor may instruct, all physical copies of the applicable software included in the Software System and its associated documentation in Franchisee's possession or under Franchisee's control and shall remove all copies thereof from Franchisee's computers and other electronic storage media. Upon Franchisor's request, Franchisee shall provide Franchisor with written certification of its compliance with the foregoing.

(f) ***No Refunds***. Upon the expiration or termination of the license granted by a Third-Party Provider, or if the applicable Software System software is disabled as described above, Franchisee will not receive any refund of any payments made to ZorWare.

6. **MISCELLANEOUS**

(a) ***Remedies***. Franchisee acknowledges that any breach of the covenants set forth in Section 3 this Agreement would cause irreparable damage to Franchisor that would be incapable of precise measurement and for which no adequate remedy would exist at law. Franchisee therefore agrees that injunctive relief shall be available for any such breach in addition to all other remedies that may be available.

(b) ***Notices***. All notices, requests, consents and other communications required or permitted by this Agreement shall be in writing and shall be delivered by hand, fax, overnight delivery service, or registered or certified first class mail, to then-current address of the recipient known by the sender, to the attention of the person then holding the title of the person signing this Agreement on behalf of the recipient. Any such notice, request, consent or other communication shall be deemed given and be effective upon receipt at such address.

(c) ***Entire Agreement; Amendments***. This Agreement constitutes the entire understanding between the parties relating to the subject matter hereof, superseding all prior agreements, arrangements and understandings between the parties relating to its subject matter. This Agreement may not be amended or changed in any way unless such changes are in writing signed by the parties hereto.

(d) ***Waiver***. No delay, omission or failure to exercise any right or remedy provided for herein will be deemed to be a waiver thereof or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

(e) ***Governing Law***. This Agreement will be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within the State of Texas, without regard to Texas's conflicts of law principles.

(f) ***Forum***. The parties hereby irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in Waco, McLennan County, Texas, in any action for temporary, interim or provisional equitable remedies. The parties hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum non conveniens. The parties further consent to service of process by certified mail, return receipt requested, or by any other means permitted by law.

(g) ***Costs, Expenses and Attorneys' Fees***. If an action is commenced between the parties to enforce any provision of this Agreement, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

(h) ***Effective Date.*** This Agreement shall become effective on the date it is signed by Franchisor.

< SIGNATURES APPEAR ON THE NEXT PAGE >

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____
__________________________________, individually

Accepted as of this _____ day of _________________, 20__, in ____________, ____.

FRANCHISOR:

JUNK KING SPV LLC

BY:____
David Flax, President

EXHIBIT "A"
TO
SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

Software System: Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary software system, and three Junk King® email accounts.

Software included in Software System	Third-Party Provider's Terms and Conditions that Franchisee must accept in order to access sand use of software
Qvinci	http://www.qvinci.com/terms-of-use/ http://www.qvinci.com/saas-agreement/
FranConnect	http://franconnect.com/privacy-and-data-collection-policy/
Microsoft Office 365	https://www.microsoft.com/en-us/trust-center/privacy
Optional Software: (*check the box if included in Software System*):	
□ QuickBooks Online	https://quickbooks.intuit.com/global/terms-of-service/

The software included in the Software System is subject to change by Franchisor upon notice to Franchisee.

Software System Fees:

These fees are subject to change by Franchisor upon notice to Franchisee.

TYPE OF SALE	Enrollment Fee	Optional Services Fee	Monthly Fees	Software Included in the Services Provided
New Franchisee	~~N/A~~$1,250		$~~150~~159 – monthly technology fee Additional Microsoft Office365 ~~("O365")~~ ~~Exchange~~ email accounts are available at $~~4.00 per~~ 4.50 - $24/month~~, O365 E1~~ depending on type of email account~~s are $10.00 per month, O365 E3 email~~	Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary

TYPE OF SALE	Enrollment Fee	Optional Services Fee	Monthly Fees	Software Included in the Services Provided
			~~accounts are $23.00 per month~~. Additional access to the data warehouse (beyond the franchisee): $12/month or $144/year.	software system, and two Junk King® email accounts.
Renewal Franchise Agreement	N/A	N/A	$~~150~~159 – monthly technology fee Additional Microsoft Office365 ~~(“O365”) Exchange~~ email accounts are available at $~~4.00 per~~ 4.50 - $24/month~~, O365 E1~~ depending on type of email account~~s are $10.00 per month, O365 E3 email accounts are $23.00 per month~~. Additional access to the data warehouse (beyond the franchisee): $12/month or $144/year.	Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary software system, and two Junk King® email accounts.
Sale to Existing Franchisee (Contiguous Territory)	N/A	N/A	$~~150~~159 – monthly technology fee Additional Microsoft Office365 ~~(“O365”) Exchange~~ email accounts are available at $~~4.00 per~~ 4.50 - $24/month~~, O365 E1~~ depending on type of email account~~s are $10.00 per month, O365 E3 email accounts are $23.00 per month~~. Additional access to the data warehouse (beyond the franchisee): $12/month or $144/year.	Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary software system, and two Junk King® email accounts.

TYPE OF SALE	**Enrollment Fee**	**Optional Services Fee**	**Monthly Fees**	**Software Included in the Services Provided**
Sale to Existing Franchisee (Non-Contiguous Territory)	~~N/A~~$1,250	N/A	$~~150~~159 – monthly technology fee Additional Microsoft Office365 ~~("O365") Exchange~~ email accounts are available at $~~4.00 per~~ 4.50 - $24/month~~, O365 E1~~ depending on type of email account~~s are $10.00 per month, O365 E3 email accounts are $23.00 per month~~. Additional access to the data warehouse (beyond the franchisee): $12/month or $144/year.	Junk King Junkware, enhanced security platforms for all areas of the Franchised Business, financial reporting platform (currently Qvinci), Tableau software license and overall upgrades and maintenance of the servers, Tableau platforms and the Junk King® proprietary software system, and two Junk King® email accounts.

If included in Software System: QuickBooks Online: $_____ / month[1]

~~These fees~~We may increase these fees in the future~~,~~ but not more than ~~by 20~~30% annually~~,~~ in addition to ~~increases due to additional or different software being added to the Software System and~~any direct price increases from third-party vendors and changes to fees due to changes to the software included in the Software System.

[1] $30 - $200 per month, depending on license tier.

EXHIBIT "B"
TO
SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

Basic Plan: ZorWare services~~s~~ level agreement will include best effort ~~or within 48 hour~~of 2- to 5-business days for response and/or resolution.

- Live Support hours: 6 AM - 7 PM CST, Mon. - Fri.
- Limit of 2 hours of phone support per month.
- If exceeds call limit then the following would apply:
- Hourly Phone Support: $125 per hour.

**ZorWare Help Desk & Team observes any/all holidays as determined by ZorWare.*

EXHIBIT "C"
TO
SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

BY YOUR SIGNATURE BELOW, YOU AGREE AND ACKNOWLEDGE THAT JUNK KING SPV LLC ("FRANCHISOR") MAY REQUEST FROM [***THIRD-PARTY VENDOR'S NAME***] ("VENDOR") ACCESS TO INFORMATION THAT YOU INPUT INTO THE SOFTWARE SYSTEM (THE "SYSTEM") OR DEVELOP ON THE SYSTEM IN OR WITH RESPECT TO ACCOUNTS RELATED TO YOUR JUNK KING® FRANCHISED BUSINESS, INCLUDING, BUT NOT LIMITED TO CUSTOMER DATA, TRANSACTION DATA AND OPERATIONAL AND FINANCIAL DATA ABOUT YOUR JUNK KING® FRANCHISED BUSINESS(ES) (THE "DATA"). SUCH ACCESS MAY BE IN INDIVIDUAL OR AGGREGATED FORM AND MAY TAKE PLACE WITH OR WITHOUT NOTICE TO YOU. YOU CONSENT TO THIS DISCLOSURE BY VENDOR OF ANY AND ALL DATA TO FRANCHISOR AND ITS AFFILIATES AND AGREE TO INDEMNIFY AND HOLD HARMLESS VENDOR AND ITS SUBSIDIARIES, AFFILIATES, OFFICERS, AGENTS, AND EMPLOYEES, FOR ANY DAMAGES, EXPENSES, LOSSES OR LIABILITIES SUFFERED BY YOU IN CONNECTION WITH ANY SUCH DISCLOSURE WHETHER SUCH DAMAGES ARE UNDER CONTRACT OR TORT OR UNDER ANY OTHER THEORY OF LIABILITY.

FURTHER, FRANCHISOR MAY REQUEST TO BE GRANTED ADMINISTRATIVE ACCESS TO YOUR VENDOR USER ACCOUNT(S) RELATED TO YOUR JUNK KING® FRANCHISED BUSINESS(ES), TO EXPORT, TRANSFER OR GRANT ACCESS TO YOUR ACCOUNT OR TO DATA ASSOCIATED WITH SUCH ACCOUNT(S) OR YOUR JUNK KING® FRANCHISED BUSINESS(ES), TO SUSPEND SUCH ACCOUNT(S) OR YOUR ACCESS TO THE SYSTEM FOR YOUR JUNK KING® FRANCHISED BUSINESS(ES) OR, IN CONNECTION WITH A TERMINATION OF YOUR JUNK KING FRANCHISE AGREEMENT(S) WITH FRANCHISOR, TO TERMINATE OR DELETE YOUR VENDOR ACCOUNT(S) RELATED TO YOUR JUNK KING® FRANCHISED BUSINESSES. YOU CONSENT TO ALL SUCH ACCESS AND ACTIONS BY FRANCHISOR AND AGREE THAT YOU WILL NOT SEEK ANY MASS EXPORT OF YOUR DATA WITH RESPECT TO YOUR JUNK KING® FRANCHISED BUSINESS WITHOUT THE WRITTEN CONSENT OF FRANCHISOR. FURTHER, YOU AGREE TO INDEMNIFY AND HOLD HARMLESS VENDOR AND ITS SUBSIDIARIES, AFFILIATES, OFFICERS, AGENTS, AND EMPLOYEES, FOR ANY DAMAGES, EXPENSES, LOSSES OR LIABILITIES SUFFERED BY YOU IN CONNECTION WITH ANY SUCH ACTIONS OF FRANCHISOR WHETHER SUCH DAMAGES ARE UNDER CONTRACT OR TORT OR UNDER ANY OTHER THEORY OF LIABILITY.

YOU AGREE THAT YOU WILL AT ALL TIMES COMPLY WITH THE TERMS OF USE WITH RESPECT TO THE SYSTEM WHICH ARE ACCESSIBLE AT ________________________. FOR THE PURPOSES OF THE TERMS OF USE, YOU CONSENT TO THE DISCLOSURE AND ACCESS RIGHTS GRANTED TO FRANCHISOR HEREBY. VENDOR IS AN INTENDED THIRD PARTY BENEFICIARY TO THIS AGREEMENT.

Franchisee's Name: ___________________________________

Signature: ____

Date: ____

EXHIBIT L

ASSIGNMENT AND CONSENT AGREEMENT

ASSIGNMENT AND CONSENT AGREEMENT

This Assignment and Consent Agreement (this "Agreement") is made effective as of the date Franchisor signs below (the "Effective Date") and is entered into by and among [ ] ("Franchisee"), and [ ] (a "Franchisee Principal(s)") (Franchisee and Franchisee Principal(s) collectively referred to as "Assignor"), [ ] ("Assignee"), and JUNK KING SPV LLC, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor"). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

A. Franchisor and Assignor are parties to a Junk King® Franchise Agreement dated [______] (the "Old Franchise Agreement"), pursuant to which Assignor was granted the right to operate a Junk King® business in the following territory: ___________________________ (the "Franchised Business").

B. Assignor desires to assign to Assignee all right, title and interest in the Franchised Business, including the franchise rights for the Franchised Business (the "Assignment"); Assignee wishes to accept the Assignment and, as of the Effective Date, assume all of the duties, obligations, and liabilities of Assignor related thereto by entering into a purchase and sale agreement with Assignor and by signing a franchise agreement with Franchisor.

C. Assignor represents that there is no dispute related to the offer and sale of the Old Franchise Agreement or Franchised Business, and further represents that Assignor has no claims against Franchisor under applicable laws.

D. In consideration of Assignor's request for the Assignment and the representations set forth in Recital C above, Franchisor is willing to consent to the Assignment as of the Effective Date, subject to the provisions stated below, and Assignor agrees to settle all known and unknown disputes it may have against Franchisor, if any, that exist as of the Effective Date.

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment and Assumption. Assignor assigns to Assignee all right, title and interest in and to the Franchised Business, including the franchise rights for the Franchised Business. Assignee unconditionally assumes and accepts the Assignment of the Franchised Business, including the franchise rights for the Franchised Business, and agrees to be bound by all duties, obligations, and liabilities of the Assignor related thereto, including without limitation all of Assignor's customer obligations, including all warranty work and service plans obligations.

2. Signing of Current Form of Franchise Agreement. As a condition of Franchisor's consent to the Assignment, Assignee agrees to sign Franchisor's then-current form of franchise agreement (the "New Franchise Agreement"). Assignee acknowledges that the terms and conditions of the New Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement; provided that the Initial Franchise Fee will be $5,000. Prior to the Effective Date, Assignee shall deliver to Franchisor two signed copies of the New Franchise Agreement, along with the executed copies of this Agreement.

3. Termination of Old Franchise Agreement. All parties agree that the Old Franchise Agreement is terminated as of the effective date of the New Franchise Agreement with no further force and effect, except for the post-termination obligations identified in Section 12 below.

4. Status of Assignor Following Assignment. Upon and after the Effective Date and subject to Section 12 below, Assignor will have no interest in and will no longer be responsible or liable for (a) the Franchised Business, (b) the franchise rights for the Franchised Business, or (c) the Old Franchise Agreement. Assignor, however, will remain liable for any responsibilities, obligations, and liabilities related to the Old Franchise Agreement and the Franchised Business up to the Effective Date, including all monetary obligations due to Franchisor, its affiliates, and other third parties under the Old Franchise Agreement that have accrued as of the Effective Date and all post-termination obligations identified in Section 12 below.

5. Assignee Principals. If Assignee is an entity, Assignee represents and warrants to Franchisor and Assignor that the following individuals and/or entities are the sole owners of Assignee (the "Assignee Principals"):

Name of Principal Owner	**Percentage of Ownership in Assignee (total must equal 100%)**
Total	**100%**

6. Payment of Transfer Fee. On or before the Effective Date, Franchisor must receive a transfer fee in the amount of (a) $~~[ ]~~7,500 and (b) 5% of the sales price, as referenced in Section 10.C. of the Old Franchise Agreement.

7. Training. On or before the Effective Date, Assignee must complete Franchisor's training requirements.

8. Payment of Fees Owed to Franchisor; Delivery of Reports. On or before the Effective Date, all fees owed by Assignor to Franchisor, its affiliates or suppliers or upon which Franchisor or its affiliates have any contingent liability, under or related to the Old Franchise Agreement (the "Fees Owed") must be paid in full. Accordingly, on or before the Effective Date, Assignor or Assignee must deliver the full amount of Fees Owed to Franchisor, its affiliate(s) and/or suppliers, along with three fully executed copies of this Agreement. In addition, on or before the Effective Date, Assignor must deliver to Franchisor any and all reports required to be delivered under the Old Franchise Agreement, including without limitation reports related to any Fees Owed and any financial and other reports relating to the Franchised Business and its operations as Franchisor may request pursuant to Section 10.D.8 of the Franchise Agreement in order for Franchisor and/or assignee to evaluate the Franchised Business and the proposed transfer.

9. Personal Guarantee. Each Assignee Principal must execute a personal guarantee in the form attached to the New Franchise Agreement.

10. Representations.

A. Assignor and Assignee represent and warrant to each other that they have the authority to execute this Agreement.

B. Assignor represents and warrants to Franchisor and Assignee that it owns all right, title and interest in and to the Franchised Business and the Old Franchise Agreement, free and clear of any mortgage, lien or claims, and has not assigned any or all of its interest in the Franchised Business or the Old Franchise Agreement to any third party.

C. Assignor and Assignee represent and warrant to Franchisor that they have consummated the asset purchase and sale transaction that is related to the Assignment contemplated hereunder as of the Effective Date.

11. Indemnification.

A. Assignor, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignor under this Agreement; (ii) the Assignment; or (iii) any claim, suit or proceeding initiated by or for a third party(s), now or in the future, that arises out of or relates to the Old Franchise Agreement or the Franchised Business operated by Assignor prior to the Effective Date.

B. Assignee, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignee under this Agreement; or (ii) the Assignment.

12. Assignor's Post-Termination Obligations. Assignor agrees that, upon transfer of its interest in the Franchised Business to Assignee, Assignor will comply with all post-termination obligations set forth in Section 13 of the Old Franchise Agreement, which obligations shall be incorporated herein by reference. Further, Assignor shall comply with any other provisions of the Old Franchise Agreement which, by their nature, survive termination or expiration of the Old Franchise Agreement.

13. Consent to Assignment. Franchisor consents to the Assignment subject to the terms and conditions of this Agreement. Franchisor's consent to the Assignment will not result in any waiver of any rights nor a release under the Old Franchise Agreement or New Franchise Agreement, and is not a consent to any additional or subsequent transfers or assignments.

14. Release and Settlement of Claims by Assignor. Except as may be prohibited by applicable law, Franchisee and Franchisee Principals (individually and as owners of Franchisee) and each of their respective heirs, successors, assigns, affiliates, shareholders, officers, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as

the "Assignor Parties" for purposes of Sections 14, 15 and 16 hereof), release and forever discharge Franchisor, its predecessors, successors, affiliates, directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "Franchisor Parties" for purposes of Sections 14, 15 and 16) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action (collectively, "Claims"), whether known or unknown, vested or contingent, which Assignor Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between Assignor and Franchisor, the Franchised Business, or the relationship between Assignor and Franchisor through the Effective Date (collectively, "Assignor Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other agreement between Assignor and Franchisor through and including the Effective Date.

15. Release by Assignee. Except as noted in this Section 15, Assignee, Assignee Principals (if any), and their respective affiliates, successors, assigns, officers, directors, employees, agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Assignee Parties" for purposes of this Section 15 and Section 16 below), release and forever discharge the Franchisor Parties of and from any and all Claims, whether known or unknown, vested or contingent, which Assignee may now or in the future own or hold, that in any way relates to the Franchised Business or the New Franchise Agreement (collectively referred to as "Assignee Claims" for purposes of this Section 15 and Section 16).

As to the New Franchise Agreement, the Assignee Parties and Franchisor Parties acknowledge and agree that the release by the Assignee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release as it relates to the New Franchise Agreement is effective as to Assignee Claims arising through the Effective Date of this Agreement, and not to any claims arising after the Effective Date.

16. Acknowledgement of Releasors. The release of Assignor Claims set forth in Section 14 and Assignee Claims in Section 15 are intended by the Assignor Parties and Assignee Parties (collectively, the "Releasors") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of one of the Releasors against any other Releasor. In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasors acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and release, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Releasors, for themselves and their heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waive, relinquish and abandon each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasors acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This release is and shall be and remain a full, complete, and unconditional general release. The Releasors acknowledge and agree that this release and the foregoing waiver are an essential, integral and material term of this Agreement. The Releasors further acknowledge and agree that no violation of this Agreement shall void the releases set forth in Sections 14 and 15.

17. Confidentiality. Assignor and Assignee acknowledge and agree that this Agreement and matters discussed in relation thereto are entirely confidential. It is therefore understood and agreed by Assignor and Assignee that they will not reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, except to their respective officers, employees or professional representatives, or as required by law.

18. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

19. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of claims set forth herein.

20. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of Texas, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the courts of Texas.

21. Counterparts. This Agreement may be executed in more than one counterpart, each of which shall constitute an original copy.

ASSIGNOR:

[______________]

By: ____________________________________
Name:
Title:

Date: __________________________________

ASSIGNEE:

[______________]

By: ____________________________________
Name:
Title:

<u>FRANCHISOR</u>:

JUNK KING SPV LLC

By: ___________________________________
Name:
Title:

Effective Date: _________________________, 20__

EXHIBIT M

STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

RIDER TO THE STATE ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

This Rider to the State Addendum to the Franchise Disclosure Document and Franchise Agreement is entered into by and between ____________________, a Delaware limited liability company with an address of ____ ("Franchisor") and ________________________, individually, with an address of ____("Franchisee").

A. This Rider is being signed because (i) the franchised business that Franchisee will operate under the Agreement will be located in one of the states listed in the heading of this Rider (the "Applicable Franchise Registration State"); and/or (ii) any of the franchise offering or sales activity with respect to the Agreement occurred in the Applicable Franchise Registration State.

B. Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The following language is hereby added to the end of the Agreement:

"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. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

[SIGNATURES APPEAR ON THE NEXT PAGE]

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____
____________________________, individually

Accepted as of the ________ day of ________________, 20__, in _______________.

FRANCHISOR:

____

BY: ___________________________________
______________________________, President

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

2. OUR WEBSITES, www.junk-king.com, and www.neighborlybrands.com, HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at www.dfpi.ca.gov.

3. Item 3 is amended to add the following:

   Neither we, nor any person identified in Item 2 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. 578(a) et seq., suspending or expelling such persons from membership in such association or exchange.

4. Items 17(c), (d), (e), (f), (g), (h) and (i) are amended to add the following:

   California Business and Professions Code §§20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of the franchise. If the franchise agreement is inconsistent with California law, California law will control.

5. Item 17 (h) is amended to add the following:

   The franchise agreement provides for termination under bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101 et.seq.). Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

6. Item 17(m) is amended to add the following:

   You must sign a general release of all claims if you renew or transfer the franchise to a third party. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000–31516) and Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000–20043).

7. Item 17(r) is amended to add the following:

   The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

8. Item 17(s) is amended to add the following:

California Corporations Code §31125 requires us to give you a disclosure document, in a form containing information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

9. Item 17(u) is amended to add the following:

You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

10. Item 17(v) is amended to add the following:

The franchise agreement requires any litigation to be filed in Waco, McLennan County, Texas. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

11. Item 17(w) is amended to add the following:

The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

12. California Corporations Code Section 31125 may require us to give you a disclosure document approved by the California Department of Financial Protection & Innovation before a solicitation of a proposed modification of an existing franchise.

No statement, questionnaire, or acknowledgement 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 this franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

THESE FRANCHISES WILL BE/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 OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR 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.

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.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

State Cover Page; Risk Factors.

The following statement is added to the end of the first Risk Factor: Section 4 of the Illinois franchise disclosure act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois; provided, however, that the franchise agreement may provide for arbitration in a forum outside of Illinois.

Item 17 – Additional Disclosures.

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

The Illinois Franchise Disclosure Act will govern any franchise agreement if it applies to a franchise located in Illinois.

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The franchise agreement shall become effective on its acceptance and execution by us in Texas. The franchise agreement shall be interpreted and constructed under the substantive laws of Texas, except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1 et seq) and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., § 1051 et seq.). However, under 815 ILCS 705/41, any condition, stipulation or provision purporting to find any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

Any action brought by either party in any court, except for claims required to be submitted to arbitration, whether federal or state, shall be brought within the state or federal Court having jurisdiction in Texas. The parties waive all questions of personal jurisdiction or venue. However, under 815 ILCS 705/4, any provision that designates jurisdiction or venue outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois; provided, however, that the franchise agreement may provide for arbitration in a forum outside of Illinois.

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.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILL. COMP. STAT. §§ 705/1 through 705/44) are met independently without reference to this Addendum.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Nothing in this disclosure document or the franchise agreement is intended to be contrary to the provisions of the "Deceptive Franchise Practices" law of Indiana, which is contained in Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 as amended ("Indiana Franchise Practices Law"). In the event of any conflict between any provision of the franchise agreement and the Indiana Franchise Practices Law the Indiana law will control, but in that case, the provision of the franchise agreement affected will be limited only to the extent necessary to bring it within the requirement of the law and, to that extent, that provision shall be deemed to have been omitted from the franchise agreement as of the date of execution of the franchise agreement. This will not affect the validity of any remaining portion of the franchise agreement.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 5: Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement.

~~1~~2. Item 11: To obtain an accounting of the MAP Fund, the franchisee should contact the Franchisor's President or Vice President in writing.

~~2~~3. Items 17 (c) and (m) are modified to state that any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

~~3~~4. Item 17(h) is modified to state that the agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

~~4~~5. Item 17(v) is modified to state that you may, subject to your obligations in the franchise agreement, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~5~~6. Item 17(w) is modified to state that Texas law applies, except as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~6~~7. Item 17 is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

~~7~~8. Franchise Agreement, Schedule D, Acknowledgement Addendum, is amended to add the following:

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.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 13 is amended to add the following:

   Under Minn. Stat. §80c.1(g), we must indemnify franchisees located in Minnesota against liability to 3rd parties resulting from claims by third parties that the franchisee's use of our trademark infringes the trademark rights of the 3rd party. We do not indemnify against the consequences of your use of our trademark except in accordance with the requirements of the franchise agreement and, as a condition to indemnification, you must provide prompt notice to us of any such claim and immediately tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17(b) is amended to add the following:

   We will comply with Minn. Stat. §80C.14, which requires that we give you 180 days' notice for non-renewal of the franchise except in specified circumstances.

3. Item 17(f) is amended to add the following:

   We will comply with Minn. Stat. §80C.14, which requires that we give you 90 days' notice of termination and you will have 60 days to cure your default.

4. Item 17(c) and (m) are modified to include the following language after "general release":

   "(except to the extent required by law for claims arising under the Minnesota Franchise Act)."

5. Item 17(v) is amended to add the following:

   Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of the State of Minnesota. Nothing in this disclosure document or the franchise agreement can abrogate or reduce any of your rights to any procedure, forum or remedies provided for by the laws of Minnesota.

6. Item 17(w) is amended to add the following:

   Texas law applies unless Minnesota state law supersedes this provision. Nothing in this disclosure document or the franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

No statement, questionnaire, or acknowledgement 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 this franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota state franchise law (MINN. STAT. §§ 80C.01 through 80C.22) are met independently without reference to this Addendum.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.
REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled **"Assignment of contract by franchisor":**

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York state franchise law (N.Y. GEN. BUS. LAW §§ 680 through 695) are met independently without reference to this Addendum.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 17(c) is amended to add the following:

   Under §51-19-09 of the North Dakota Franchise Investment Law, you are not required to sign a general release on renewal or transfer/assignment of the franchise agreement.

2. Item 17(r) is amended to add the following:

   In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to your activities after the termination or expiration of your franchise agreement.

3. Item 17(u) is amended to add the following:

   To the extent required by law unless preempted by the Federal Arbitration Act, all disputes must be litigated or arbitrated either in North Dakota or in a mutually agreed location.

4. Item 17(v) is amended to add the following:

   To the extent required by law unless preempted by the Federal Arbitration Act, all litigation and arbitration must be in North Dakota or in a mutually agreed location.

5. Item 17(w) is amended to add the following:

   The Federal Arbitration Act and North Dakota laws apply except to the extent that the franchise agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 USC § 1051, et seq.).

6. Item 17 is amended by the addition of the following:

   THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

   A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to *NDCC Section 9-08-06*, without further disclosing that such covenants will be subject to the statute.

   B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

   C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

   D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

   E. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law (N.D. CENT. CODE §§ 51-19-01 through 51-9-17) are met independently without reference to this Addendum.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 17(v) and (w) are amended to add the following:

   Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

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, ~~C~~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 ~~the areas of termination and renewal of your~~those summarized in Item 17 of the ~~f~~Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/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 rules or 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 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 provision~~s~~ contained in the franchise agreement or elsewhere that 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.

~~**Use of Franchise Brokers**. The franchisor may use the services of franchise brokers to assist it in selling 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 information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees and ask them about their experience with the franchisor.~~

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.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _______________ day of ____________________________________ 20______.

~~Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.~~

_________________________________	____________________________________
Signature of Franchisor Representative	Signature of Franchisee Representative
_________________________________	____________________________________
Title of Franchisor Representative	Title of Franchisee Representative

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF CALIFORNIA

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________________ between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and ________________ with an address of _______________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of California; (b) Franchisee is a resident of the State of California; and/or (c) the Franchised Business will be located or operated in the State of California.

2. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, 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.

3. Franchisor's financing program is offered pursuant to the franchise loan exemption under Section 22063 of the California Finance Lenders Law. If Franchisee decides to finance all or a portion of the initial franchise fee using Franchisor's financing program, Franchisee hereby confirms that Franchisee intends to use the financing primarily for purposes other than personal, family, or household purposes.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

6. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Addendum as of the date first written above.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____
____________________________, individually

Accepted as of the ________ day of ________________, 20__, in ____________, ___.

FRANCHISOR:

JUNK KING SPV LLC

BY: _________________________________
______________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF ILLINOIS

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and ________________________, individually, with an address of ____ (Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Agreement was made in the State of Illinois, (b) the Franchised Business, territory or a portion of the territory will be located in Illinois, and/or (c) Franchisee is a resident of Illinois.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended to add the following:

> "If any provisions of the Agreement are inconsistent with applicable Illinois state law, then Illinois state law shall apply. Any provision which designates jurisdiction or venue in a forum outside Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois. Any condition, stipulation or provision purporting to bind any person acquiring any Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act is void."

3. Section 13.B, **Claims**, is amended to add the following:

> "However, nothing in this Section shall shorten any period within which you may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met)."

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. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act

(815 ILL. COMP. STAT. §§ 705/1 through 705/44) are met independently without reference to this Addendum.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____

___________________________, individually

Accepted as of the ________ day of ________________, 20__, in __________, ___.

FRANCHISOR:

JUNK KING SPV LLC

BY: __________________________________

_____________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF MARYLAND

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and ________________________, individually, with an address of ____("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 7.A, **MAP Fund**, is amended by adding the following language:

"To obtain an accounting of the MAP Fund, you should contact our President or Vice President in writing."

3. Section 4.B, **Renewal**, and Section 10.D.6, **Conditions of Transfer** are amended by adding the following language:

"However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Section 8.A, Initial Franchise Fee, is amended by adding the following language at the end of the section:

"Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, you will not be required to pay the initial fees due to us and/or our affiliates, including the Initial Franchise Fee and any other fees, until we have completed all our pre-opening obligations to you and you begin operating your franchise business."

~~4~~5. Section 12.B.2(vi), **Immediate Termination With No Opportunity to Cure**, is amended by adding the following language:

"(Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.)"

~~5~~6. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding the following language:

"Subject to your arbitration obligations, a franchisee in Maryland may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

~~6~~7. Section 13.B, **Claims**, is amended to add the following:

"However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law."

~~7~~8. The Franchise Agreement is amended by adding the following language at the end of the document:

"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."

~~8~~9. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____

____________________________, individually

Accepted as of the ________ day of ________________, 20__, in _____________, ___.

FRANCHISOR:

JUNK KING SPV LLC

BY: ___________________________________

______________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF MINNESOTA

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and ______________________, individually, with an address of ____________________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the Business that Franchisee will operate under the Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity with respect to the Agreement occurred in Minnesota.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, is amended by adding the following language:

"Unless the failure to renew your license is for good cause as defined in Minnesota Statutes Section 80C.14, Subdivision 3, Paragraph (b), and you have failed to correct the reasons for termination as required by Subdivision 3, we may not fail to renew your license unless:

(1) You have been given written notice of the intention not to renew at least 180 days in advance of the expiration of this Agreement; and

(2) You has been given an opportunity to operate the Business over a sufficient period of time to enable you to recover the fair market value of the Business as a going concern, as determined and measured from the date of the failure to renew. We may not refuse to renew your license if our refusal is for the purpose of converting the Business premises, or the franchise, to an operation that will be owned by us for our own account.

Any release required by us as a condition of renewal of the franchise will not apply to the extent that such release is specifically prohibited by the Minnesota Franchise Law."

3. Section 3.D, **Litigation**, is amended by adding the following language

"The Minnesota Department of Commerce requires that we indemnify you against liability to third parties resulting from claims by third parties that your use of our Mark infringes the trademark rights of the third party. We do not indemnify against the consequences of your use of our Mark except in accordance with the requirements of this Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim and tender defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, or whether to appeal a final determination of the claim."

4. Section 10.D.6, **General Release**, is hereby deleted from the Agreement in accordance with Minnesota Rule 2860.4400D.

5. Section 12.B, **Termination By Us**, is hereby amended by adding the following language:

"Pursuant to Minn. Stat. Sec. 80C.14, Subdivisions 4 & 5, no person may terminate or cancel a franchise unless (i) that person has given notice setting forth all the reasons for the termination or cancellation at least 90 days in advance of termination or cancellation, and (ii) the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are:

(1) voluntary abandonment of the franchise relationship by you;

(2) the conviction of you of an offense that is directly related to the business conducted pursuant to the franchise; or

(3) failure to cure a default under this Agreement which materially impairs the goodwill associated with our trade name, trademark, service mark, logotype or other commercial symbol after you have received written notice to cure at least twenty-four (24) hours in advance thereof.

No person may terminate or cancel a franchise except for good cause. "Good cause" means failure by you to substantially comply with the material and reasonable franchise requirements imposed by us including, but not limited to:

(1) your bankruptcy or insolvency;

(2) a voluntary or involuntary assignment for the benefit of creditors or any type of similar disposition of the assets of the Business;

(3) voluntary abandonment of the Business;

(4) your conviction or your plea of guilty or no contest to a charge of violating any law relating to the Business; or

(5) any act or conduct which materially impairs the goodwill associated with our trademark, trade name, service mark, logo or other commercial symbol."

6. Section 11.B, **Exceptions to Mediation**, is amended by adding the following language:

"Under Minnesota law, we may seek a restraining order, injunction and such other equitable relief as may be appropriate, but we are not automatically entitled to such relief and you have not automatically consented to such relief."

7. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.I., **Jury Waiver**, are amended by adding:

"Pursuant to Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, and subject to your arbitration obligations, this section shall not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota and the right to bring a cause of action within three years after the cause of action accrues. You cannot be required to consent to the waiver of a jury trial."

8. Schedule D, **Acknowledgment Addendum**, is amended by adding the following language:

"Pursuant to Minnesota Rule 2860.4400J, the foregoing acknowledgments contained in this section shall not be construed as a waiver of my rights."

9. "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."

10. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota state franchise law (MINN. STAT. §§ 80C.01 through 80C.22) are met independently without reference to this Addendum.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____

___________________________, individually

Accepted as of the ________ day of ________________, 20__, in ______________, _____.

FRANCHISOR:

JUNK KING SPV LLC

BY: __________________________________

_____________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF NEW YORK

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and _____________, individually, with an address of _________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously entered into a Franchise Agreement (the "Agreement") and wish to amend certain items of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the franchised Business that you will operate under the Agreement was made in the State of New York, and/or (b) Franchisee is a resident of New York and will operate the franchised Business in New York.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties hereby agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, and Section 10.D.6, **General Release**, are amended by adding the following:

> "All rights enjoyed by you 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, Section 687.4 and 687.5 be satisfied."

3. Section 9.B, **Indemnification**, is amended by adding the following:

> "Notwithstanding anything contained herein to the contrary, you shall not be required to indemnify for any claims arising out of our breach of this Agreement or other civil wrongs by us."

4. Section 12.C, **Termination by You**, is amended to provide that Franchisee may terminate the Franchise Agreement on any grounds available to Franchisee pursuant to applicable law.

5. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding:

> "The foregoing choice of law shall not be considered a waiver of any right conferred upon us or you by the provisions of Article 33 of the General Business Law of the State of New York."

6. Section 13.B, **Claims**, is amended to add the following:

> "However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder

shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied."

7. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York state franchise law (N.Y. GEN. BUS. LAW §§ 680 through 695) are met independently without reference to this Addendum.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____

___________________________, individually

Accepted as of the ________ day of ________________, 20__, in __________, _____.

FRANCHISOR:

JUNK KING SPV LLC

BY: ___________________________________

______________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF NORTH DAKOTA

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and ______________, individually, with an address of ___________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the franchised Business that Franchisee will operate under the Agreement was made in the State of North Dakota, and/or (b) Franchisee is a resident of North Dakota and the franchised Business will be located in North Dakota.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 9.D, **Noncompetition Covenants**, is amended by adding the following: "Covenants not to compete are generally considered unenforceable in the State of North Dakota pursuant to Section 9-08-06 of the North Dakota Century Code."

3. Section 4.B, **Renewal**, and Section 10.D.6, **General Release**, are amended by adding the following: "Franchise Agreements that require the franchisee to sign a general release upon renewal or transfer are considered unfair, unjust and inequitable and are hereby deleted in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law."

4. Section 14.G.1, **Applicable Law and Waiver** and Section 14.H., **Venue**, are amended by adding the following: "Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, this Agreement will be governed by the laws of the state of North Dakota."

5. Section 11, **Dispute Resolution**, is amended by adding the following: "Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be conducted at a mutually agreeable site in North Dakota."

6. Section 13.B, **Claims,** is amended by adding the following: "If and to the extent any provisions of this Section of the Agreement are inconsistent with the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply."

7. Section 14.I, **Waiver of Jury,** is amended by adding the following: "If and to the extent any provisions of this Section of the Agreement are inconsistent with the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply."

8. Section 14.K, **Waiver of Punitive and Consequential Damages**, is amended by adding the following: "If and to the extent any provisions of this Section of the Agreement are inconsistent with

the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply."

9. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law (N.D. CENT. CODE §§ 51-19-01 through 51-9-17) are met independently without reference to this Addendum.

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____
___________________________, individually

Accepted as of the ________ day of ________________, 20__, in ___________, ___.

FRANCHISOR:

JUNK KING SPV LLC

BY: __________________________________

_____________________________, President

ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF RHODE ISLAND

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and _______________, individually, with an address of ____________________ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Rhode Island, and/or (b) Franchise is a resident of Rhode Island and the Franchised Business will be located in Rhode Island.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

[SIGNATURE PAGE TO FOLLOW]

Signed on this ___________ day of _________________, 20__.

FRANCHISEE:

____
___________________________, individually

Accepted as of the ________ day of ________________, 20__, in __________, ______.

FRANCHISOR:

JUNK KING SPV LLC

BY: __________________________________

_____________________________, President

~~ADDENDUM TO FRANCHISE AGREEMENT~~
~~FOR RESIDENTS OF WASHINGTON~~

~~This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between JUNK KING SPV LLC, a Delaware limited liability company with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and __________, individually, with an address of _______________ "Franchisee").~~

~~WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Washington, (b) Franchisee is a resident of Washington, and/or (c) the Franchised Business will be located or operated in the State of Washington.~~

~~NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Agreement is hereby amended as follows:~~

~~1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.~~

~~2. The following paragraphs are added to the end of the Agreement:~~

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

~~RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

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

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

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

~~Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

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

~~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.~~

~~3. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.~~

~~The undersigned does hereby acknowledge receipt of this addendum.~~

~~Signed on this ____________ day of __________________, 20__.~~

~~FRANCHISEE:~~
~~______________________________________~~
~~__________________________, individually~~

~~Accepted as of the ________ day of _________________, 20__, in ____________, ____.~~
~~FRANCHISOR:~~
~~JUNK KING SPV LLC~~
~~By: _________________________________~~
~~_____________________________, President~~

EXHIBIT N

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

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

California:	April 1, ~~2024, as amended January 9,~~ 2025
Hawaii:	~~May 3, 2024, as amended~~ [PENDING]
Illinois:	April 1, ~~2024, as amended January 9,~~ 2025
Indiana:	~~April 29, 2024, as amended January 9, 2025~~[PENDING]
Maryland:	~~SEE SEPARATE FDD~~[PENDING]
Michigan:	April 1, ~~2024, as amended January 9,~~ 2025
Minnesota:	~~May 23, 2024, as amended January 29, 2025~~[PENDING]
New York:	April 1, ~~2024, as amended January 9,~~ 2025
North Dakota:	~~April 16, 2024, as amended January 9, 2025~~[PENDING]
Rhode Island:	~~February 1, 2024, as amended January 9, 2025~~[PENDING]
South Dakota:	~~April 5, 2024, as amended January 9, 2025~~[PENDING]
Virginia:	~~April 21, 2024, as amended January 10, 2025~~[PENDING]
Washington:	~~April 30, 2024, as amended January 9, 2025~~[PENDING]
Wisconsin:	~~April 9, 2024, as amended January 9, 2025~~[PENDING]

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

RECEIPTS

RECEIPT
(OUR COPY)

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 JUNK KING SPV LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, if applicable, 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.

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

If JUNK KING SPV 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agencies listed in Exhibit B.

The name, principal business address, and telephone number of the Franchise Sellers offering the franchise are David Flax and Bradley Stevenson: 1010 North University Parks Drive, Waco, Texas 76707 , 888-887-5865:

Additional Sellers/telephone numbers:

Name/Contact Information for Broker or Additional Franchise Seller, if any (Address for additional Franchise Seller is same as above):	______________________________ ______________________________ ______________________________ ______________________________

ISSUANCE DATE: APRIL 1, ~~2024, as amended JANUARY 9,~~ 2025

I RECEIVED A DISCLOSURE DOCUMENT DATED ~~APRIL~~APRIL 1~~, 2024, AS AMENDED JANUARY 9~~, 2025, THAT INCLUDED THE FOLLOWING EXHIBITS: (A) franchise agreement and Schedules; (B) Agencies/Agents for Service of Process; (C) Financial Statements; (D) Parent Guarantee; (E) Current Franchisees in the United States as of December 31, ~~2023~~2024; (F) Franchisees in the United States who left the System in the past 12 months as of December 31, ~~2023~~2024; (G) ~~Option to Purchase~~Unclosed Estimate Agreement; (H) Renewal Addendum; (I) General Release [sample]; (J) PROTRADENET Agreement; (K) Software System User and Maintenance Agreement; (L) Assignment and Consent Agreement; (M) State Addenda; and (N) State Effective Dates.

Date	Signature	Printed Name
Date	Signature	Printed Name

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