

FRANCHISE DISCLOSURE DOCUMENT



THE FILTA GROUP INC.
a Delaware corporation
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FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises provide on-site services to restaurants, catering establishments, and institutional kitchens. The services include FILTAFRY® fryer maintenance services (microfiltration of cooking oil using a proprietary filtration machine, fryer cleaning, temperature calibration, and advice on good frying practices), FILTABIO® collection and sale of waste cooking oil, FILTACOOl® services for refrigeration units and walk-in coolers, FILTAGOLD® new cooking oil delivery services, FILTADRAIN® services for drain management, and ~~FILTA~~STEAMFILTACLEAN® services for commercial kitchen deep cleaning and sanitizing.

The total investment necessary to begin operation of a single-territory FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchise is \$123,600 to \$139,250. This includes \$109,900 that must be paid to us.

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tom Dunn at 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550.

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: ~~June 1, 2023~~ April 26, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 E 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 Filta 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 Filta franchisee?	Item 20 or Exhibit D 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.

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What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
- ~~2. **Minimum Service Fee.** You must pay us a fixed monthly service fee of \$650 multiplied by the number of mobile filtration units (MFUs), vans, or territories you have (whichever number is the greatest) and a fixed monthly advertising fee of \$150, even if your franchise has no revenue.~~
- ~~3. **Minimum Purchases.** You must purchase from us a minimum quantity of MFU filters each month, even if you do not need them. The current price is \$417 to \$465 per case of 20 filters, depending on the type of filter.~~
- ~~4. **Mandatory Minimum Payments.** You must make minimum Marketing Contributions, currently \$150 per month, regardless of the number of MFUs, Vans or Territories you have in operation. Your inability to make the payments may result in termination of your franchise and loss of your investment.~~
- ~~5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.~~

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

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Exhibits:

Exhibit A	Franchise Agreement (including Personal Guarantee, FiltaBio Addendum, and FiltaBio-6K Addendum))
Exhibit B	Deposit Letter Agreement
Exhibit C	Operating Manual
Exhibit D	Filta Franchisees as of December 31, 2023 2022; Franchisees Who Exited a Territory During 2023 2022
Exhibit E	Financial Statements
Exhibit F	Pre-Signing Questionnaire
Exhibit G	State Franchise Administrators
Exhibit H	Agents for Service of Process
Exhibit I	Additional State-Required Information and State Contract Addenda
Exhibit J	Sample Release

Receipt (2 copies)

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises, which provide certain services to restaurants, hotels, casinos, amusement parks, hospitals, universities, catering establishments and institutional kitchens. In this disclosure document:

“Filta franchise” means the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchise;

“We”, “us” or “Filta” means The Filta Group Inc., the franchisor; and

“You” means the purchaser of a Filta franchise. If the purchaser of the franchise is a partnership, corporation, or limited liability company, “you” or “your” means both the purchaser and its partners, shareholders, or members.

We incorporated in Delaware on August 16, 2000. Our principal place of business is 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819. Our agents for service of process in franchise registration states are listed in Exhibit H to this disclosure document. Our parent company is Franchise Brands, PLC, an English corporation whose principal place of business is Ashwood Court, Tytherington Business Park, Macclesfield SK10 2XF, United Kingdom. Franchise Brands, PLC is listed on the Alternative Investment Market (AIM) of the London Stock Exchange under the symbol FRAN. We do not have any predecessor companies for which disclosure is required.

We began offering franchises in the U.S.A. in October 2002. Until 2009, we offered franchises under the FILTAFRY® name for fryer maintenance services. In March 2009, we began offering an expanded franchise under the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® name. We own the intellectual property rights to the FiltaFry concept in North America, Central America, and South America and worldwide rights to the FiltaBio and FiltaCool concepts.

Our affiliate, The Filta Group Ltd. (**“Filta U.K.”**), has been offering FiltaFry franchises in the United Kingdom and other European countries since 1996. Filta U.K. is an English corporation whose principal place of business is The Locks, Hillmorton, Rugby CV21 4PP, United Kingdom. Neither we nor any affiliate has ever offered franchises in any other line of business. Our parent, Franchise Brands, PLC, has subsidiaries that offer franchises in other lines of business in the UK, but none are offered in the USA. We do not have any affiliates that provide products or services to our franchisees. We do not currently operate any company-owned businesses of the type we offer and sell as Filta franchises, but we have an affiliate that previously owned an interest in one franchisee.

The Filta Franchise

FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises provide services to restaurants, hotels, casinos, amusement parks, hospitals, universities, catering establishments, and institutional kitchens. At present, the services consist of the following:

Service	Description
FILTAFRY® service	On-site microfiltration of cooking oil, fryer cleaning, temperature calibration, advice on good frying practices, and on-site dumping of used oil
FILTABIO® service	Collection of waste cooking oil from customers' premises and sale to Filta, to be resold mainly to biofuel producers

Service	Description
FILTACOOOL® service	Installation of special filters in refrigeration units and walk-in coolers to provide all-natural temperature, humidity, and odor control
FILTAGOLD® service	Sale and delivery of new cooking oil to customers
FILTADRAIN® service	Application of live bacterial solution to drainage pipes to clear blockages and remove odors
FILTA STEAMFILTACLEAN® service	Commercial kitchen surface and equipment deep cleaning and sanitizing using steam and other methods

We refer to the FiltasFry, FiltasBio, FiltasCool, FiltasGold, FiltasDrain, and ~~Filtas~~STEAMFiltasCLEAN services and all products sold to customers in conjunction with the services collectively as **“Environmental Kitchen Solutions Services.”**

FiltasFry service. The FiltasFry service features a proprietary mobile filtration machine (the **“Mobile Filtration Unit”** or **“MFU”**) and uses filters that are specifically designed and manufactured to work in the MFU. A key advantage of the MFU is that it filters oil at cooking temperature. Filtas franchisees operate the MFUs from vans that are specially equipped to transport the MFU to the customer’s site.

FiltasBio service. The FiltasBio service involves collection of waste vegetable oil (“WVO”), which is removed from the customer’s premises via a special waste oil tank fitted inside the franchisee’s van (referred to as the “VST,” or vehicle storage tank). ~~To offer the FiltasBio service, you must sign the FiltasBio Addendum to the Franchise Agreement. The current form of FiltasBio Addendum is Exhibit 3 to the sample Franchise Agreement in this disclosure document.~~

The ~~purpose of the~~ FiltasBio program ~~is to give franchisees a sales outlet for WVO and to provide~~provides for the aggregation of WVO from ~~you and other~~ Filtas franchisees in order to leverage pricing of the WVO and improve opportunities for consistent sales of the WVO. Under the program, Filtas will purchase the WVO from you and enter into an agreement with a third party (the **“Collector”**) to ~~broker the sale of WVO you collect from customers. Filtas will use its best efforts and business judgment to negotiate the best available price for your WVO based on market. You agree to sell all WVO to Filtas, subject to the terms and~~ conditions at the time of the program set out in the Franchise Agreement. Except as described in the next paragraph, it is a material breach of sale the Franchise Agreement for You to sell Your WVO to any person or entity other than Filtas ~~pays you for WVO at a price based on the “Jacobsen Rate,” an industry standard published weekly at www.thejacobsen.com.~~

If Filtas is unable despite its best efforts to obtain or maintain a commitment from a designated Collector for your Territory, Filtas will give you written notice of that fact, and you will be free to sell WVO locally on your own terms unless and until Filtas sends you a further notice that a Collector is in place. With respect to all sales of WVO locally on your own terms, you will pay Filtas an ongoing monthly royalty equal to 12.5% of your gross revenue from WVO sales (the **“FiltasBio Royalty”**).

You must continuously report the volume, in gallons, of WVO in your possession via the Symphony platform (or via monitors installed you must install on your tanks, if we so require). When Filtas determines that you and other franchisees have aggregate volume of WVO for a truckload, Filtas will arrange to have the WVO collected. ~~A collection receipt will be left onsite showing the date, time and volume of WVO collected. Within 5 business days of collection, you will be notified by email of the rate to be paid for the WVO. If you object to the rate or volume, you must send Filtas an email within 24 hours of receipt of the notification.~~ Within 7 business days after Filtas receives payment

from the designated Collector, Filta will pay You at the applicable rate specified in the Franchise Agreement.

In presenting the WVO for collection, you represent that it meets sustainability criteria and certain minimum quality standards (the “Quality Level”~~”~~) as defined in the Manual, which may vary by Collector and/or by region. If the Collector or Filta finds that your WVO does not meet the Quality Level, the Collector may reject the WVO or reduce the price that it pays Filta for the WVO, in which case Filta will decrease the price it pays you for the WVO.

Filta will pay you for the WVO within seven business days after Filta receives payment from the Collector. The price depends on whether you are in the FiltaBio “1K Program” or the FiltaBio “6K Program.” We will place you in the 1K Program if you have a storage capability of less than 6,850 gallons, less than 6,000 gallons are collected from your Franchise with any pick-up, or the average collection rate of WVO from your franchise is less than 2,000 gallons per month. Under the 1K program, the price is a sliding percentage of the Jacobsen rate (a standard industry reference price), based on the volume purchased.

Once you have (1) storage capacity of 6,850 gallons or more of WVO, (2) a minimum of 6,000 gallons of WVO collected from your franchise with each pick up; and (3) an average collection rate of WVO from your franchise of 2,000 gallons per month (i.e., one 6,000 gallon collection at least every 3 months), we will assign you to the 6K Program, under which Filta will pay you 85% of the rate paid to Filta by the designated Collector.

You will need to rent a storage unit, garage or warehouse facility to store WVO and/or supplies, unless you have room on your property. The storage facility must meet Filta’s standards for accessibility to the facility by Filta ~~(see Item 8)~~, and must follow all applicable federal, state and local laws, codes, statutes, regulations and ordinances related to the storage and transport of waste cooking oil, including but not limited to regulations by the U.S. Environmental Protection Agency.

~~If and when you reach the point of collecting 2,000 gallons of WVO per month, you will have the option to replace the FiltaBio Addendum with the FiltaBio 6K Addendum, under which Filta pays you a higher percentage of the Jacobsen Rate for your WVO. The current form of 6K Addendum is Exhibit 4 to the sample Franchise Agreement in this disclosure document. The 6K program operates in much the same way as the basic FiltaBio program, except that your WVO is not aggregated with other franchisees’ WVO for collection. Under the 6K Addendum: (i) you must purchase additional equipment from Filta (for which Filta offers financing); (ii) you must have a storage facility with a minimum capacity of 6,850 gallons of WVO; and (iii) the procedures for collection and testing of WVO are somewhat different.~~

~~———— Filta is not currently operating the FiltaBio program in all areas. If the program is not currently operating in your area, you can collect and sell WVO locally on your own terms under the FiltaBio name and mark, subject to the terms of the Franchise Agreement. We will give you 45 days notice before starting up the FiltaBio program in your area. If we have not given this notice within six months after signing the Franchise Agreement, you will start paying Filta a monthly fee equal to 12.5% of your gross revenue from the sale of WVO. If we give the notice more than six months after signing the Franchise Agreement, the 12.5% fee will be cancelled when the FiltaBio program begins in your area.~~

You must increase your WVO storage capacity to 6,850 gallons or more at the earlier of: (i) three months after the first calendar month in which more than 2,000 gallons of WVO are collected from your franchise; or (ii) 36 months after you sign the Franchise Agreement. We currently offer financing to help you finance the installation of the equipment needed to expand capacity, but we have no obligation to continue offering this financing.

FiltaCool service. The FiltaCool service features a special, proprietary filter installed in walk-in coolers, freezers and other refrigeration units to absorb and desorb moisture, reduce odors, capture ethylene and pectin gases, and stabilize cold storage temperatures. Franchisees must purchase the filters from Filta. Franchisees place the filters at customer locations and rotate out used filters every three months, on average. The used filters are de-gassed for reuse. The filters generally have a usable life of up to 9 de-gassing cycles, after which you return the filter to Filta for disposal.

FiltaGold service. The FiltaGold service involves sale and delivery of new cooking oil to the customer's premises.

FiltaDrain service. The FiltaDrain service involves application of a live bacterial solution to drainage pipes to clear blockages and remove odors, but we may expand into additional service offerings for drain and chemical management..

FiltaSteamFiltaClean service. The ~~FiltaSteam~~FiltaClean service features commercial kitchen surface and equipment deep cleaning and sanitizing using steam and other methods.

Our current form of Franchise Agreement (~~including the FiltaBio Addendum and the 6K Addendum~~) is in Exhibit A to this disclosure document. ~~Under the Franchise Agreement, you obtain the right to operate~~The franchise is for a specific geographic area assigned by Filta Environmental Kitchen Solutions business within a, consisting of one or more of the territories defined service area by the mapping software that we use (the “Territory”). See Item 12 for more information about the Territory.

Our franchisees typically start business with a single van. The number of service calls that you will be able to make with a single van depends on the number and geographic distribution of the customers that you service, traffic patterns, and how fast you work. You may operate additional vans in your Territory, if you wish; if you do so, you will have to obtain another MFU, vacuums, and other equipment and supplies from us for each van (see Item 8).

Filta franchises operate under a distinctive set of specifications, procedures, and business methods (collectively, the “System”). We have described our mandatory and suggested specifications and procedures in a confidential operating manual (the “Manual”), which is only available online at a password-protected site designated by Filta for use by franchisees (the “Franchise Portal”). We also host email, the sales and marketing database, and other resources for franchisees on the Franchise Portal. You must use the Franchise Portal to access the Manual and for reporting, training, or other purposes as we direct from time to time. You must log on to the Franchise Portal at least once a week to read all email, news, Manual updates and other items.

Deposit Letter. ~~If~~After we approve your application for a franchise, ~~we will ask~~if you wish to defer signing the Franchise Agreement but want us to hold the proposed Territory for you, you can request that we sign a letter agreement in the form shown in Exhibit B to this disclosure document (the “Deposit Letter”). The Deposit Letter commits both you and us to enter into a Franchise Agreement for ~~a specific territory~~the proposed Territory and requires you to pay us a nonrefundable deposit, ~~which is described in Item 5 of this disclosure document~~. Upon receipt of your deposit, we will schedule you for the initial training program and draw up your Franchise Agreement.

Market and Competition

The markets for the types of services that we offer are developing. With respect to the FiltaFry, FiltaBio and FiltaGold services, restaurants, catering operations and institutional kitchens traditionally have used their own personnel to clean and maintain their fryers and/or dispose of waste cooking oil. However, there are other companies that sell cooking oil and recycle waste oil, and you

may have to compete with them. As best as we can determine, restaurants, catering operations and institutional kitchens have not generally used filters of the type we offer in the FiltaCool service for humidity, odor and temperature control in their refrigeration units and walk-in coolers. With respect to the FiltaDrain and the ~~FiltaSteam~~[FiltaClean](#) services, other companies provide similar services and you may have to compete with them.

Industry-Specific Regulations

Certain states and municipalities have laws and regulations for the transport, storage and disposal of WVO and new cooking oil. These regulations may require licensing, inspections, special equipment, notification of spills, spill contingency plans, bills of lading to track the waste oil, etc. These laws will affect operation of the FiltaBio [service](#) and FiltaGold service in areas where the laws apply.

Other than as described in the previous paragraph, we are not aware of any laws or regulations that are specific to the type of business that you would operate as a Filta Environmental Kitchen Solutions franchisee. However, you will have to comply with general federal and state laws and regulations applicable to the operation of your business, including health, sanitation, food handling, and waste disposal laws.

There are other laws and regulations applicable to businesses generally (such as workers' compensation, OSHA, and the Americans with Disabilities Act) with which you also must comply. You should consult with your attorney about all laws and regulations that may affect your Filta business.

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ITEM 2 BUSINESS EXPERIENCE

Chairman: Victor Clewes

~~Mr. Clewes has been Chairman of the Board since December 2008. He was our CEO from July 2009 to October 2016. He has been with the company since its inception in August 2000.~~

President and Director: Jason C. Sayers

Mr. Sayers has been our President since April 2008. He was our CEO from October 2016 to April 2019. He has been with the company since its inception in August 2000.

Chief Executive Officer: Tom Dunn

Mr. Dunn has been our Chief Executive Officer since April 2019. From April 2011 to April 2019, he was our Chief Operating Officer.

Chief Operating Officer: John Michals

Mr. Michals has been our Chief Operating Officer since January 2024. Since March 2019, he has been the owner of Dorado Environmental, Inc., a Filta franchise based in New Jersey.

Vice President of Franchise Development: Rob Totten

Mr. Totten has been our Vice President of Franchise Development since August 2021. From April 2019 to August 2021, he was our Chief Operating Officer. From October 2012 to April 2019, he was our Business Development Director.

Except as otherwise noted, all employment is or was in Orlando, Florida.

ITEM 3 LITIGATION

Concluded Actions:

David G. Cooke v. The Filta Group, Inc., Case No. 3:16-cv-00083-HSM-CCS (U.S. District Court, E.D. Tenn., filed Feb. 17, 2016)

Cooke and Filta entered into a franchise agreement in January 2015. After signing the agreement, going through training, and otherwise preparing to open the franchise, Cooke attempted to back out of the franchise agreement and demanded a full refund of the money he had paid us. When negotiations broke down, Cooke filed suit against us in Knoxville, Tennessee circuit court, alleging claims for conversion and violations of the Tennessee Consumer Protection Act. Filta removed the case to the U.S. District Court for the Eastern District of Tennessee on February 17, 2016, and subsequently filed a motion to dismiss the complaint for failure to state a claim upon which relief may be granted. The court granted the motion as to the conversion claim, which was also transferred to the U.S. District Court for the Middle District of Florida, Case No. 6:16-CV-01620, leaving the TCPA claim pending in Tennessee. In December 2016, the parties reached a settlement in which Filta agreed to reimburse Cooke for certain obligations he had incurred. An order of dismissal was entered by the U.S. District Court for the Middle District of Florida on December 12,

2016, and as part of the settlement Cooke filed a voluntary dismissal of the case in the Eastern District of Tennessee.

The Filta Group, Inc. v. Georgia Fryer Management Services, Inc. & Jonathan Hardwick, Case No. 2011-CV-1562-N (Superior Court of Rockdale County, Georgia, filed April 29, 2011)

~~We sued a former franchisee and its owner to prevent the continued use of Filta's System and MFUs after termination of the franchise agreements. The defendants filed a counterclaim alleging Filta's failure to return approximately \$3,000 owed after termination of the agreements. On May 22, 2013, after a trial, the jury awarded Filta \$1,035 plus the 5 MFUs that Defendants failed to return after termination of the franchise agreement. The Defendants were awarded \$3,050 plus attorney's fees on their counterclaim. On June 25, 2013, the parties entered into a settlement under which Filta agreed to pay a reduced amount of Defendants' attorney's fees, and the parties waived rights of appeal and gave each other releases.~~

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

ITEM 4 BANKRUPTCY

In re Xenerga, Inc., No. 6:09-BK-13954-KSJ (U.S. Bankruptcy Court, Middle District of Florida, filed September 18, 2009)

~~Xenerga, Inc. was a supplier of equipment and services for the construction of biodiesel plants. Two of Filta's officers, Victor Clewes and Jason Sayers, were also shareholders and officers of Xenerga. Xenerga borrowed money from Filta and leased office space from Filta. Xenerga suffered severe financial losses due to the economic and financial crisis of 2008 as well as the collapsing biodiesel fuel market. On February 27, 2014, the bankruptcy trustee filed a Trustee's Notice of Final Dividends to Creditors, effectively concluding the Chapter 7 liquidation.~~

~~Other than the above bankruptcy, no~~ bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

The initial franchise fee for a Filta franchise is the sum of \$39,950 (the "Base Fee") plus, if applicable, an "Existing Customer Fee" of two times the annual revenue from customers in the Territory at the time the franchise agreement is signed, if the Territory has an existing customer base due to the servicing of customers by one or more Filta franchisees from neighboring territories. The sum of the Base Fee and the Existing Customer Fee is the "Territory Fee."

If your contractually defined Territory consists of more than one of the territories defined by the mapping system designated by Filta, we charge only one Territory Fee for the bundle of territories included within your overall Territory.

In addition to the Territory Fee~~Deposit Letter and the Deposit. As described in Item 1, after we have approved your franchise application and before entering into the Franchise Agreement, you and we will sign a Deposit Letter, under which we agree to hold the proposed territory for the franchise. You must pay us a non-refundable deposit of \$15,000 at the time you sign the Deposit Letter. We will apply the deposit to the Territory Fee when you sign the Franchise Agreement.~~

~~Franchise Agreement Fees. The initial franchise fee (also called the "Territory Fee") for a Filta franchise is \$39,950. In addition, you must pay us for an opening package of items needed for the franchise (the "Opening Package"). The Opening Package includes the MFU, spare parts,~~

FiltaCool filters, equipment, uniforms, marketing materials, and vehicle preparation. Please see the Schedule following the sample Franchise Agreement in Exhibit A for further details on the contents of the Opening Package. The current cost of the Opening Package is \$69,950. The Territory Fee and Opening Package are uniformly imposed on new franchisees and are non-refundable, even if you fail to open the franchise for business. We do not offer financing for the Territory Fee or Opening Package.

~~We will apply your deposit paid under the Deposit Letter to the Territory Fee when you sign the Franchise Agreement. The~~ You must pay the balance ~~of~~ due for the Territory Fee and the price of the Opening Package ~~are normally due at the earlier of: (i) six weeks before your scheduled opening date, which is the date set by Filta for the arrival of its business development manager(s) in your Territory (see Item 11); or (ii) 90 days from~~ (after applying the Deposit, if applicable) when you sign the Franchise Agreement. You must pay the balance by cashier's check or wire transfer.

As a way to assist honorably discharged veterans of the U.S. Armed Forces in becoming a franchised business owner, we will reduce the Territory Fee by \$5,000 for qualifying veterans who enter into a Franchise Agreement with us.

If you acquire the franchise by transfer from a previous franchisee, you will not pay the Territory Fee or Opening Package, but you must pay us a Transition/Training Fee of \$9,950 before you start business. This fee is for classroom training with associated lodging; field training (no lodging); uniforms; Stationery; and three days of in-field transition support.

Deposit Letter and the Deposit. As described in Item 1, you may request that we enter into a Deposit Letter after we have approved your franchise application and before entering into the Franchise Agreement. If we sign a Deposit Letter and , you pay us a non-refundable deposit of \$15,000, we will hold the proposed Territory for you. We will apply the deposit to the Territory Fee when you sign the Franchise Agreement.

Certain states may not permit us to charge a deposit and may require us to defer collection of the Territory Fee until we complete our initial obligations. Please see the Additional State-Required Information in Exhibit I for any states in which this applies.

ITEM 6 OTHER FEES

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
FiltaFry Service-Fee <u>Base Royalty</u>	A flat monthly fee (i.e., fee does not increase if your revenue increases). Currently \$650 times equal to the number greater of MFUs you have; (i) the number of Vans you have, or amount determined by applying the number of Territories royalty percentage(s) in which you operate, whichever number is the greatest schedule in Note 2 to Base Revenue for the prior Month; or (ii) the Minimum Royalty of \$650.	28 th of each month	For <u>See Note 2 for the definition of "Base Revenue." If your Franchise Agreement is for a new franchise, we waive the fee there is no Base Royalty for the first three months after the Opening Date; the Base Royalty will begin in the fourth month of operation. We can adjust the Service Fee once per calendar year by the rate of inflation or 2.5%, whichever is greater (the "Annual Adjustment").</u> <u>See Note 1 regarding our policy on payment method.</u>

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
Marketing Contribution	A flat monthly amount (i.e., does not increase if your revenue increases). Currently \$150 per month, regardless of the number of MFUs, Vans or Territories you have in operation. <u>1% of Base Revenue for the prior Month</u>	28 th of each month	For If your Franchise Agreement is for <u>a new franchise, we waive the</u> there is no Marketing Contribution for the first three months of operation. We can adjust the Marketing Contribution once per calendar year by the rate of inflation or 2.5%, whichever is greater, after the Opening Date. Filta administers the use of these funds (see Item 11).
MFU Filters	Our then-current prices, which vary depending on type of filter. Currently \$417 <u>447</u> to \$465 <u>475</u> per case of 20 filters	7 th of each month	You must purchase a minimum quantity of filters per month per MFU. See Item 8 for details. Filter prices are subject to change.
Spare Parts and Supplies	Our then-current prices	When you place order	Available supplies include FiltaCool filters and FiltaDrain bacterial solution. You must have a full set of spare parts for the MFU on hand at all times. You will receive an initial supply of spare parts as part of the Opening Package. Whenever you use any of the spare parts, you must immediately order replacement parts so that you again have a complete set available.
FiltaCool Service Fee	A flat monthly fee (i.e., fee does not increase if your revenue increases). Currently \$3 times the number of FiltaCool filters ordered and delivered to you	7th of each month	For a new franchise, we waive the fee for the first three months of operation. We can adjust the FiltaCool Service Fee at any time on 90 days' notice. No fee charged on the filters you receive in the Opening Package.
FiltaBio Fee (also referred to as "WVO-Sales Fee") <u>Royalty</u>	12.5% of your FiltaBio Revenue <u>(only applicable when you are selling WVO locally on your own terms)</u>	28 th of each month	"FiltaBio Revenue" means gross revenue arising directly or indirectly from the provision of the FiltaBio Service, including the value of all FiltaBio services performed and all related goods sold and delivered, and any assumed gross revenue calculated for the purposes of any loss of profits or business interruption insurance claim. See Note 3; see Note 4 for further details.

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
FiltaGold Royalty	4% of your FiltaGold Revenue	28 th of each month	“FiltaGold Revenue” means gross revenue arising directly or indirectly from the provision of the FiltaGold Service, including the value of all FiltaGold services performed and all related goods sold and delivered, and any assumed gross revenue calculated; see Note 4 for the purposes of any loss of profits or business interruption insurance claim; further details. We may require that you purchase the new cooking oil from us.
FiltaSteam Royalty	4% of your FiltaSteam Revenue.	28th of each month.	“FiltaSteam Revenue” means gross revenue arising directly or indirectly from the provision of the FiltaSteam Service, including the value of all FiltaSteam services performed and all related goods sold and delivered, and any assumed gross revenue calculated for the purposes of any loss of profits or business interruption insurance claim.
Conference Fee	Currently \$45 per Month per franchise. Fully refunded if you attend Filta’s conference for franchise owners, regardless of the number of territories comprising the overall Territory.	With Service-Fee <u>Base Royalty</u>	<u>If you attend Filta’s annual conference and regional meetings for franchise owners, we will refund the Conference Fees collected from you since the prior conference or regional meeting.</u> If you do not attend the <u>a required</u> conference or regional meeting , we will use the conference fees collected from you to defray general expenses of the conference. or regional meeting. We determine the scheduling of each conference <u>and regional meeting</u> , but we expect to hold a <u>system-wide</u> conference no more often than annually. We can increase the monthly conference fee on reasonable notice and/or change the per-franchise methodology.

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
Rebates to National Account Customers	Not paid to us. Certain National Account Contracts may require you to pay volume rebates to the customer; rebate amounts vary. See Item 12 for more information.	As required by the National Account Contract	Unless we direct otherwise, all <u>See Note 5 for details about our National Account program.</u> <u>All</u> billing and collection for National Account Contract customers is done by Filta. After deducting the customer rebate, if applicable, Filta remits the rest of the customer's payment to the franchisee(s) who provided the invoiced services. However, if you have not submitted the appropriate documentation for the services within 1 year after Filta's receipt of the funds from the customer, we will transfer your unclaimed funds into the account for Marketing Contributions.; see "Centralized Accounts" below.
Centralized Accounts	Up to 5% of amount invoiced to Centralized Account customer (not applicable to FiltaGold services).	Deducted from the customer's payment to Filta	<u>"Centralized Account" means a customer that either (i) has a National Account Contract, or (ii) owns, operates, controls, or represents multiple locations at which Environmental Kitchen Solutions Services may be performed and requests centralized billing of such services through Filta.</u> All billing and collection for Centralized Account customers <u>Accounts</u> is done by Filta. <u>The 5% fee is to compensate Filta for its billing, collection, and administration services.</u> After deducting its fee <u>and any volume rebates due the customer</u> , Filta remits the rest of the customer's payment to the franchisees who provided the invoiced services. However, if you have not submitted the appropriate documentation for the services within 1 year after Filta's receipt of the funds from the customer, we will transfer <u>retain</u> your unclaimed funds into the account for Marketing Contributions.

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
Information System User Fee	A flat monthly amount (i.e. does not increase if your revenue increases). Currently \$46 ; (i) <u>\$200</u> per month <u>Month until your Gross Revenue first reaches \$1,000,000 for a calendar year; and then (ii) starting in the following calendar year, \$300</u> per franchisee regardless of the number of MFUs, Employees, Vans or Territories you have in operation <u>Month</u> .	28 th of each month	This fee is for access to the Franchise Portal where we host the Manual, email, sales and marketing database, and other resources for franchisees; please . <u>Please</u> see <u>Note 46</u> for further <u>the definition of "Gross Revenue"</u> and other information. For If your Franchise Agreement is for a new franchise, we waive the there is no Information System User fee for the first three months of operation after the Opening Date. Filta has the right to adjust the Information System User Fee once per calendar year by the amount of the Annual Adjustment.

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
Transfer Fee	1/3 If you secured the transferee without assistance from Filta, the transfer fee is the greater of one-third (1/3) of Filta's then-current Territory Fee per territory transferred or 5% of Your sales price for the Franchise. If Filta assists you with securing the transferee, the transfer fee is the greater of one-third (1/3) of Filta's then-current Territory Fee per territory transferred or 7.5% of Your sales price for the Franchise. No fee if the transferee is a member of your immediate family (i.e., spouse, son or daughter).	When the sale closes	Transfer fee is charged per territory that you transfer.
Transfer Assistance	Will vary by circumstances; our actual cost for third-party broker or referral network fees.	When the sale closes	Payable if you request assistance, including leads for potential purchasers of your business, from Filta and/or any brokers or referral networks with which Filta has relationships. We will advise you of the fees you would incur before you decide on asking for assistance.
Termination Fee	Calculated as <u>follows</u> : <u>If you terminate in Year 1, the Service Fee times 25 Minimum Royalty multiplied by 25% of the number of months remaining in the franchise term.</u> <u>If you terminate after Year 1, the average of your monthly fees for the 12 months preceding Your notice of termination, multiplied by 30% to 65% of the number of months remaining in the franchise term</u>	On or before termination date.	Payable only if you exercise your right to terminate the Franchise Agreement without cause. Other conditions apply if you want to terminate without cause (see Item 17.d). If you do not comply with the conditions, Filta at its option may declare the termination to be ineffective, in which case you will remain liable to perform all Franchise Agreement obligations. Alternatively, Filta may accept the termination, but only on the condition that you pay a Termination Fee equal to the Service Fee <u>average of your monthly fees for the 12 months prior to your notice of termination</u> , multiplied by 100%

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
			<p>of the number of months remaining in the franchise term.</p> <p><u>If the Franchise Agreement was for an existing Franchise you acquired from a previous operator and you terminate in Year 1, the termination fee is the average of the Monthly Fees for the 12 months preceding your notice of termination (calculated using both your and the previous operator's Monthly Fees), multiplied by 25% of the number of months remaining in the Term.</u></p>
Expenses of Examination or Audit	The reasonable and customary cost of the examination or audit, including travel and lodging expenses for the examiners or auditors	30 days after invoice	Payable if (i) Filta conducts an examination or audit due to your failure to submit required reports or financial statements or your failure to maintain books and records, or (ii) if the examination or audit determines that you reported gross revenue more than 40 <u>5</u> % below the <u>your</u> actual gross revenue for a period of at least two months.
Dropped Lead Fee	\$195 per dropped lead	30 days after invoice	Payable if we send you a lead for a local account and you do not respond to the potential customer within 3 days. In addition to charging the fee, Filta may contact or service the customer, or refer the customer to a franchisee outside of your Territory for service.
Liquidated Damages for Failure to Return MFU	\$20,000 per MFU, but payable only if you fail to return the MFU to us within 60 days after expiration or termination of your Franchise Agreement.	60 days after expiration or termination.	
Indemnification	Filta's actual costs.	As incurred.	You must indemnify us and our affiliates from any and all claims, losses, costs, expenses, liabilities and damages arising from your Filta business.

Notes:

1. Unless otherwise indicated, all of the ~~fees~~amounts in the chart are payable to us and are non-refundable. For all fees and charges, you must use the payment method we designate. ~~We require payment of the FiltaFry Service Fee, Marketing Contribution, FiltaCool Service Fee, FiltaBio Fee, FiltaGold Royalty, FiltaSteam Royalty, Information System User Fee, and purchases of spare parts and supplies by direct debit from your bank account. You~~Because we currently require payment by electronic funds transfer, you must designate an account at a commercial bank and furnish the bank with all authorizations necessary to permit us to ~~make direct debits for these items~~transfer funds from the account. You must pay the Base Royalty, Marketing Contribution, Information System User Fee, Conference Fee, FiltaBio Royalty, and FiltaGold Royalty (collectively, "Monthly Fees") to Filta on the designated fee payment date without any abatement, set off or deduction.

2. ~~All fees listed under Item 6 are uniformly imposed on new franchisees receiving this disclosure document.~~

3. ~~Filta is operating the FiltaBio program. As noted in most but not all areas. If the program is not currently operating in your area, you can collect and sell WVO locally on your own terms under the FiltaBio name and mark, subject to the terms of the chart, if the Franchise Agreement and the FiltaBio Addendum (or the 6K Addendum, as applicable). We will give you 45 days notice before starting up the FiltaBio program in your area. If we have not given this notice within six months is for a new franchise, there are no Monthly Fees for the first three Months after signing the the Opening Date; these fees will begin in the 4th Month following the Opening Date. If the Franchise Agreement, you is for an existing Franchise transferred from a previous operator, all Monthly Fees will start paying Filta a monthly fee equal to 12.5% of your gross revenue from the sale of WVO. If we give the notice more than six months after signing the Franchise Agreement, the 12.5% fee will be cancelled when the FiltaBio program begins in your area. begin in your first month of ownership.~~

2. "Base Revenue" means all revenue from all services other than the FiltaBio Service and the FiltaGold Service, including the value of all services performed and of all related goods sold and delivered by You, and all other income of every kind related to the Franchised Business. "Base Revenue" (i) includes any proceeds You receive from a business interruption insurance claim; and (ii) does not include any sales taxes or other taxes You collect from customers and pay directly to the appropriate taxing authority. The Base Royalty schedule is:

<u>Increment of Base Revenue for the Calendar Year</u>	<u>Royalty Percentage Applicable to Increment of Base Revenue</u>
<u>\$0 - \$1,000,000</u>	<u>6.50%</u>
<u>\$1,000,001 - \$2,500,000</u>	<u>6.00%</u>
<u>\$2,500,001 - \$5,000,000</u>	<u>5.00%</u>

<u>\$5,000,001 - \$10,000,000</u>	<u>4.50%</u>
<u>\$10,000,001+</u>	<u>4.00%</u>

The Base Revenue increments in the schedule are the year-to-date Base Revenue for the calendar year. The royalty percentage will reset to 6.5% on January 1st of each year. We can adjust the increments of Base Revenue and/or the Minimum Royalty once per calendar year by the amount of the Annual Adjustment. If the Franchise Agreement is for an existing Franchise transferred from a previous operator, the Base Royalty in your first month of ownership will be calculated using the previous operator's Base Revenue in the prior month and for the calendar year to date.

If You submit to Filta the pertinent portions of your tax return for the prior calendar year showing the bad debt expense you reported to the IRS for uncollectible invoices for services performed by your Franchise in the prior calendar year, you will be entitled to a credit against the Base Royalty during the current calendar year of the term (the "**Bad Debt Credit**"). The amount of the Bad Debt Credit will be calculated as the Average Base Royalty Percentage paid in the previous calendar year multiplied by the bad debt expense reported to the IRS. The Bad Debt Credit will be applied to the monthly Base Royalty in the current calendar year until the credit is exhausted.

3. As described in Item 1, if Filta is unable despite its best efforts to obtain or maintain a commitment from a designated Collector for the FiltaBio program, Filta will give you written notice of that fact, and you will be free to sell WVO locally on your own terms unless and until Filta sends you a further notice that a Collector is in place. The FiltaBio Royalty applies with respect to all sales of WVO locally on your own terms.
4. "FiltaBio Revenue" and "FiltaGold Revenue" (i) include any proceeds you receive from a business interruption insurance claim; and (ii) do not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority.
5. We administer a National Account Contracts program for the Filta business in North America. "**National Account Contract**" means an arrangement between Filta and the owner of a national or regional brand for delivery of one or more of the Environmental Kitchen Solutions Services at multiple locations of the customer's brand. We have sole discretion as to whether to pursue a National Account Contract with a particular customer, the manner of negotiation of the National Account Contract, and the terms and conditions of the National Account Contract. The Franchise Agreement requires you to service all National Account Contracts who request service in your Territory, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. If you fail or refuse to provide service to a National Account Contract customer who has requested service, Filta will have the right to authorize another franchisee of Filta (or other third party) to service that National Account Contract in your Territory without any compensation to you.

Certain National Account Contracts may require you to comply with account-specific rules of service as a condition of servicing the brand's locations, which may include check-in and check-out procedures, mandatory days of service, fixed service

routines, and reporting methods. If electronic invoicing is not used or the customer so requests, you may be required to send an invoice directly to the customer or follow invoicing procedures as specified in the Manual. Your invoice must be in the form of Filta's National and Centralized Account Invoice.

You are required to perform initial site evaluations for all new National Account Contracts (including those in trial periods) and you may be required to perform periodic site evaluations thereafter. You must report the data from site evaluations back to Filta as well as the customer. If a National Account Contract customer insists on clean-only service (no filtration), you must report that decision to Filta within 48 hours using the form provided in the Manual. We will notify you of any special service obligations and may require you to agree in writing to follow the rules of service as a condition of participating in that National Account Contract. You may not enter into any relationship with a customer that, in Filta's reasonable judgment, conflicts with a National Account Contract with that customer.

If you fail to satisfy the above obligations or any conditions of a National Account Contract, we will have the right to remove you from the account and authorize another Filta franchisee (or other third party) to service the National Account Contract within the Territory without any compensation to you. We will have no obligation to transfer any National Account Contract business back to you if you are subsequently willing and able to provide service within the Territory.

- 4.6. “Gross Revenue” means the sum of Base Revenue, FiltaBio Revenue, and FiltaGold Revenue. Filta’s on-line systems and field service application enable Filta, our franchise owners, Filta’s inside salespeople, Business Development representatives, and technicians to access the Manual and other resources and to share information. These resources are hosted on a service controlled by Filta. The modules currently available in the system include Sales CRM, Auto-Email Marketing, Customers, FiltaBio Operations, and National Account Invoicing. We are continuing to develop our online resources. Filta sub-contracts the system design work to a third party.

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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 (note 9)
Territory Fee (note 1)	\$39,950	Two installments <u>Lump sum, unless you elect to sign Deposit Letter</u>	<u>When you sign the Franchise Agreement</u> <u>(If you sign Deposit Letter, then \$15,000 with Deposit Letter; and balance at earlier of: (a) six weeks before scheduled opening date, or (b) 90 days from signing when you sign the Franchise Agreement)</u>	Filta
Opening Package (note 2)	\$69,950	Lump sum	Earlier of 6 weeks before scheduled opening date or 90 days from signing <u>When you sign the Franchise Agreement</u>	Filta
Taxes on Opening Package (note 3)	\$0 to \$3,000	Lump sum	When you pay for Opening Package	Government
Van (note 4)	\$8,150 to \$8,300 (includes \$6,500 initial payment and \$550 to \$600 per month for first 3 months) excluding applicable sales and use tax	As Arranged	Before opening	Lessor or vehicle dealer
Expenses For Training (note 5)	\$250-\$1,500 for travel \$500-\$850 for lodging during field training	As Arranged	Before opening	Airlines; Hotels
Insurance (note 6)	\$2,300-\$7,200	As Arranged	Before opening	Insurers
Information Technology (note 7)	\$0-\$1,000	As Arranged	As Incurred	Vendors

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made (note 9)
Additional Funds – 3 Months (note 8)	\$2,500-\$7,500	As required	As Incurred	Vendors
Total	\$123,600 to \$139,250			

Notes:

- (1) ~~See Item 5. You will pay a non-refundable deposit of \$15,000 toward the~~ The Territory Fee ~~when you sign the Deposit Letter consists of the Base Fee of \$39,950 plus, if applicable, an Existing Customer Fee (see Item 1). We will apply your deposit to the Territory Fee when you sign the Franchise Agreement. We consider each Territory to be a separate franchise, even though you and Filta do~~ 5). The chart assumes that the Existing Customer Fee is not ~~sign a separate Franchise Agreement for each Territory.~~

applicable. If you acquire the franchise from a previous franchisee, you will not pay the Territory Fee or Opening Package, but you must pay us a Transition/Training Fee of \$9,950 before you start business. ~~This fee is for classroom training with associated lodging; field training (no lodging); uniforms; Stationery; and three days of in-field transition support. the acquired Territory.~~

- (2) For a complete list of the items included in the Opening Package, see the Schedule attached to the sample Franchise Agreement in Exhibit A. In most cases, you will transport the Opening Package items home in your van (see note 34 below). However, in cases where we are transporting the van to your Territory, you will have to pay the cost of shipping the Opening Package items, which we estimate to be about \$1,500 but will vary depending on your location. The figure in the chart does not include shipping.
- (3) We may have to charge sales tax ranging from 0-10.75% of the taxable portion of the Opening Package. Most items will be delivered in Florida at a sales tax rate of 7.5%, or \$1,875 in tax.
- (4) You must acquire and use a van meeting our specifications. As of the date of this disclosure document, the approved makes and models are the Dodge Ram Promaster 2500 High Roof, Ford Transit Mid Roof or High Roof, and Mercedes Sprinter Reg Roof or High Roof. The estimate assumes that you lease the van; if you purchase a new van, we estimate that the cost will be approximately \$52,000. We will outfit and decal your van to meet our specifications while you are in Orlando for the initial training program. The cost to decal and outfit the van is included in the Opening Package. You may lease or purchase a used van, but only if the van is not more than two model years old and has no more than 30,000 miles on the odometer at the time you acquire it. If you acquire a used vehicle, you must ensure that a bulkhead and shelving are fitted to our specifications. If you request and Filta approves the use of a model other than those listed above, we will charge you our cost for any non-standard van preparation work, which will be in addition to the cost of the Opening Package. You can drive the van home from the initial training, or we will transport it to your Territory at

your expense. You will likely have to pay \$1,000 to \$4,500 to a vehicle transport company if you elect to have the van shipped to your Territory. See Item 8 for further information.

- (5) Filta pays for lodging, breakfast, and lunch associated with your initial classroom training. However, you must travel to and from Orlando at your own expense. The cost varies depending on your mode of travel, distance, and time of year. You must also bear any travel and lodging expenses of your personnel associated with your field training. -

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Filta has the right to require that any employee you hire who will have access to the MFU also attend training.

- (6) See Item 8 for a description of our insurance requirements. We have a relationship with Navion Insurance Associates, Inc., a commercial insurance broker in Anaheim, California that most of our franchisees use to purchase the required coverage. The estimate in the chart is for the first year's coverage for auto and liability and assumes that you purchase your insurance through Navion. The estimate does not include worker's compensation insurance. The estimate assumes full coverage for auto liability, including physical damage with \$500 deductible. Insurance premiums vary widely by state.

- (7) You must be able to access our required technology systems, all of which are web-based. You must have a laptop which is dedicated for use in the operation of your franchise. You must subscribe to the online version of Intuit's "QuickBooks" small business financial software. See Item 11 for further information.

- (8) This is an estimate of the additional funds that you will need during the initial period of operation, which [for a new franchise](#) we define as three months from the opening of your Filta business. ~~This figure is only an estimate; we cannot guarantee that you will not have additional expenses starting the business.~~ The estimate [is for a new franchise and](#) does not include payroll expenses, any compensation that you choose to pay yourself, or the ~~Service Fee or Marketing Contribution~~. [Monthly Fees \(because they do not apply during the first three months after the Opening Date\)](#). Your actual costs will depend on many factors. These include how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. We relied on the experience of our existing franchisees making this estimate.

- (9) Payments to us are non-refundable ~~with the exception noted in Item 5.~~ Whether your payments to others are refundable depends on your arrangements with them.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Filta has the right to require that all equipment, supplies, products and services that you purchase for operation of or sale in the Franchise: (a) meet specifications that Filta establishes from time to time; and/or (b) be purchased only from suppliers that Filta has expressly approved; and/or (c) be purchased only from a designated source (which may be Filta or its affiliate). We and our affiliates may earn a profit on products and services we sell to you directly or through distributors, and we and our affiliates may receive rebates or other consideration from unaffiliated suppliers and distributors with respect to their sales of products or services to you or other Filta franchisees, whether or not the product or service is presently mentioned in this Item. Except as limited by applicable law or by agreement with the supplier, we and our affiliates have the right to retain any payments received from suppliers.

If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any supplier you choose, so long as your purchases conform to our standards and specifications.

In addition to the general restrictions described above, the following specific restrictions on your purchasing are in effect as of the date of this disclosure document, but we can impose other restrictions at any time.

Opening Package. As noted in Item 5, you must obtain the Opening Package from Filta. For a complete list of the items included, see the Schedule attached to the sample Franchise Agreement in Exhibit A.

Mobile Filtration Unit. If you are a single-territory franchisee and you wish to operate more than one van in your Territory, you will have to obtain an additional MFU for each additional van. We are the only source of the MFU. As of the date of this disclosure document, the acquisition cost per MFU is \$13,950 plus shipping within the United States. We have the right to change this amount without notice.

The MFU comes with a twelve month warranty against electrical or mechanical failure resulting from defective materials, provided that the breakdown is not due to misuse or operation under conditions other than as stated in the Manual and that the MFU has been maintained pursuant to the maintenance program stated in the Manual. The warranty period begins when you take possession of the MFU.

Spare Parts. To reduce downtime and meet customer expectations, you must have spare parts on hand for the MFU at all times. You will receive an initial supply of spare parts as part of the Opening Package. Whenever you use any of the spare parts, you must immediately order replacement parts so that you have a complete set available at all times. We are the only source of spare parts for the MFU.

MFU Filters. The MFU filters are specially designed and manufactured for use with the MFU. To protect Filta's interest in the proprietary nature of the MFU, you must purchase all of your filters from us. We require that franchisees purchase a minimum quantity of filters per month per MFU, as specified in the Manual from time to time. As of the date of this disclosure document, the minimum quantity is 1/3 box of MFU filters per month per MFU. This gives you a sufficient quantity of filters to meet our current specifications for periodic changing of filters. As of the date of this disclosure document, the price of the filters ranges from \$~~417~~447 to \$~~465~~475 per case of 20 filters, depending on the type of filter and quantity purchased, plus shipping within the United States. In our discretion, we may offer volume pricing of MFU filters or other financial incentives based on the number of MFU filters you purchase. We have the right to change our filter prices on reasonable notice.

The life expectancy of a filter cartridge varies depending on the type of oil filtered, the quality and temperature of the oil when filtered, the type of food that has been fried in the oil, the volume of food fried, the seasonings, flour content and food additives present in the oil, and the customer's general frying practices. Filters are not guaranteed to perform for any specific period of time or in all conditions and all filters eventually bind up and must be replaced. If you do not use the MFU filters in accordance with our specifications, the life expectancy will be shorter.

FILTACOOOL® Filters. FILTACOOOL® filters are specially designed and manufactured all-natural filters for use in walk-in coolers and refrigeration units. We will provide you with 30 FILTACOOOL® filters and 10 holders as part of the Opening Package. You must purchase all additional FILTACOOOL® filters and holders only from Filta. As of the date of this disclosure document, we sell the FiltaCool filters at \$~~327~~ each and the FiltaCool holders at \$~~1838~~ each. Shipping is additional. You need 1 holder for every 3 FiltaCool filters. The filters generally last 3 months between de-gassing and generally last for up to 9 de-gassing cycles.

~~**FILTABIO® Supplies.** To provide the FiltaBio service, you must purchase a minimum of four totes at an estimated cost of \$50 to \$200 each. You may purchase the totes from any source as long as they meet our specifications. You may also~~ **FILTABIO® Storage Unit and Equipment.** ~~You may~~ decide to rent a storage unit, garage, or warehouse facility to store waste oil and/or supplies. The estimated cost of renting a 1,000 square foot storage facility is \$~~100200~~ to \$~~1,5002,000~~ per month; the estimated cost of a 6,000 square foot warehouse space is \$500 to \$~~2,5005,000~~ per month. Your facility must meet any standards outlined in the Manual for accessibility to the facility by Filta and the designated Collector. Meeting our standards is not a representation or guarantee that the facility complies with applicable laws or codes. We are not responsible for, and will have no liability for compliance with, any federal, state or local law or ordinance regulating the use, condition or operation of your facility.

If ~~and when~~ you ~~qualify for and decide to sign~~ reach the ~~6K Addendum~~ point of collecting 2,000 gallons of WVO per month, the storage facility is required (not optional) and it must have a minimum capacity of 6,850 gallons. You must also buy additional WVO collection equipment from Filta; ~~the specific list of equipment is in the 6K Addendum. If requested,~~ Filta ~~will finance~~ currently offers financing for the purchase of the ~~6K additional~~ equipment and the costs of freight, transportation, delivery, and installation at your facility. The estimated installation cost is \$20,000. Please see Item 10 for details regarding the financing we currently offer.

FILTAGOLD®, FILTADRAIN® and FILTACLEAN® Supplies. As noted at the beginning of this Item. Filta has the right to designate an approved vendor or vendors and or to become the sole and exclusive supplier of ~~cooking oil as well as all~~ products and equipment you use in the franchised business. This includes products and equipment for the FiltaGold Service, the FiltaDrain Service, and the FiltaClean Service. As of the date of this disclosure document, however, you may purchase ~~the new cooking oil~~ from the vendor of your choice.

~~**FILTADRAIN® Supplies.** Filta has the right to designate an approved vendor or vendors and to become the sole and exclusive supplier of FiltaDrain equipment and products. If you perform the FiltaDrain Service with products that were not purchased from us, you will be in default of your Franchise Agreement.~~

~~**FILTASTEAM® Supplies.** Filta has the right to designate an approved vendor or vendors and to become the sole and exclusive supplier of FiltaSteam equipment and products. If you perform the FiltaSteam Service with products that were not purchased from us, you will be in default of your Franchise Agreement.~~

Vans. As noted in Item 7, you must obtain and use a van that meets our standards. You may purchase or lease the van from any source as long as the van meets our specifications.

Van Retrofitting. As part of the Opening Package, we retrofit and decal your van to meet our specifications for appearance, equipment, and function. The work takes place while you are in Orlando for the initial training program. We may outsource the van preparation work to external vendors. If you request and Filta approves the use of a vehicle other than the makes and models approved by Filta, we will charge you our cost for any non-standard van preparation work, which will be in addition to the cost of the Opening Package. You can drive the van home from the initial training, or we will transport it to your Territory at your expense. Depending on the location of your Territory, you will likely have to pay between \$1,000 and \$4,500 to a vehicle transport company if you elect to have the van shipped to your Territory.

If we determine that unusual circumstances would make retrofitting the van in Orlando an extreme hardship, we will ship you the van retrofit components (ramp and locking mechanism, VST, and decals) that are included in the Opening Package. You must pay for shipping of the retrofit package, which typically costs about \$2,500. This also applies to each additional van that you purchase. You must obtain our approval of a vendor that you select locally to do the retrofitting work.

If you are a single-territory franchisee and you wish to operate more than one van in your Territory, you will have to buy an additional van retrofit package for each additional van.

Technology Requirements. You must have a laptop dedicated to the operation of your franchise and an online subscription to QuickBooks. See Item 11 for further details. We have the right to require you to acquire additional technology equipment and software from time to time. However, we cannot require you to spend more than ~~\$5,000 for any single upgrade or more than \$20~~ \$40,000 in the aggregate for upgrades over the initial 10-year term of the franchise.

Insurance. You must obtain insurance coverage before undertaking any activities in connection with your franchise and keep it in force at all times. Your policies must provide “additional insured” coverage for Filta on an Additional Insured Grantor of Franchise Endorsement form CG2029 or other endorsement form with comparable wording acceptable to us. Covered activities must include but are not limited to the hauling and transporting of waste oil as well as new cooking oil. As of the date of this disclosure document, we require the following minimum coverage:

<u>Type</u>	<u>Minimum Policy</u>
Comprehensive General Liability	\$1 million per incident / \$2 million aggregate
Personal Property	\$15,000 per MFU
Business Automobile Insurance	\$1 million

Your policies must not have deductibles, exclusions or co-insurance that are unacceptable to us. Your liability policies must be primary and noncontributory and must contain a waiver by the insurer of subrogation rights against Filta, our affiliates, and their successors and assigns. All public liability and property damage policies must contain a provision that Filta, although named as an additional insured, is nevertheless entitled to recover under the policies on any loss to Filta or its shareholders, directors, employees, and agents by reason of their negligence. Automobile liability coverage must include owned, non-owned, rented and hired vehicles and provide full coverage, including physical damage with \$500 deductible. ~~Insurance premiums vary widely by state.~~ Additional coverage may be required to perform specific Environmental Kitchen Solutions Services or to offer new products or services that Filta introduces.

Customers may impose additional insurance or bonding requirements before allowing you to provide services on their premises. In addition, you must obtain any other coverage required by law in your Territory.

As noted in Item 7, we have a relationship with Navion Insurance Associates, Inc., a commercial insurance brokerage that most of our franchisees use to purchase the required coverage. Navion is located at 130 Chaparral Court, Suite 235, Anaheim Hills, CA 92808, tel. 714.202.4710. Navion is not our affiliate and you are not required to use its services. We do not receive any payments or benefits from franchisee's use of Navion.

We have the right to change or add to the types of insurance coverage that you must obtain, and to increase the minimum required policy limits. You must supply Filta with a copy of your policy documents before undertaking any activities in connection with the franchise and provide a copy of your annual renewal confirmations.

* * * * *

We publish our purchasing requirements in the Manual and/or the Franchise Portal. We will give you advance notice of any new or changed requirements. The requirements may vary by type of Environmental Kitchen Solutions Service. You are responsible for consulting the Manual and Franchise Portal to make sure that you are up to date on the requirements at all times. You can order any items that Filta supplies from the online store at the Franchise Portal.

To the extent that we establish specifications for items you can purchase elsewhere, we will make the specifications available to proposed suppliers at your request, but we may require the supplier to sign a nondisclosure agreement. None of our officers owns an interest in any third-party suppliers to our system.

You are prohibited from selling or transshipping any MFU, MFU Filters, FILTACOOL® filters, or any other equipment, supplies, or materials that you obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, you can offer to assist that franchisee with Filta's prior written consent.

We derive income from purchases of the Opening Package. We also derive income from ongoing purchases of spare parts and filters for the MFU, FILTACOOL® filters and holders, waste oil, FryChem cleaning fluid, uniforms, and other equipment and supplies. During our last fiscal year, which ended on December 31, ~~2023~~2022, we received \$3,801,975~~694,436~~ from payments for Opening Packages and ongoing purchases of supplies by franchisees. This was ~~12.0~~11.40% of our total revenue of \$~~31,695,894~~32,420,365 for the fiscal year.

We estimate that virtually all of a franchisee's purchases and leases in establishing the Filta business and approximately 25% of a franchisee's total purchases and leases in operating the Filta business will be subject to the restrictions described above.

Although not obligated to do so, we may try to negotiate purchasing arrangements with suppliers for the benefit of our franchisees. We do not currently receive payments from any unaffiliated suppliers based on your purchases from them, but we reserve the right to do so in the future. We do not grant special benefits to franchisees based on whether they purchase particular products or services or purchase from particular sources. However, in determining whether to renew your franchise rights or to grant you additional franchises, among the factors we will consider is your compliance with the requirements outlined in the Manual. Our franchisees have not organized any purchasing or distribution cooperatives.

You agree not to assert any claims against Filta (or any officer, director or affiliate of Filta) with respect to products and services that you obtain from third-party suppliers that are not affiliated with us by ownership. We will use our best efforts to assist you in resolving any disputes with suppliers approved and/or designated by us, but you must assert any legal claims only against the supplier in question. You must provide us with written notice before taking any legal action in connection with a claim against a supplier.

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 obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Disclosure Document Item(s)
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/ leases	Sections 4.1, 5.2, and 8.1	Items 7 and 8
c. Site development and other pre-opening requirements	Section 5	Items 8 and 11
d. Initial and ongoing training	Sections 3.8, 5.1.3, 6, 7 and 13.3	Item 11
e. Opening	Section 5	Item 11
f. Fees	Sections 3.10 , 4, 8.2.1, 8.12.23 , 8.14.1, 9.1.2, 9.2 , 11.1, 11.6 , 12.3 , 16.2 , <u>5</u> , 20.2.3, 20.3, 20.4 , 21.5, and 22.3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 8 and 16	Items 11 and 14
h. Trademarks and proprietary information	Sections 15, 16 and 17	Items 13 and 14

Obligation	Section in Franchise Agreement	Disclosure Document Item(s)
i. Restrictions on products/services offered	Sections 8. 42 <u>13</u> and 16	Item 16
j. Warranty and customer service requirements	Sections 8. 40 <u>9</u> , 8. 45 <u>16</u> , 8. 45 <u>18</u> and 9	Item 16
k. Territorial development and sales quotas	Sections 3.5, 7.2, and 8. 3.3 <u>2.2</u>	Item 12
l. Ongoing product/service purchases	Sections 8.1-8.6	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 3.7, 8. 9.6 , 8. 12 , 8. 44 <u>16</u> , 13.2, 15.3, 16. 2 and 20.2.2	Item 8
n. Insurance	Section 12	Items 7 and 8
o. Advertising/Promotions	Section 14	Items 6 and 11
p. Indemnification	Section 24	Item 6
q. Owner's participation/management/staffing	Sections 5.3, 8. 8.40 <u>9</u> , and 13	Item 15
r. Records/reports	Sections 8. 10 , 8.12 , 8.14 <u>11</u> , 8.15, 9.3 and 11	Item 6
s. Inspections/audits	Sections 8. 9.9 , 8. 9 , 8.14 , 8.15 <u>18</u> , <u>11</u> , and 44 <u>21.1.6</u>	Item 11
t. Transfer	Section 20	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 22	Item 17
w. Non-competition covenants	Section 23	Item 17
x. Dispute resolution	Section 30	Item 17
y. Other – Owners/shareholders Personal Guarantee	Section 5.3, 20.2.5 and 23.6	Item 15

ITEM 10 FINANCING

~~For franchisees who sign~~If and when you reach the ~~FiltaBio 6K Addendum, we point of~~collecting 2,000 gallons of WVO per month, you must buy additional WVO collection equipment, as described in Item 7. We offer financing for the purchase of the required WVO collection equipment ~~specified in the 6K Addendum~~ (the “**Equipment Loan**”). The financing is for 100% of the purchase price of the equipment and the costs of freight, transportation, delivery, and installation of the equipment at your WVO storage facility. You repay the Equipment Loan out of the proceeds from the sale of your WVO in the FiltaBio program. Specifically, for as long as you have an outstanding

balance on the equipment financing, the proceeds from the sale of your WVO (less any reductions due to WVO that does not meet the Quality Level) will be applied as follows: 25% to pay down the balance of the Equipment Loan, 65% to you, and 10% to Filta. Once the Equipment Loan has been paid in full, the proceeds from the sale of your WVO will be applied according to the normal terms of the FiltaBio program: ~~85% to you and 15% to Filta.~~

There is no fixed number of payments or repayment period for the Equipment Loan, since the rate of repayment will depend on the timing and amount of the sales of your WVO.

We do not charge interest on the outstanding balance of your Equipment Loan, and we do not require security for the financing. However, for any person who has personally guaranteed your obligations under the Franchise Agreement, the guarantee will also apply to the Equipment Loan. If you wish, you can pay off the outstanding balance at any time without penalty.

If your Franchise Agreement ~~and/or the 6K Addendum~~ terminates while you still have an outstanding balance on the Equipment Loan, it will constitute a default of the Equipment Loan, and the entire remaining balance will be due and payable immediately. In addition, a default on the Equipment Loan will constitute a default under the Franchise Agreement and any other franchise agreements that you have with Filta, which could result in termination of the franchise agreements.

The Equipment Loan does not require you to waive defenses or other legal rights or prevent you from asserting defenses against us as lender. However, as a condition of accepting the Equipment Loan, you agree that if you fail to pay Filta any sum due to Filta under the Franchise Agreement within 10 days of the date it is due, Filta may apply your proceeds from the sale of WVO to pay the past due amounts.

We have no practice or present intent to sell, assign, or discount any Equipment Loan to any third party.

Except as described above, we do not offer direct or indirect financing to new franchisees. We do not guarantee your promissory note, lease, or other obligation.

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

Except as listed below, Filta is not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you begin operating your Filta business, we will:

1. Designate the Territory for your franchise (Deposit Letter and Section 2.1.1 of the Franchise Agreement). If you elect to rent a storage unit, garage or warehouse facility to store waste oil and/or supplies, we do not assist with selecting the location and we do not have to approve the location. However, we do have to approve the facility as meeting Filta's accessibility standards outlined in the Manual (see Item 8).
2. Provide a pre-opening training program for you and any of your employees that we designate (Sections 5.1.3 and 6.1 of the Franchise Agreement).
3. Provide the products and services included in the Opening Package (Section 5.1.2 of the Franchise Agreement). This includes retrofitting and applying graphics to your van.

4. Provide you with electronic access to the Manual. The contents of the Manual are confidential and remain our property (Section 5.1.1 of the Franchise Agreement).

Our Obligations After You Open

After your Filta business opens, we will:

1. Provide the services of one or more business development managers, an existing experienced Filta franchisee, or a third-party business coach (as determined by Filta) for a period of not less than 10 working days to assist you in developing customer accounts (Section 7.1 of Franchise Agreement). We call this period the “Sales Support Period.” If you acquire the business by transfer from a previous franchisee and pay the Transition/Training Fee, the Sales Support Period will be 3 working days.
2. Supply you with spare parts and filters for the MFU on our standard prices and terms (Section 8.1 of the Franchise Agreement).
3. Supply you with FiltaCool filters and holders on our standard prices and terms (Section 8.3 of the Franchise Agreement).
4. Supply you with new cooking oil on our standard prices and terms, if ~~you provide the FiltaGold service and~~ we make ourselves an approved or sole-source supplier for the FiltaGold Service (Section 8.4 of the Franchise Agreement).
5. Supply you with FiltaDrain equipment and products on our standard prices and terms, if ~~you provide the FiltaDrain service and~~ we make ourselves an approved or sole-source supplier (Section 8.5 of the Franchise Agreement).
6. Supply you with ~~FiltaSteam~~FiltaClean equipment and products on our standard prices and terms, if ~~you provide the FiltaSteam service and~~ we make ourselves an approved or sole-source supplier (Section 8.6 of the Franchise Agreement).
7. Purchase and collect from you the WVO that you collect from customer locations ~~(Exhibit 3 to the Franchise Agreement).~~ However, we have the right to suspend the FiltaBio program during any period in which the market price for WVO declines to the extent that we determine that the program is not economically feasible. We can reinstate the program if the market price recovers. (Section 8.2 of the Franchise Agreement).
8. Make available additional on-site advice and further training as you may reasonably request. You must pay the cost of any travel, living expenses, and salaries of those attending. We have no obligation to assist you with ~~establishing~~establishing prices. (Sections 6.2 and 6.3 of the Franchise Agreement).
9. Provide you with ongoing advice and guidance by telephone, email, and other forms of communication from Filta’s office, as you reasonably request. You must provide us with such information as we may need to monitor your performance (Section 6.4 of the Franchise Agreement).
10. Maintain the Franchise Portal, with the features and terms of use that we determine (Section 8.~~12~~15 of the Franchise Agreement).

Time Before Opening

We estimate that the time from signing the Franchise Agreement until you start business will be approximately 8-12 weeks. Examples of factors which could affect the time to opening include how long it takes to obtain and retrofit your van, the difficulty of obtaining any business licenses you may need, how much you shop around for insurance coverage, and the scheduling of training courses.

Advertising & Promotions

We generally attract customers for our Environmental Kitchen Solutions Services by means of in-person site evaluations. We have no contractual obligation to conduct media advertising, but if we do so, we may use direct mail, print, radio, television, or online media, which may be local, regional or national in scope.

Advertising fund. We have established a marketing and advertising fund (the "**Fund**") for the common benefit of the franchise system and its franchisees. You must make monthly contributions to the Fund - (the "Marketing Contribution"). The required contribution is currently ~~\$150 per~~ 1% of Base Revenue for the prior month (see Item 6). ~~You must participate~~ The Fund covers franchisees in all advertising, marketing, promotions, research and public relations programs instituted by the Fund. Canada as well as the United States; Canadian franchisees contribute at an equivalent rate.

We direct all programs and activities financed by the Fund. We can use the Fund for any activities we consider to be appropriate to properly promote Filta Environmental Kitchen Solutions Services. Uses may include, but are not limited to: advertising campaigns in print, online, mobile and other electronic; direct mail advertising; conducting and administering promotions; creative development; market research and development, including secret shoppers and customer satisfaction surveys; employing advertising and/or public relations agencies; production of advertising and promotion; creation and maintenance of an Internet site, social networking accounts, mobile applications, and other electronic identifiers; and reasonable administrative expenses related to these efforts (including accounting fees and, if Filta deems it necessary, reasonable attorney's fees for review of proposed advertising and promotional materials). We have final discretion over creative concepts, materials, and media (including online, mobile and other electronic media) used in these activities and their placement. You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Fund.

We have no obligation to spend any specific portion of the Fund in your geographic area. The media that we use may be local, regional, or national in coverage. A public relations firm or Filta may prepare the advertising for the Fund. We do not use Fund monies for the solicitation of franchise sales. We do not have a council of franchisees that advises us on advertising policies.

We maintain separate accounting for the Fund, but we have no obligation to hold the Fund monies in a separate deposit account. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund during that year or cause the Fund to invest any surplus for future use by the Fund. We prepare an unaudited annual report of Fund receipts and expenses and will make the report available to you upon request within 120 days after the end of our fiscal year.

During the fiscal year that ended on December 31, ~~2023~~ 2022, we spent a total of ~~\$307,338~~ 755,480 from the Fund. Of this total expenditure, approximately ~~32~~ 58% was used for inside sales, ~~20~~ 16% for advertising, web and printed materials, ~~23~~ 11% for exhibitions and national account development, and ~~25~~ 16% for public relations and other, including administrative expenses.

Local advertising. You may develop, or purchase from any source, advertising material for your own local use, but we must approve your advertising materials before their first use. All advertising materials must comply with federal and local laws and regulations and any guidelines we promulgate. We reserve the right to limit the media and geographic area in which you advertise.

Because case studies are critical in marketing the Environmental Kitchen Solutions Services to existing and potential customers, you are required to assist Filta in developing case studies for use with customers. You give Filta permission to use your likeness in photographs and videos in Filta's publications, including website entries, social media and advertising materials, without payment or any other consideration to you. You irrevocably grant to Filta a perpetual, irrevocable license to use, edit, alter, copy, exhibit, publish, market, distribute and otherwise exploit these materials for purposes of publicizing the Filta Environmental Kitchen Solutions business or for any other lawful purpose.

~~You~~ Subject to applicable law, you are required to participate in and comply with the terms of special promotional activities that we prescribe for franchisees generally or for franchises in specific geographic areas or having particular characteristics. These activities may include special offers and other pricing promotions. You must bear your own costs of participating in these activities. You are required to display promotional signs and materials and otherwise participate in the manner we request. However, you have no obligation to participate in a local or regional advertising cooperative. Filta has no authority or power requiring the formation, or any changes, dissolution or merging of a cooperative.

You cannot register, maintain or sponsor any URL, website, social media account, discussion forum, blog, email account, text address, or other electronic identifier or electronic, mobile or Internet presence for your Filta franchise without our prior written consent. We have the right to prescribe rules and policies for these activities. If we authorize you to engage in any such activities, you must follow our rules and policies, as amended from time to time, and not to make any statements about Filta or any franchisee or competitor of Filta that may constitute trade disparagement.

All telephone answering messages, email ~~autosignatures~~ auto-signatures, and other identifiers of your Filta franchise must be in the form we prescribe from time to time.

Technology Requirements

You must use the technology systems that we designate, all of which are web-based. You must have a laptop dedicated to the operation of your franchise and an online subscription to ~~QuickBooks~~ QuickBooks for your ~~businesses~~ franchise's bookkeeping and invoicing needs. You must also use our proprietary Symphony platform and field service application to schedule, perform, document, record, and bill all Filta services performed during every customer visit and to communicate with customers regarding the same. Failure to use any of the required information systems is a material default of the Franchise Agreement and Filta will have the right to terminate if the default is not cured within ten days after notice of default.

You are required to input into QuickBooks complete contact details (including service address, billing address, email address, and phone number) for all accounts, customers and locations you service, and you must input all invoices within two days from services being rendered. You must allow Filta ongoing access to your information systems, including QuickBooks invoices and lists of the customers that you are servicing. You must also submit monthly financial statements and other reports as Filta prescribes.

We estimate that the cost of the items you will need to access the designated technology systems will range from \$0 to \$1,000 (with the low range reflecting that you may already possess

the necessary items). The cost of the QuickBooks subscription is \$~~42.50~~45 per month for the first 12 months and \$~~85~~90 per month thereafter.

You will use the technology systems to communicate with us and customers, to order supplies, and to maintain your business records, among other things. You must sign up for the Franchise Portal and use it for reporting, training, or other purposes as we direct. Please see Item 6 for further information.

We will have independent access to the information, data, and communications that you input to the Franchise Portal and your information systems, including the information on your Filta invoices: Customer Name, Customer Address, Invoice Number, Date, the line items for the invoice (i.e. FiltaFry service, FiltaCool service), the quantity, the item amount, and the total. Filta uses the information from the invoices to create reports. There are no contractual limits on our right to access this information.

We have the right to require you to obtain additional equipment and software that Filta specifies in writing from time to time, but we cannot require you to spend more than \$~~5,000 for any single upgrade or more than \$20~~40,000 in the aggregate for upgrades over the initial 10-year term of the franchise. We have no obligation to provide you with ongoing maintenance, repairs, upgrades or updates to your computer system. We do not currently require that you purchase any maintenance, update, upgrade or support contracts, but we have the right to do so in the future. We estimate that the annual cost of maintenance and support will be less than \$500.

Manual

The Manual is only available online via the Franchisee Portal. We will give you an opportunity to view the Manual before buying the franchise, if you sign a non-disclosure agreement.

Training

You must attend an initial training program before you start business. The following chart summarizes the program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Field Training	Location
Technical Training – Operations and “Good Frying Practices”	12 hours	1 week	Classroom training in Orlando Field training in Territory of an existing franchisee
Accounting and Other Administrative	8 hours	None	Orlando
Sales and Marketing Techniques/ Management Practices	20 hours	10 days	Classroom training in Orlando On-the-job training in your Territory

We typically schedule one initial training session per month. As explained in Item 7, Filta provides lodging, breakfast and lunch for the classroom training in Orlando, but otherwise you must

bear all of your own travel and other expenses. The instructional materials used in training primarily consist of Filta's Manual, marketing materials, worksheets, and PowerPoint slides. Our principal classroom instructor has more than 3 years of experience with our business. Our instructors for field training are Filta franchisees who have at least 5 years of experience with our business. We may invite other experienced franchisees to serve as field trainers; if we do so, they will be multi-van operators who have at least 2 years of experience with our business. We compensate these franchisees for providing field training.

Successful completion of the initial training program is mandatory for the principal owner of the franchise and for the designated Operator, if other than the principal owner (see Item 15). You must complete classroom training not more than one month before you start business and field training not more than 2 weeks before you start. You may not open for business until the initial training has been completed to our satisfaction. In evaluating whether a person has successfully completed training, we will consider the trainee's attendance and participation in all portions of the training, demonstration of an understanding the materials and ability to execute the operations, and other factors that we determine appropriate in evaluating the trainee's performance. We also require that all technicians you hire complete certain online courses, as described in the Manual, before undertaking their duties. You must notify Filta each time you hire an employee who will have access to the MFU.

We can require you and your personnel to attend additional or refresher training programs. To the extent Filta decides to offer, or requires that you attend, any additional or refresher training in the future, Filta will develop and determine the location, content, duration, and frequency of that training at a later time.

Remote training and Business Development Plan. Until the earlier of 90 days after your opening date or when your Business Volume first exceeds \$1,000 per week, you must participate in all remote training sessions scheduled by Filta. **"Business Volume"** means the aggregate weekly value of the customer accounts serviced by the franchise at any particular point in time. To calculate your Business Volume, we value each customer account based on the price and frequency of service. For example, if the customer is scheduled for one service call per week at \$40, we value the account at \$40 per week; if the order is for two service calls per week at \$35, we value the account at \$70 per week; and if the order is for one service call every two weeks at \$50, we value the account at \$25 per week. We include your receipts from all services in the calculation of Business Volume. The total value of the customer accounts at the time of the calculation is your Business Volume.

If your Business Volume has not reached \$1,000 per week by the end of 3 months of operation, you must hold a business evaluation conference call with us and establish a business development plan.

ITEM 12 TERRITORY

We have purchased mapping software, which has been tailored to our business, to help us determine territories for delivery of Environmental Kitchen Solutions Services. Your franchise is for a specific geographic area assigned by Filta, consisting of one or more of the territories defined by the mapping system (the **"Territory"**). In selecting the mapped territories to include in your Territory, we consider data such as the numbers of restaurants, health care facilities, education facilities, grocery stores and other possible customers in the available territories.

There is no specific minimum size for a Territory. We will attach a map of the Territory to your Franchise Agreement. However, the map is only for visual reference; if there is any inconsistency between a printed map of the Territory and the Territory as defined by the mapping system software,

the mapping system definition will be the binding definition. The Territory can be modified as expressly provided in the Franchise Agreement or by written agreement of the parties.

You cannot relocate your Territory without our prior written consent. Most of our franchisees operate the business from a home office, but you are free to set up in commercial office space if you wish. You cannot relocate your office without our approval, but we will generally approve relocation as long as you have a legitimate business reason and the new office is within the Territory. If you set up a waste oil storage area for the FiltaBio service, you must make sure that Filta has free access to it, including all necessary entry codes or keys. You must give permission for our employees, contractors and subcontractors to enter your property to access the WVO storage area.

Your Territory is exclusive except as described below. This means that, while the Franchise Agreement is in effect, Filta will not operate or license any person other than you to operate a business offering Environmental Kitchen Solutions Services under the Filta name (or any other names or marks) from fixed premises or a van within the Territory.

Your exclusivity within the Territory is subject to some important limitations and exceptions:

- ~~It does not apply to our activities with respect to National Account Contracts and Centralized Accounts (described below).~~ If you fail or refuse to provide service to a National Account Contract customer who has requested service in your Territory, Filta will have the right to authorize another franchisee of Filta (or other third party) to service that National Account Contract in your Territory without any compensation to you.
- We and our affiliates are free to engage in any business activities that do not constitute operating or licensing any other person to operate an Environmental Kitchen Solutions business from fixed premises or a van in the Territory. We can engage in these activities under any name, in any geographic area and at any location, including within the Territory via the Internet or any other electronic means, without any liability or compensation to you. There is no restriction on our right to solicit customers in your Territory or to use other channels of distribution, and we have no obligation to compensate you if we do so. We have no present plans to establish franchises, company-owned outlets, or other channels of distribution for similar products or services under a different trademark.
- We will refer to you, without charge, any local customer leads for Environmental Kitchen Solutions Services that we receive through our website, phone or social media, provided that we are able to determine that the potential customer is located in your Territory. However, if you do not promptly respond to the potential customer, we have the right to contact and/or service the customer, or refer the customer to a franchisee outside of your Territory for service; this right is an exception to your territorial ~~exclusivity~~ protection.
- From time to time ~~we~~ Filta may introduce new products or services that ~~we deem~~ Filta decides to ~~be complementary~~ add to the existing ~~services offered under the System.~~ Once Environmental Kitchen Solutions Services. Unless we otherwise specify, within 45 days after you have received receive written notice that ~~we have~~ Filta has introduced a new ~~product or service, within 45 days~~ Environmental Kitchen Solutions Service, you must ~~give us written notice of your intention to~~ offer and sell the new ~~product or service~~ Environmental Kitchen Solutions Service as part of your franchise. You must pay any start-up costs, fees and expenses associated with the new ~~product or service~~ Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses ~~related to the new product or service introduced by Filta. If you reject the opportunity to~~

~~offer or sell the new product or service, we can enter your Territory and either offer or sell the new product or service directly or designate a third party (which might be another Filta franchisee) to do so on our behalf. You will receive no compensation from Filta or the designated third party derived from the offer or sale of the new product or service in the Territory. If you do not send us the required written notice within the 45-day time period, we will consider it a rejection of the opportunity to offer the new product or service. If you do not offer or sell the new Environmental Kitchen Solutions Service (whether in breach of your obligation or by electing not to offer a service Filta has designated as optional), Filta can authorize other franchisees to offer, sell and provide the new Environmental Kitchen Solutions Service in your Territory.~~

- Starting in the ~~13th~~25th month after your opening date, if you are not offering customers all ~~products and services then constituting~~of the Environmental Kitchen Solutions Services, we will have the right, on reasonable notice, to revoke your exclusivity for any omitted service.
- ~~Starting in the 25th month after the opening date of each territory~~ We determine “not offering” from the circumstances, but in any case you are deemed to be “not offering” a service if you have no current revenue for that service within your overall Territory, if your Market Penetration in the territory is in the bottom 25% of all active Filta territories for the core FiltaFry business, we may call a territory review meeting. “Market Penetration” means the number of customers serviced by a franchisee in a given geographic area defined as a “territory” by our mapping software, divided by the total addressable potential customers for that territory (as defined by us from time to time). As part of the review meeting, you must present a 12-month plan to increase Market Penetration in the territory above the bottom 25% of active Filta territories. At the end of 12 months from the review meeting, if your Market Penetration in the reviewed territory remains in the bottom 25% of active Filta territories for the core FiltaFry business, we will have the right to modify the boundaries of the reviewed territory or remove it entirely from the list of territories comprising your overall Territory. the prior 12 Months
- ~~If you are in default of your obligation to service a National Account Contract for 5 days or more, Filta may either: 1) remove the territory in which the customer’s facility is located from your schedule of territories; or 2) terminate the Franchise Agreement by written notice.~~
- If we have not received your written notice of intent to renew the franchise as of nine months before the end of the expiring term, your territorial protection for the Territory will terminate and no longer restrict Filta from operating or licensing a person other than you to operate in the Territory during the remaining nine months of the franchise term.

You are prohibited from conducting any business of the franchise outside of your defined Territory by any means, including the Internet, unless approved by Filta in writing. This prohibition applies not only to servicing customers but also advertising for business, making sales calls, or performing demonstrations. If you engage in any unauthorized activities outside of the Territory, Filta will have the right to terminate the Franchise Agreement by written notice, effective immediately.

If Filta authorizes you to service one or more customer locations outside of your defined Territory, and Filta subsequently grants a franchise for a territory that covers the authorized customer location(s), Filta will give you notice and you will be required to transfer the servicing of those customer location(s) to the new franchisee within a time period determined by Filta with your input. You will not be entitled to any compensation if this happens. If you delay or interfere with the transition, or if you stop servicing a significant portion of the affected customer locations before the

scheduled transition date, Filta will have the right to terminate the Franchise Agreement by written notice, effective immediately.

~~**National Account Contracts.** We administer a National Account Contracts program for the Filta business in North America. “National Account Contract” means an arrangement between Filta and the owner of a national or regional brand for delivery of one or more of the Environmental Kitchen Solutions Services at multiple locations of the customer’s brand. We have sole discretion as to whether to pursue a National Account Contract with a particular customer, the manner of negotiation of the National Account Contract, and the terms and conditions of the National Account Contract. The Franchise Agreement requires you to service all National Account Contracts in the Territory on behalf of Filta, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. Failure to do so constitutes a material breach of the Franchise Agreement. If You fail or refuse to provide service to two or more National Account Contract customers within any 12-month period, Filta will have the right to (i) modify the boundaries of the territory in which the customer’s facility is located or remove that territory from the list of territories comprising your Territory; or (ii) terminate the Franchise Agreement by written notice.~~

~~You may not enter into any relationship with a customer that we deem to conflict with a National Account Contract with that customer. Unless we otherwise specify, we will handle all billing and collection for a National Account Contract. Certain National Account Contracts may require you to pay volume rebates to the customer, which we will negotiate with the customer on a case-by-case basis. Within 30 days after Filta’s receipt of payment and remittance advice from the customer showing that the payment is for National Account Contract services that you performed, we will remit payment to you, after deducting the customer rebate, if applicable. We will not pay you for National Account Contract services until you submit the appropriate documentation in the manner specified in the Manual. If you have not submitted the appropriate documentation within 1 year after we receive the funds from the customer, we will transfer your unclaimed funds into the account for Marketing Contributions.~~

~~Certain National Account Contracts may require you to comply with account-specific rules of service as a condition of servicing the brand’s locations, which may include check-in and check-out procedures, mandatory days of service, fixed service routines, and reporting methods. You are required to perform initial site evaluations for all new National Account Contracts (including those in trial periods) and you may be required to perform periodic site evaluations thereafter. You must report the data from site evaluations back to Filta as well as the customer. If a National Account Contract customer insists on clean-only service (no filtration), You must report that decision to Filta within 48 hours using the form provided in the Manual. We will notify you of any special service obligations and may require you to agree in writing to follow the rules of service as a condition of participating in that National Account Contract.~~

~~If you fail to satisfy the above obligations or any conditions of a National Account Contract, we will have the right (in addition to our rights to remove territory or terminate as described above) to remove you from the account and service and/or authorize others to service the National Account Contract within the Territory without any compensation to you. We will have no obligation to transfer any National Account Contract business back to you if you are subsequently willing and able to provide service within the Territory. Service of National Account Contracts by Filta and/or its designee is an exception to your territorial exclusivity described above in this Item.~~

~~**Centralized Accounts.** A customer may request to be designated as a Centralized Account even though the customer does not wish to enter into a National Account Contract with Filta. If a customer requests to be designated as a Centralized Account, we will handle all billing and collection for services performed for that customer. We have the right to deduct up to 5% of the amount invoiced (except for FiltaGold services) in order to compensate us for our billing, collection, and administration~~

~~services. We will not pay you for your services to a Centralized Account customer until you submit the appropriate documentation in the manner specified in the Manual. If you have not submitted the appropriate documentation within 1 year after we receive the funds from the customer, we will transfer your unclaimed funds into the account for Marketing Contributions.~~

* * * * *

Except for the obligations to offer all Environmental Kitchen Solutions Services, ~~to achieve Market Penetration,~~ and to service all National Account Contracts who request service in your Territory, as described above, the exclusivity of your Territory does not depend on achievement of a particular sales volume or other contingency. You do not receive any options, rights of first refusal, or similar rights with respect to additional franchises or territories.

To protect our reputation and that of our Environmental Kitchen Solutions Services, and to maintain satisfactory public relations, we reserve the right to communicate with customers at any time. At our request you must furnish us with information regarding the customers serviced by your franchise. We will not solicit the customers serviced by your franchise (other than National Account customers) for Filta Environmental Kitchen Solutions services without your consent, although we may contact customers for other commercial purposes.

ITEM 13 TRADEMARKS

The principal mark that you would use as our franchisee is the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS design shown on the cover of this disclosure document (the “**Logo**”). You also ~~may receive the right to~~ use the FILTAFRY, FILTABIO, FILTACOO, FILTAGOLD, FILTADRAIN, and ~~FILTASTEAM~~ FILTACLEAN marks ~~in addition to the Logo~~. We may also authorize you to use other marks from time to time.


We have registered the marks shown below on the Principal Register of the U.S. Patent and Trademark Office:

Depiction/Description of Mark	Registration Number	Registration Date
	3701153	October 27, 2009
	3711461	November 17, 2009

Depiction/Description of Mark	Registration Number	Registration Date
	3730770	December 29, 2009
	4056208	November 15, 2011
	5063763 <u>7221677</u>	October 18, 2016 <u>November 21, 2023</u>
	5335043	November 14, 2017
	97429616	May 26, 2022

We have filed all affidavits required to date for the marks listed above. We intend to renew the registrations for the marks at the times required by law.

In addition, we have filed an application for registration of the following mark on the Principal Register:

<u>Depiction/Description of Mark</u>	<u>Serial Number</u>	<u>Application Date</u>
	<u>98045153</u>	<u>June 15, 2023</u>

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

There are no currently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving any of our principal marks. We know of no pending infringement, opposition or cancellation proceedings and no material litigation involving any of our principal marks.

There are no agreements that significantly limit our right to use any of our principal marks. We are aware of no superior rights or infringing uses that could materially affect your use of any of our principal marks.

We have no obligation under the Franchise Agreement to protect your right to use any of our principal marks, or to indemnify you against claims of infringement or unfair competition, although we may do so voluntarily in our discretion. You must notify us immediately if you learn about an infringement of any of our principal marks or any other proprietary marks associated with the Filta business. You must also notify us of any challenge to your right to use them. The Franchise Agreement does not require us to take affirmative action when you notify us; we are free to take the action we believe to be appropriate. We have the right to control any administrative proceeding or litigation involving any proprietary marks. We have no obligation to participate in your defense or to indemnify you for expenses or damages if you are involved in a trademark proceeding, although we may do so voluntarily.

We have the right to change ~~the Logo~~, discontinue, or substitute for any of our marks and/or to use a name other than FILTA ENVIRONMENTAL KITCHEN SOLUTIONS to identify the Filta businesses. If we change the primary name or Logo, you must adopt the new name or Logo, at your expense, within a reasonable period of time.

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ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have been issued a patent relating to certain equipment used in the FILTAGOLD® new cooking oil delivery service:

Title	Type of Patent	Patent Number	Issuance Date	Expiration
Cooking Oil Delivery System and Method	Utility	9,758,363	September 12, 2017	December 20, 2033

While not material to the operation of the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchise as a whole, the patent is material to the operation of the FILTAGOLD® service.

There are no currently effective determinations of the U.S. Patent and Trademark Office or any court involving the patent. We know of no pending infringement, opposition or cancellation proceedings and no material litigation involving the patent. We know of no patent infringement that could materially affect the franchise.

There are no agreements that significantly limit the right to use the patent. We have no obligation under the Franchise Agreement to protect the patent or to defend you against claims arising from your use of the patent, although we may do so voluntarily in our discretion. You must notify us immediately if you learn about an infringement of the patent. You must also notify us of any challenge to your right to use it. The Franchise Agreement does not require us to take affirmative action when you notify us; we are free to take the action we believe to be appropriate. We have the right to control any administrative proceeding or litigation involving the patent. We have no obligation to participate in your defense or to indemnify you for expenses or damages if you are involved in a proceeding involving the patent, although we may do so voluntarily.

We also regard the MFU, the MFU filters, the VST, and the FiltaCool filters as proprietary, although we do not have patents or patent applications relating to these items. You may not use the MFU or the filters for any purpose other than your Filta Environmental Kitchen Solutions franchise.

You are responsible for maintaining and repairing the MFU and other proprietary equipment at your own expense. Any improvements or upgrades that you propose to any proprietary items and that we subsequently adopt will become the property of Filta and/or the manufacturer. You must assign all of your interest in any improvements and upgrades. You may not alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU, VST, or any other equipment supplied by Filta without our prior written consent.

Because we consider the MFU to be proprietary, you will have a contractual obligation to return all MFUs to us when your Franchise Agreement expires or is terminated. If you return all MFUs within 60 days after expiration or termination, we will pay you the depreciated value of the returned MFUs (which we determine using the double declining balance method over a 10 year period). If you do not return all MFUs within 60 days, you must pay us liquidated damages of \$20,000 per MFU. You must also return all FiltaCool filters, for which you will not receive any payment.

We claim copyright protection in the U.S.A. for the Manual, our advertisements, promotional materials, signs, our website, and van decals. However, we have not filed an application to register the copyright in any of these materials. You may use our proprietary materials and the proprietary

information in the Manual solely for the purpose of developing and operating your Filta business while the Franchise Agreement is in force.

We claim proprietary rights in our “**Confidential Information**,” which means any information not known to the public concerning the Filta business (whether written, oral, visual, electronic, or in any other form or media), including information concerning: (a) Filta’s products, services, customers, suppliers, accounts, finances, or other dealings, transactions or affairs; (b) Filta’s relationships with its franchisees and their respective principals, owners, and prospective investors; (c) Filta’s relationships with its shareholders and employees and former shareholders and employees; (d) technical information, drawings, engineering data, equipment and performance specifications, quality control information, equipment cost and price information; (e) marketing plans, advertising plans, business plans, territorial development strategies, and training curricula; (f) the terms of the FiltaBio program; (g) other information of a similar nature that you obtain as a result of your association with Filta; and (h) any and all works of authorship and material that you prepare based on Confidential Information, whether prepared individually, collectively or jointly with Filta or a third party. In particular, you must treat the Manual as confidential and use all reasonable efforts to maintain strict secrecy of its contents.

You must not reveal or use for the benefit of anyone else any Confidential Information that you acquire through your activities under the Franchise Agreement, including data that you collect from customers or others in connection with the operation of your Filta business. You also must ensure that your employees and anyone else under your direction and control maintain the confidentiality of our Confidential Information. These obligations continue for five years after the Franchise Agreement expires or terminates.

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

We require franchisees to form a corporation or limited liability company (“**Company**”) to engage in the Filta business. If you sign the Franchise Agreement as an individual or partnership, you must establish a Company and transfer your Franchise Agreement to the Company before you open for business. All Owners of the Company must sign a Personal Guarantee of the Company’s obligations. The form of the Personal Guarantee follows the Franchise Agreement in Exhibit A. By signing the Franchise Agreement or the separate Personal Guarantee, you and the other Owners are binding yourselves personally to all of the terms of the Franchise Agreement, including the non-compete restrictions. Spouses do not have to sign the Personal Guarantee unless they are Owners of the business. If you transfer the franchise, and the transferee is a different corporation or LLC, the owner or owners of the transferee must sign our then-current form of Personal Guarantee.

You must designate one of the Owners to devote his or her full time and best efforts to the Filta business. The person so designated is known as the “**Operator**.” The Operator may not engage in any other business or hold any employment with any organization without the prior written consent of Filta. Based on our adverse experience with franchisees who have attempted to diversify into biodiesel production, we have determined that we will not consent to involvement in that business. The Operator must attend training and must have the power to speak for your Company and to bind your Company in all dealings with Filta.

Although we require the Operator to devote full time to the Filta business, we do not require the Operator to personally operate the van. If the Operator does not personally operate the van, you must designate a technician to operate the van who has completed certain training programs as described in Item 11.

You or the Operator must maintain his or her primary residence within 100 miles of the territory defined as your “**Base Franchise**,” unless otherwise approved by Filta. “Base Franchise” means the oldest continuously-operated Filta Environmental Kitchen Solutions franchise that remains in operation under your ownership.

At our request, you must obtain signed confidentiality agreements from your Owners, officers, directors, and employees, as we designate. You can use your own form of agreement, but it must be acceptable to us and name us as a third-party beneficiary with the independent right to enforce the non-competition and confidentiality obligations.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell only the products and services that we specify in the Manual as approved Environmental Kitchen Solutions Services. Starting in the ~~13th~~25th month after the Opening Date, if you are not offering all of the Environmental Kitchen Solutions Services, we will have the right, on reasonable notice, to revoke your territorial exclusivity for any omitted service. We will determine from the circumstances whether you are “not offering” a service, but in any case you will be deemed to be “not offering” a service if you have no current revenue for that service within the prior 12 months.

You may not offer for sale any products or services not listed as approved in the Manual without obtaining Filta’s prior written consent. You must cease selling or offering for sale any products or services that we disapprove at any time. We have the right to change the types of authorized

products and services, and there are no limits on our right to make changes. You may provide services only at customer locations physically within your Territory.

See Item 12 for details.

From time to time Filta may introduce new products or services that Filta ~~deems~~decides to ~~be complementary~~add to the existing Environmental Kitchen Solutions Services. ~~Once~~Unless we otherwise specify, within 45 days after you receive written notice that Filta has introduced a new Environmental Kitchen Solutions Service, ~~within 45 days~~ you must ~~give Filta written notice of your intention to~~ offer and sell the new Environmental Kitchen Solutions Service as part of your franchise. You must pay any start-up costs, fees and expenses associated with the new Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses. If you do not offer or sell the new Environmental Kitchen Solutions Service, (whether in breach of your obligation or by electing not to offer a service Filta has designated as optional). Filta will have the right to offer or sell the new Environmental Kitchen Solutions Service in your territory (see Item 12).

~~You may provide services only at customer locations physically within your Territory. See Item 12 for details.~~

To the extent permitted by applicable law where your franchise is located, we have the right to establish maximum and/or minimum prices that you are required to follow for products and services sold in the franchise. If we have not established pricing policies for particular products or services, you will determine the appropriate pricing.

You are prohibited from subcontracting any of the Environmental Kitchen Solutions Services to others or permitting the Proprietary Marks, System or MFU to be used by anyone other than you. You have no right or power: (a) to sublicense or grant to anyone else any rights to use the Proprietary Marks or the System; (b) to subdivide or partition your Territory; or (c) to permit other Filta franchises to provide Environmental Kitchen Solutions Services in your Territory.

You are prohibited from selling or transshipping any MFU, MFU filters, FiltaCool filters, or any other equipment, supplies, or materials that you obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, you can offer to assist that franchisee with Filta's prior written consent. You are prohibited from selling waste cooking oil to anyone other than Filta unless expressly permitted by Filta.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.6	10 years from the date of the Franchise Agreement.
b. Renewal or extension of the term	Section 3	Two renewal terms of 5 years each.
c. Requirements for you to renew or extend	Sections 3.1 - 3.98	<p>Conditions include: written notice of your intention to renew; no material breaches of the expiring Franchise Agreement; you are offering <u>have current revenue (within the last 60 days) from</u> all products and services then constituting the Environmental Kitchen Solutions Services; you <u>are in the 6K Program for the FiltaBio Service based on its then-current criteria; you</u> have at least 3 Vans in operation; you are not in the bottom 25% of Filta franchises for Revenue Per MFU, Per Capita Revenue (total revenue of your franchise divided by the total population of your Territory), or Market Penetration; your Microfiltration Percentage (the proportion of your FiltaFry Service customers for whom You provide micro-filtering) is 50% or higher; you sign our then-current form of Franchise Agreement; you refurbish and upgrade your equipment and vans; you attend refresher training; and you sign a full release of any claims against us (see Exhibit J. —although not required by the Franchise Agreement, our current policy is that the release will be mutual).).</p> <p>The Franchise Agreement you sign at renewal may contain terms that are materially different from those of your expiring Franchise Agreement, including the fee requirements. If Filta agrees to a term longer than 10 years for the final term, the extended period will be governed by the same agreement as we negotiate for the first 10 years of the final term.</p>
d. Termination by you	Section 21.5; Section 7 of FiltaBio-Addendum; Section 9 of 6K-Addendum	<p>You can terminate the Franchise Agreement at any time without cause, provided that: (i) you are not in default of any of your obligations to Filta; (ii) you give us at least 30 days advance notice of the termination date; (iii) you continue to provide service to customers, conduct demonstrations for potential customers, and fulfill your obligations until the termination date; (iv) you cooperate with us in transitioning the customers serviced by your franchise to us or to a new franchisee; (v) you return all equipment in good condition; (vi) you pay us the Termination Fee (see Item 6); (vii) you comply with all obligations described in "17.i" below; and (viii) you sign a full release of any claims against us. (Although</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		the sample Release in Exhibit J is a mutual release, in this case the Release will not be mutual.) You can terminate your obligation to sell WVO through the FiltaBio program on 30 days' notice if we fail to pay money owed to you under the program within 10 days after notice of nonpayment.
e. Termination by Filta without cause	Not applicable	None, except that the agreement terminates without cause when the term expires.
f. Termination by Filta with "cause"	Section 21	Filta can terminate the Franchise Agreement if you default. See "17.g" and "17.h." below .
g. "Cause" defined – curable defaults	Sections 21.1.2 and 21.2	You have 30 days (5 days for payments that are 60 days past due) to cure defaults other than those listed in h.
h. "Cause" defined – non-curable defaults	Sections 21.1 (except 21.1.2) and 21.3	Non-curable defaults include: failure to complete training to our satisfaction; failure to open business when required; causing a customer to terminate a National Account Contract or other conduct that is detrimental to Filta, the System, the trademarks or other franchisees; conducting business outside of your Territory without Filta's permission or refusing to transition an out-of-Territory customer; using the MFU other than as intended or altering, reverse engineering, or disabling a safety feature on any equipment; unauthorized transfer of your franchise or of an interest in your franchise; breach of non-disclosure requirements; failure to obtain prior written consent from Filta when required; failure to use QuickBooks or any other required information system and not curing the default within 10 days; failing to enter complete and accurate customer contact information in any required Information System and not curing the default within 14 days; repeatedly failing to maintain connection of your information systems to Filta or to permit access by Filta; failing to input into QuickBooks any account, customer or service location; failure to submit a required report within 3 weeks after its original due date; refusing to permit inspection of your books, records, van, MFU, operations or premises; submitting false or misleading information to Filta; failing to service all National Account Contracts in your Territory and not curing the breach within 5 days after notice; ceasing operation of the Filta business without authorization; insolvency or foreclosure; appointment of a receiver for your business; criminal offense; persistent customer complaints; failing to obtain required insurance or to provide proof of insurance; or repeated notices of default. collecting WVO from a customer or third party without authorization; selling WVO to anyone other than Filta without authorization; failing to turn over customer payments that do not belong to you; or year-over-year growth in Base Revenue, in both total dollars and percentage growth, in the bottom 15% of all active franchisees for two consecutive calendar years.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/nonrenewal	Section 22	Obligations include: stop operating under the Filta name and marks; no telephone calls regarding the Filta business; de-identify the van; cancel trade name filing or domain name registration associating you with Filta; return the MFU within 60 days or pay liquidated damages (see Item 6 and Item 14); return any other equipment requested by Filta (for which Filta will pay the used fair market value); deliver all customer lists and contracts to Filta; pay us any amounts owed; and return the Manual. Your obligations not to use or disclose our Confidential Information, to indemnify us, and not to compete with us, among others, survive termination or expiration of the agreement. Also see “17.r” below.
j. Assignment of contract by Filta	Section 19	There are no restrictions on Filta’s right to transfer.
k. “Transfer” by you – defined	Section 20	Includes sale, assignment, giving away, pledging, or encumbering, either voluntarily or by operation of law, any interest in the Franchise Agreement or the assets of your Filta business. Also includes transfer of any ownership interest in the corporation or LLC that you form for the Filta business.
l. Filta’s approval of transfer by you	Section 20.1	Filta has the right to approve all transfers.
m. Conditions for Filta’s approval of transfer	Sections 20.2, 20.3, and 20.4.	<p>If you are transferring your entire Filta business:</p> <ul style="list-style-type: none"> You must: (i) be in compliance with all obligations under the Franchise Agreement, (ii) pay us an application fee for our investigation of the proposed transferee, (iii) pay us a transfer fee (waived if the transferee is your immediate family member), and (iv) sign a full release of any claims against us (see Exhibit J—although not required by the Franchise Agreement, our current policy is that the release will be mutual).J. The proposed transferee must: (i) meet all requirements for new Filta franchisees, (ii) at our option, either execute an agreement assuming all of your obligations and a new Personal Guarantee, or execute a new Franchise Agreement in the form then offered to new franchisees in the U.S.A. (or the form most recently offered, if Filta is not then granting new franchises in the U.S.A.) for an initial 10-year term, and a new Personal Guarantee, and (iii) if we so request, make arrangements to modernize and upgrade the Filta business. <p>If you are transferring a minority ownership interest, you must give us advance notice and a copy of all proposed contracts; be in compliance with your agreements; and sign a release as indicated above.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
n. Filta's right of first refusal to acquire your business	Section 20.7	If you receive a bona fide offer from an independent third party to purchase all or a part of your Filta business, we have the right to purchase on the same economic terms and conditions. We must exercise the right within 30 days after receipt of notice from you. We can substitute cash for any other form of consideration contained in the offer from the third party. Our right of first refusal does not apply if the transferee is your immediate family member (spouse, son or daughter).
o. Filta's option to purchase your business	Not applicable	Not applicable
p. Your death or disability	Section 20.5	Your personal representatives must apply to transfer your interest within 30 days after your death or disability. If the deceased was the approved Operator, we can step in to operate the franchise on an interim basis. If your interest is not disposed of within 150 days (unless extended by order of probate), we can terminate the agreement.
q. Noncompetition covenants during the term of the franchise	Section 23.1	You cannot own, operate, be employed by, provide financing or other assistance or facilities to, or have any other direct or indirect interest in any business that offers services similar to one or more of the Environmental Kitchen Solutions Services (" Competing Business ").
r. Non-competition covenants after the franchise is terminated or expires	Sections 23.2 and 23.3	For 2 years following the expiration or termination of the Franchise Agreement or an approved transfer of the franchise to a new franchisee, you cannot engage in any of the activities described in " 17.q " within any Territory formerly assigned to you or within 25 miles from the perimeter of any Territory formerly assigned to you. For 2 years following the expiration or termination of the Franchise Agreement or an approved transfer of the franchise to a new franchisee, you cannot have any contact with any customers to which you provided services within 1 year before expiration, termination or transfer for purposes of soliciting the customers for a Competing Business at any location.
s. Modification of the agreement	Sections 8.9, 16 and 31	No modification generally without signed agreement, but Filta can modify and improve the Manual and the System.
t. Integration/merger clause	Section 32	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Section 30.2	You must sue us where we have our principal place of business at the time the suit is filed. We can sue you in your Territory or where we have our principal place of business. Suits must be filed within 1 year after the occurrence of the facts giving rise to the claim. You and Filta both waive the right to trial by jury, and you waive the right to a class action. All of these provisions are subject to applicable state law.
w. Choice of law	Section 30.1	Florida law governs (subject to applicable state law).

ITEM 18 PUBLIC FIGURES

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

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.

In this Item we provide certain historical operating results for Filta franchisees in calendar year ~~2023~~2022.

We had ~~428~~123 franchisees in operation as of December 31, ~~2023~~2022. Of these, ~~424~~117 franchisees were in operation and reported revenue for all 12 months of ~~2023~~2022. In the following tables, those ~~424~~117 franchisees are divided into two groups: franchisees who operated in multiple territories (~~87~~86 franchisees) and franchisees who operated in a single territory (~~34~~31 franchisees). Tables 1 and 2 exclude ~~7~~6 franchisees for whom we do not have full-year revenue data for ~~2023~~2022 for one of the following reasons: business first opened during ~~2023~~2022; business permanently closed during ~~2023~~2022; or business did not report revenue to us for all 12 months. For franchised businesses transferred to a new owner during ~~2023~~2022, we combined the data from before and after the transfer.

Our franchisees' total systemwide revenue in 2023 was \$108,894,998.

Table 1 - Multi-Territory Operators

Number of Franchisees	Average Unit Volume	Highest Annual Revenue	Lowest Annual Revenue	Number and % Exceeding Average	Median Annual Revenue

87 <u>86</u>	\$919,039 <u>1,092,706</u>	\$9,847,218 <u>896,643</u>	\$89,073 <u>71,360</u>	23 (26 <u>27</u> (31%)	\$509,272 <u>670,820</u>
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Table 2 - Single-Territory Operators

Number of Franchisees	Average Unit Volume	Highest Annual Revenue	Lowest Annual Revenue	Number and % Exceeding Average	Median Annual Revenue
34 <u>31</u>	\$311,687 <u>402,990</u>	\$1,079,078 <u>198,975</u>	\$41,430 <u>86,975</u>	11 (32 <u>9</u> (29%)	\$242,435 <u>292,690</u>

Of the ~~87~~86 franchisees in Table 1, ~~26~~36 operated in 2 territories, ~~20~~16 operated in 3 territories, ~~16~~13 operated in 4 territories, and ~~22~~21 operated in 5 or more territories in ~~2023~~2022. The territories are defined by mapping software (see Item 12~~-~~) and range from 66,616 to 2,760,304 in population.

The franchisees in Tables 1 and 2 had a total of 527 MFUs in operation and 9,643 distinct customers billed in 2023.

The financial performance representations appearing in this Item 19 constitute a historic representation. ~~We have not audited or independently verified the franchisee reported revenue data used to calculate the figures in the Table.~~ To the best of our knowledge, all of our franchisees use the cash basis of accounting.

-

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tom Dunn, 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1:
System-wide Outlet Summary
For Years ~~2020~~2021 to ~~2023~~2022 (Note 1, 2)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year (Note 2)	Net Change
Franchised	2021 2020	346 318	348 323	+ 25
	2024 2022	348 323	323 340	+ 5 17
	2023 2022	323 340	340 355	+ 17 15
Company-Owned	2021 2020	0	0	0
	2022 2024	0	0	0
	2023 2022	0	0	0
Total	2021 2020	346 318	348 323	+ 25
	2022 2024	348 323	323 340	+ 5 17
	2022 2023	323 340	340 355	+ 17 15

Notes to Table 1:

- (1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
- (2) The figures are for the number of territories in operation at year-end. As of December 31, ~~2023~~2022, we had ~~428~~123 franchisees in operation. The number of territories in operation for each franchisee is shown in Exhibit D. See Table 5 below regarding territories that were not yet in operation under Franchise Agreements that had been signed as of year-end.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2023~~2022

State (Note 1)	Year	Number of Transfers
Arkansas	2021 2020	0
	2022 2024	0 1
	2022 2023	4 0
California	2021 2020	0 2
	2024 2022	2 0
	2023 2022	0
Colorado	2021 2020	0 4
	2022 2024	4 1
	2022 2023	4 0
Florida	2021 2020	0 2
	2022 2024	2
	2022 2023	2 0
Georgia	2021 2020	0
	2022 2024	0 1
	2023 2022	4 0

State (Note 1)	Year	Number of Transfers
Idaho	2021 2020	4 0
	2022 2024	0 1
	2022 2023	4 0
Indiana	2021 2020	0
	2022 2024	0 3
	2022 2023	3 0
Kentucky	2021 2020	1
	2022 2024	4 0
	2022 2023	0
Louisiana	2021 2020	3 0
	2022 2024	0
	2022 2023	0 1
Maryland	2021 2020	0
	2022 2024	0 3
	2022 2023	3 0
Massachusetts	2021 2020	0
	2022 2024	0 2
	2022 2023	2 0
Michigan	2021 2020	0
	2022 2024	0 3
	2022 2023	3 0
Mississippi	2021 2020	0
	2022 2024	0 3
	2022 2023	3 0
Missouri	2021 2020	0
	2022 2024	0 2
	2022 2023	2 0
New Jersey	2021 2020	0 1
	2022 2024	4 0
	2022 2023	0
North Carolina	2021 2020	4 3
	2022 2024	3 1
	2022 2023	4 4
Ohio	2021 2020	0 6
	2022 2024	6 0
	2022 2023	0
Pennsylvania	2021 2020	0
	2022 2024	0 2
	2022 2023	2 8
Rhode Island	2021 2020	0 1
	2022 2024	4 0
	2022 2023	0
South Carolina	2021 2020	0 1
	2022 2024	4 2
	2022 2023	2 0
Texas	2021 2020	0
	2022 2024	0 2
	2022 2023	2 19

State (Note 1)	Year	Number of Transfers
Total	2021 2020	5 21
	2022 2021	24 22
	2022 2023	22 32

Notes to Table 2:

(1) The figures are for the number of territories transferred during the year. States not listed had no transfers during the relevant time period.

Table 3:
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2023~~2022

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
Alabama	2021 2020	8 9	4 0	0	0	0	0	9
	2022 2021	9	0 1	0	0	0	0	9 10
	2022 2023	9 10	4 0	0 2	0	0	0	10 8
Alaska	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Arizona	2021 2020	5	0	0	0	0	0	5
	2021 2022	5	0	0	0	0	0	5
	2022 2023	5	0	0	0	0	0	5
Arkansas	2021 2020	2	0	0	0	0	0	2
	2022 2021	2	0	0	0	0	0	2
	2022 2023	2	0	0 1	0	0	0	2 1
California	2021 2020	23 22	0 6	0	0	0	1	22 27
	2022 2021	22 27	6 1	0	0	0	1	27
	2022 2023	27	4 2	0	0	0	4 0	27 29
Colorado	2021 2020	5	0 1	0	0	0 1	0	5
	2022 2021	5	4 0	0	0	4 0	0	5
	2022 2023	5	0	0	0	0	0	5

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
Connecticut	2021 2020	7	0	0	0	0	0	7
	2022 2024	7	0	0	0	0	0	7
	2022 2023	7	0	0	0	0	0	7
Delaware	2021 2020	2 1	0	0	0	0	4 0	1
	2022 2024	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
District of Columbia	2021 2020	2	0	0	0	0	0	2
	2022 2024	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Florida	2021 2020	28	0 2	0	0	0	0 1	28 29
	2022 2024	28 29	2 6	0	0	0	4 0	29 34
	2022 2023	29 34	6 0	0	0	0	0	34
Georgia	2021 2020	11	0 1	0	0	0	0	11 12
	2022 2024	11 12	1	0	0	0	0	12 13
	2022 2023	12 13	4 0	0 1	0	0	0	13 12
Hawaii	2021 2020	0 1	4 0	0	0	0	0 1	4 0
	2022 2024	4 0	0	0	0	0	4 0	0
	2022 2023	0	0	0	0	0	0	0
Idaho	2021 2020	2	0	0	0	0	0	2
	2022 2024	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Illinois	2021 2020	19 18	0	0	0	0	4 0	18
	2022 2024	18	0	0	0	0	0 1 ⁽²⁾	18 17
	2022 2023	18 17	0	0	0	0	1 ⁽²⁾ 0	17
Indiana	2021 2020	6 5	2 0	2 0	0	4 0	0	5
	2022 2024	5	0	0	0	0	0 1	5 4
	2022 2023	5 4	0 1	0 1	0	0	4 0	4

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
Iowa	2021 2020	1	0	0	0	0	0	1
	2022 2024	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Kansas	2021 2020	2	0	0	0	0	0	2
	2022 2024	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Kentucky	2021 2020	4	0	0	0	0	0	4
	2022 2024	4	0	0	0	0	0	4
	2022 2023	4	0	0	0	0	0	4
Louisiana	2021 2020	10 9	0 1	0	0	1 0	0	9 10
	2022 2024	9 10	1 0	0	0	0	0	10
	2022 2023	10	0	0	0	0	0	10
Maryland	2021 2020	8 9	1 0	0	0	0	0	9
	2022 2024	9	0 1	0	0	0	0	9 10
	2022 2023	9 10	1 0	0	0	0	0	10
Massachusetts	2021 2020	7 8	1	0	0	0	0 2	8 7
	2022 2024	8 7	1	0	0	0	2 0	7 8
	2022 2023	7 8	1	0	0	0 1	0	8
Michigan	2021 2020	11	0	0	0	0	0	11
	2022 2024	11	0 3	0	0	0	0	11 14
	2022 2023	11 14	3 0	0	0	0	0	14
Minnesota	2021 2020	7	0	0	0	0	0	7
	2022 2024	7	0	0	0	0	0	7
	2022 2023	7	0	0	0	0	0	7

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
Mississippi	2021 2020	3	0	0	0	0	0	3
	2022 2024	3	0 1	0	0 1	0	0	3
	2022 2023	3	4 0	0	4 0	0	0	3
Missouri	2021 2020	7	0	0	0	0	0	7
	2022 2024	7	0	0	0 1	0	0	7 6
	2022 2023	7 6	0	0	4 0	0	0	6
Nevada	2021 2020	3	0	0	0	0	0	3
	2022 2024	3	0	0	0	0	0	3
	2022 2023	3	0	0	0	0	0	3
New Hampshire	2021 2020	1	0	0	0	0	0	1
	2022 2024	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
New Jersey	2021 2020	4 3	0	0	0	0	4 0	3
	2022 2024	3	0 2	0	0	0	0	3 5
	2022 2023	3 5	2	0	0	0	0	5 7
New Mexico	2021 2020	1	0	0	0	0	0	1
	2022 2024	1	0 1	0	0	0	0	4 2
	2022 2023	4 2	4 0	0	0	0	0	2
New York	2021 2020	40 11	4 0	0	0	0	0 2	44 9
	2022 2024	44 9	0	0	0	0	2 0	9
	2022 2023	9	0 7	0	0 1	0	0	9 15
North Carolina	2021 2020	13 14	4 0	0	0	0	0	14
	2022 2024	14	0 2	0	0	0	0	14 16
	2022 2023	14 16	2 1	0	0	0	0	16 17
North Dakota	2021 2020	2	0	0	0	0	0	2

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
	2022 <u>2024</u>	2	0	0	0	0	0	2
	2022 <u>2023</u>	2	0	0	0	0	0	2
Ohio	2021 2020	23	0 <u>1</u>	0	0	0	0	23 <u>24</u>
	2022 2024	23 <u>24</u>	4 <u>2</u>	0	0	0	0 <u>1</u>	24 <u>25</u>
	2022 <u>2023</u>	24 <u>25</u>	2 <u>1</u>	0	0	0	4 <u>0</u>	25 <u>26</u>
Oklahoma	2021 2020	2	0	0	0	0	0	2
	2022 2024	2	0 <u>1</u>	0	0	0	0 <u>2</u>	2 <u>1</u>
	2022 <u>2023</u>	2 <u>1</u>	4 <u>0</u>	0	0	0	2 <u>0</u>	1
Oregon	2021 2020	1	0	0	0	0	0	1
	2022 2024	1	0 <u>2</u>	0	0	0	0	4 <u>3</u>
	2022 <u>2023</u>	4 <u>3</u>	2 <u>0</u>	0	0	0	0	3
Pennsylvania	2021 2020	9	4 <u>0</u>	0	0	0	4 <u>0</u>	9
	2022 2024	9	0 <u>1</u>	0	0	0	0	9 <u>10</u>
	2022 <u>2023</u>	9 <u>10</u>	4 <u>2</u>	0	0	0	0	40 <u>12</u>
Rhode Island	2021 2020	2	0	0	0	0	0	2
	2022 2024	2	0	0	0	0	0	2
	2022 <u>2023</u>	2	0	0	0	0	0	2
South Carolina	2021 2020	9	0	0	0	0	0	9
	2022 2024	9	0	0	0	0	0	9
	2022 <u>2023</u>	9	0	0	0	0	0	9
Tennessee	2021 2020	10	0	0	0	0	0	10
	2022 2024	10	0	0	0	0	0	10
	2022 <u>2023</u>	10	0	0	0	0	0	10
Texas	2021 2020	32 <u>34</u>	2 <u>1</u>	0	0	0	0	34 <u>35</u>
	2022 2024	34 <u>35</u>	4 <u>0</u>	0	0	0	0 <u>1</u>	35 <u>34</u>
	2022 <u>2023</u>	35 <u>34</u>	0	0	0	0	4 <u>0</u>	34
Utah	2021 2020	1	0	0	0	0	0	1

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 1)	Ceased Operations Other Reasons	Outlets at End of Year
	2022 2021	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Virginia	2021 2020	8	0	0	0	0 <u>1</u>	0	8 <u>7</u>
	2022 2021	8 <u>7</u>	0	0	0	1 <u>0</u>	0	7
	2022 2023	7	0 <u>3</u>	0	0	0	0	7 <u>10</u>
Washington	2021 2020	2	0	0	0	0	0	2
	2022 2021	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Wisconsin	2021 2020	2	0	0	0	0	0	2
	2022 2021	2	0	0	0	0	0	2
	2022 2023	2	0 <u>2</u>	0	0	0	0	2 <u>4</u>
Totals	2020 2021	316 <u>318</u>	41 <u>14</u>	2 <u>0</u>	0	2	5 <u>7</u>	318 <u>323</u>
	2022 2021	318 <u>323</u>	44 <u>26</u>	0	0 <u>2</u>	2 <u>0</u>	7	323 <u>340</u>
	2022 2023	323 <u>340</u>	26 <u>22</u>	0 <u>5</u>	2 <u>1</u>	0 <u>1</u>	7 <u>0</u>	340 <u>355</u>

Notes to Table 3:

- (1) We hold the territories reacquired from franchisees, along with any equipment reacquired, for resale to new or existing franchisees. We have no company-owned territories in operation.
- (2) The reported closing in Illinois is to adjust for the inadvertent double-counting of a territory for one Illinois franchisee. No actual territory ceased operation.

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Table 4:
Status of Company-Owned Outlets
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Re-Acquired from Franchisee (Note 1)	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States Massachusetts	2020 2021	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0
	2022 2023	0	0	01	0	01	0
Totals	2020 2021	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0
	2022 2023	0	0	01	0	01	0

Notes to Table 4:

(1) We do not operate in Territories reacquired from franchisees (see Table 3); we hold the Territories reacquired from franchisees, along with any equipment reacquired, for resale to new or existing franchisees. We have no company-owned territories in operation.

Table 5:
Projected Openings as of December 31, ~~2022~~2023

State	Franchise Agreement Signed But Territory Not Open as of December 31, 2022 2023 (Note 1)	Projected New Franchise Territories in Fiscal Year 2023 2024 (Note 2)	Projected New Company-Owned Territories in Fiscal Year 2023 2024
Arkansas	0	1	0
California	0	1	0
Georgia	0	1	0
Maryland	0	1	0
Nebraska	0	1	0
New York	0	1	0
Washington	0	1	0
West Virginia	0	1	0
Total	0	6	0

Notes to Table 5:

- (1) This column refers to the number of territories covered by Franchise Agreements signed on or before December 31, ~~2022~~2023 by franchisees who had not yet started business as of that date.
- (2) This column refers to the number of territories that Filta expects to ~~be covered by new~~open under Franchise Agreements ~~signed in~~ ~~2023~~2024.

* * * * *

Exhibit D to this disclosure document contains a list of the names, addresses, and telephone numbers of all Filta franchisees in the USA as of December 31, ~~2022~~2023. The list also shows the number of territories in operation for each franchisee.

Exhibit D also contains a list of the franchisees that ceased to operate a franchise territory during ~~2022~~2023. Some of the franchisees who ceased to operate a franchise territory continue to operate in one or more other franchise territories. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. There are no Filta franchisees who have not communicated with us within ten weeks before the date of this disclosure document.

Certain current and former franchisees have signed confidentiality clauses with us during the last 3 fiscal years in connection with the settlement of disputes. Those current and former franchisees may be restricted from speaking openly about their experience with Filta. You may wish to speak with current and former franchisees, but be aware that not all of them will be able to communicate with you.

Filta has not created or sponsored any trademark-specific franchisee organizations associated with the franchise system. ~~No independent franchisee organizations have asked to be included in this disclosure document.~~

No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit E to this disclosure document contains the audited comparative balance sheet of The Filta Group, Inc. as of December 31, ~~2022~~2023, December 31, ~~2022~~2024, and December 31, ~~2020~~2021 and the related audited statements of income, changes in stockholder's equity and cash flows for the years then ended. ~~Exhibit E also includes our unaudited balance sheet dated March 31, 2023 and our profit and loss statement for the period from January 1, 2023 through March 31, 2023.~~

ITEM 22 CONTRACTS

The following sample contracts are included in this disclosure document:

- | | |
|-----------|---|
| Exhibit A | Franchise Agreement (including Personal Guarantee, FiltaBio Addendum, and FiltaBio 6K Addendum) |
| Exhibit B | Deposit Letter Agreement |
| Exhibit F | Pre-Signing Questionnaire (not applicable in Maryland or to prospective franchisees in CA, HI, IL, IN, MI, MN, NY, ND, RI, SD, VA, WA and WI) |
| Exhibit I | Additional State-Required Information and State Contract Addenda |
| Exhibit J | Sample of Release to be signed when you renew or transfer the franchise |

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document, return one copy to us and retain the other for your records.

EXHIBIT A

FRANCHISE AGREEMENT, ~~FILTABIO ADDENDUM, AND FILTABIO 6K ADDENDUM~~



®

=====

FRANCHISE AGREEMENT

=====

DATED _____

between

THE FILTA GROUP INC.,
a Delaware corporation

and

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ATTACHMENTS:

Schedule

Personal Guarantee

Exhibit 1 - Termination Fee

~~Exhibit 2—FiltaBio Addendum~~

~~Exhibit 3—FiltaBio 6K Addendum~~

FILTA FRANCHISE AGREEMENT

PARTIES:

- (1) **THE FILTA GROUP INC.**, a Delaware corporation whose principal place of business is at 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819 ("**we**" or "**Filta**"); and
- (2) _____, a(n) **individual, limited liability corporation, corporation**, whose address is _____ ("**You**" or "**Franchisee**").

RECITALS:

A. Filta is in the business of franchising others to operate Filta Environmental Kitchen Solutions® businesses, which provide certain services to restaurants, catering establishments, and institutional kitchens. The services currently include:

Service	Description
" FiltaFry Service "	On-site microfiltration of cooking oil using a proprietary filtration machine, fryer cleaning, temperature calibration, advice on good frying practices, and on-site dumping of used oil
" FiltaBio Service "	Collection of waste cooking oil from customers' premises and sale to Filta, to be resold mainly to biofuel producers
" FiltaCool Service "	Placement of special filters in walk-in coolers, freezers and other refrigeration units to provide all-natural temperature, humidity, and odor control
" FiltaGold Service "	Sale and delivery of new cooking oil to customers
" FiltaDrain Service "	Application of live bacterial solution to drainage pipes to clear blockages and remove odors
" FiltaSteam <u>FiltaClean</u> Service"	Commercial kitchen deep cleaning and sanitizing using steam and other methods

B. We have developed and own a distinctive set of specifications and operating procedures (collectively, the "**System**") for Filta Environmental Kitchen Solutions® businesses. The distinguishing characteristics of the System include, but are not limited to, the proprietary FiltaFry Mobile Filtration Unit ("**MFU**") and filters for microfiltration of cooking oils; the proprietary FiltaCool filters for walk-in cooler and refrigeration units; the FiltaGold proprietary on-site equipment; specially equipped vans to transport Filta equipment and products to customer sites; specifications for additional equipment and

accessories; and the accumulated experience reflected in Filta's training program, operating procedures, customer service standards, and marketing techniques; all of which Filta may change, improve and further develop from time to time.

C. Filta identifies the businesses operating under the System by means of the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® logo shown on the cover page to this Agreement, and such other trademarks, service marks, trade names, signs, logos and other indicia of origin as Filta may designate from time to time for use with the System (collectively, the **"Proprietary Marks"**).

D. You understand the importance of Filta's high standards of quality, cleanliness, appearance and service; of opening and operating Filta businesses in accordance with the Franchise Agreement and Filta's standards, specifications and procedures; and of monitoring Your performance in the Territory.

IT IS AGREED as follows:

1 DEFINITIONS

In this Agreement, unless the context otherwise requires:

"Annual Adjustment"	means an increase in the amount of a fee equal to the greater of: (i) the increase in the U.S. Consumer Price Index - All Urban Consumers for the calendar year; or (ii) 2.5% of the then-current monthly amount of that fee.
<u>"Base Revenue"</u>	<u>means all revenue from all services other than the FiltaBio Service and the FiltaGold Service, including the value of all services performed and of all related goods sold and delivered by You, and all other income of every kind related to the Franchise. "Base Revenue" (i) includes any proceeds You receive from a business interruption insurance claim; and (ii) does not include any sales taxes or other taxes You collect from customers and pay directly to the appropriate taxing authority.</u>
"Business Volume"	means the aggregate value per week, measured at any particular point in time, of the customer accounts You <u>service serviced</u> (including, if applicable, National Account Contracts under Article 9). For purposes of this clause, each customer account will be valued on the assumption that the customer will continue service at the same level (frequency and scope of work) as most recently ordered.
"Centralized Account"	means a customer that does not have <u>either (i) has</u> a National Account Contract but (i, or (ii)) owns, operates, controls, or represents multiple locations at which Environmental Kitchen

	Solutions Services may be performed; and (ii) requests centralized billing of such services through Filta.
"Company"	means a corporation or limited liability company that You form to own the Franchise.
"Confidential Information"	means any information not known to the public concerning You, Filta or the System (whether written, oral, visual, electronic, or in any other form or media), including but not limited to information concerning: (a) Filta's products and services, customers, suppliers, accounts, finances, or other dealings, transactions or affairs; (b) Filta's relationships with its franchisees and former franchisees and their respective principals, owners, and prospective investors; (c) Filta's relationships with its shareholders and employees and former shareholders and employees; (d) technical information, drawings, engineering data, equipment and performance specifications, quality control information, equipment cost and price information; (e) marketing plans, advertising plans, business plans, territorial development strategies, and training curricula; (f) other information of a similar nature which You obtain as a result of Your association with Filta; and (g) any and all works of authorship and material that You prepare based on Confidential Information, whether prepared individually, collectively or jointly with Filta or a third party.
"Environmental Kitchen Solutions Services"	means, collectively, the FiltaFry Service, the FiltaBio Service, the FiltaCool Service, the FiltaGold Service, the FiltaDrain Service, and the FiltaSteam FiltaClean Service, as those services may be modified by Filta or supplemented by Filta under clause 16.2 of this Agreement, and all products sold to customers in conjunction with the services.
"Equipment"	means those items contained in the Equipment Package and any other similar items purchased or leased by You for the Franchise.
"Equipment Package"	means, collectively, the items of equipment set out in the Schedule.
"FDD"	means the Franchise Disclosure Document then used by Filta to offer franchises in the U.S.A. (or the Franchise Disclosure Document most recently used, if Filta is not then offering new franchises in the U.S.A.).

"Fee Payment Date"	means the 28th of each Month (or the next business day, if the 28th falls on a weekend or federal holiday).
"FiltaBio Revenue"	means gross revenue arising directly or indirectly from the provision of the FiltaBio Service, including the value of all FiltaBio services performed and of all related goods sold and delivered by You, and , <u>"FiltaBio Revenue" (i) includes any assumed gross revenue calculated for the purposes of any loss of profits or proceeds You receive from a business interruption insurance claim; and (ii) does not include any sales taxes or other taxes You collect from customers and pay directly to the appropriate taxing authority.</u>
"FiltaCool Service Fee"	means a monthly charge of \$3 per FiltaCool filter ordered and delivered to you. Filta has the right to adjust the FiltaCool Service Fee at any time on 90 days' notice.
"FiltaDrain Revenue"	means gross revenue arising directly or indirectly from the provision of the FiltaDrain Service, including the value of all FiltaDrain services performed and of all related goods sold and delivered by You, and any assumed gross revenue calculated for the purposes of any loss of profits or business interruption insurance claim.
"FiltaGold Revenue"	means gross revenue arising directly or indirectly from the provision of the FiltaGold Service, including the value of all FiltaGold services performed and of all related goods sold and delivered by You, and , <u>"FiltaGold Revenue" (i) includes any assumed gross revenue calculated for the purposes of any loss of profits or proceeds You receive from a business interruption insurance claim; and (ii) does not include any sales taxes or other taxes You collect from customers and pay directly to the appropriate taxing authority.</u>
"FiltaGold Royalty"	4% of your FiltaGold Revenue.
"FiltaSteam Revenue"	means gross revenue arising directly or indirectly from the provision of the FiltaSteam Service, including the value of all FiltaSteam services performed and of all related goods sold and delivered by You, and any assumed gross revenue calculated for the purposes of any loss of profits or business interruption insurance claim.
"FiltaSteam Royalty"	4% of your FiltaSteam Revenue.

"Franchise"	means the Filta Environmental Kitchen Solutions business that You operate in accordance with the provisions of this Agreement, including its attachments.
"Franchise Portal"	means one or more password-protected sites designated by Filta for use by franchisees and having such features and terms of use as Filta may determine from time to time.
<u>"Gross Revenue"</u>	<u>means the sum of Base Revenue, FiltaBio Revenue, and FiltaGold Revenue.</u>
"Information Systems"	means, collectively, the Franchise Portal, QuickBooks (as defined below), <u>Filta Symphony, Field Service Applications,</u> and other web-based technology services required under this Agreement.
"Information System User Fee"	means a flat monthly charge of: (i.e., does not increase if your revenue increases) of \$46) <u>\$200</u> per month (as of May 2023) <u>Month until Your Gross Revenue first reaches \$1,000,000 for access to a calendar year; and then (ii) starting in the Franchise Portal following calendar year, a flat monthly charge of \$300 per Month.</u> Filta has the right to adjust the Information System User Fee once per calendar year, on or before December 31, by the amount of the Annual Adjustment.
"Manual"	means the operations manual containing Filta's mandatory and recommended specifications and procedures for operation of Filta Environmental Kitchen Solutions® businesses, as amended by Filta from time to time.
"Market Penetration"	means the number of customers serviced by a franchisee in a given geographic area defined as a "territory" by the mapping software designated by Filta, divided by the total addressable potential customers for that territory (as defined by Filta from time to time).
"Marketing Contribution"	means a flat monthly charge (i.e., does not increase if your revenue increases) of \$150 per month as of May 2023. Filta has the right to adjust the Marketing Contribution once per calendar year, on or before December 31, by the amount of the Annual Adjustment. <u>means a monthly fee equal to 1% of Base Revenue for the prior Month.</u>

"MFU"	means the proprietary mobile filtration machine used in the FiltaFry Service.
"MFU Filters"	means the filters specifically designed and manufactured for use in the MFU.
<u>"Minimum Royalty"</u>	<u>means the minimum amount You must pay Filta each Month for the Base Royalty. As of the date of this Agreement, the Minimum Royalty is \$650 per Month. Filta has the right to adjust the Minimum Royalty once per calendar year, on or before December 31, by the amount of the Annual Adjustment.</u>
"Month"	means a calendar month.
"National Account Contract"	means an arrangement between Filta and a customer for delivery of one or more Environmental Kitchen Solutions Services at multiple locations of the customer or its brand. Filta has sole discretion as to whether to pursue a National Account Contract with a particular customer, the manner of negotiation of the National Account Contract, and the terms and conditions of the National Account Contract.
"Opening Date"	means: (a) for a new franchise, the date scheduled by Filta for the arrival of the business development manager(s) to begin the Sales Support Period pursuant to clause 7.1.; or (b) if You acquire the business by transfer from a previous franchisee, the closing date of the transfer.
"Opening Package"	means the Equipment Package, uniforms, marketing materials, vehicle preparation, Stock and Stationery listed in the Schedule.
"Owners"	means all of Your shareholders, partners, or members, if You are a corporation, partnership, or limited liability company. This includes all persons whom Filta may subsequently approve to acquire an interest in You.
"Premises"	means Your business office at the location specified in the Schedule or another location approved by Filta pursuant to clause 2.1.

"QuickBooks"	means the version of Intuit's "QuickBooks" small business financial software program designated by Filta from time to time.
"Schedule"	means the Schedule attached to this Agreement. The Schedule is an integral part of this Agreement and references to "this Agreement" include the Schedule.
"Service Fee"	means a flat monthly fee (i.e., fee does not increase if your revenue increases) of \$650 per Month times the number of MFUs You have, the number of Vans You have, or the number of Territories in which You operate, whichever is the greatest number of the three. Filta has the right to adjust the Service Fee once per calendar year, on or before December 31, by the amount of the Annual Adjustment.
"Stationery"	means business cards, stationery and other materials in which You identify the Franchise and that bear any of the Proprietary Marks.
"Stock"	means the initial supply of MFU Filters, FiltaCool filters, and other items set out in the Schedule.
"Supply Payment Date"	means the 7th of each Month (or the next business day, if the 7th falls on a weekend or federal holiday).
"Territory"	means the geographic area assigned by Filta to the Franchise, consisting of one or more territories defined by the mapping system designated by Filta. The initial Territory is specified in the Schedule but may be modified as expressly provided in this Agreement or by written agreement of the parties. In the event of a conflict between a printed map of the Territory and the Territory as defined by the mapping system designated by Filta, the mapping system will control.
"Van"	means a vehicle meeting Filta's specifications that You use to transport the MFU and other Equipment and products to provide Environmental Kitchen Solutions Services at customer locations.

FRANCHISE RIGHTS AND TERM

- 2.1 Filta grants You the right, and You undertake the obligation:
- 2.1.1 to operate the Franchise within the Territory only;
 - 2.1.2 to use the Proprietary Marks and System solely in connection with the operation of the Franchise; and
 - 2.1.3 to provide Environmental Kitchen Solutions Services solely from the Vans and the Premises or such other premises as may be approved in writing by Filta.
- 2.2 While this Agreement is in effect, and except as otherwise provided in clause 2.7, clause 3.1, Article 9, or elsewhere in this Agreement or an addendum, Filta will not operate or license any person other than You to operate a business offering Environmental Kitchen Solutions Services under the Proprietary Marks or any other names or marks from premises or a Van within the Territory. Except as specifically provided in the previous sentence, Filta and its affiliates may engage in any business activities, under any name, in any geographic area and at any location, including within the Territory via the Internet, mobile networks, or any other electronic means.
- 2.3 **You are prohibited from conducting any business of the Franchise outside of your defined Territory by any means without Filta's express written consent.** If You engage in any unauthorized activities outside of the Territory (including but not limited to providing services to customers, advertising for business, making sales calls, or performing demonstrations), Filta will have the right to terminate this Agreement by written notice, effective immediately.
- 2.4 If Filta authorizes You to service one or more customer locations outside of your defined Territory, and Filta subsequently grants a franchise for a territory that covers the authorized customer location(s), Filta will give You notice and You will be required to transfer the servicing of those customer location(s) to the new franchisee within a time period determined by Filta with Your input. ~~You acknowledge that~~ You will not be entitled to any compensation if this happens and You agree to assist the incoming franchisee with the transition in a professional manner. If You delay or interfere with the transition, or if You stop servicing a significant portion of the affected customer locations before the scheduled transition date, Filta will have the right to terminate the Franchise Agreement by written notice, effective immediately.
- 2.5 You are prohibited from subcontracting any of the Environmental Kitchen Solutions Services to others or permitting the Proprietary Marks, System or MFU to be used by anyone other than You. You have no right or power: (a) to sublicense or grant to anyone else any rights to use the Proprietary Marks or the System; (b) to subdivide or partition the Territory; or (c) to permit other Filta franchises to provide Environmental Kitchen Solutions Services in the Territory.
- 2.6 The term of this Agreement expires 10 years from the date shown on the cover page.
- 2.7 Starting in the ~~13th~~25th Month after the Opening Date, if You are not offering customers all of the Environmental Kitchen Solutions Services, Filta will have the right, ~~on reasonable~~with 30 days notice, to revoke your exclusivity under clause 2.2 for any omitted service. This is in

addition to any other remedies Filta may have. For purposes of this clause, “not offering” will be determined from the circumstances, but in any case You will be deemed to be “not offering” a service if You have no current revenue for that service within the prior 12 Months.

- ~~2.8 — Starting in the 25th Month after the Opening Date of each territory within Your overall Territory, if Your Market Penetration in the territory is in the bottom 25% of all active Filta territories for the core FiltaFry business, Filta may call a territory review meeting. As part of the review meeting, You must present a 12-month plan to increase Market Penetration in the territory above the bottom 25% of active Filta territories. At the end of 12 months from the review meeting, if Your Market Penetration in the reviewed territory remains in the bottom 25% of active Filta territories for the core FiltaFry business, Filta will have the right to modify the boundaries of the reviewed territory or remove it entirely from the list of territories comprising Your overall Territory.~~

3 CONDITIONS OF RENEWAL

Subject to satisfaction of the conditions below, at the end of the initial 10-year term in clause 2.6, You will have the option to renew the franchise relationship. The first renewal term will be for 5 years. If You satisfy the conditions below and choose to renew again at the end of the first renewal term, You will have one final term of 5 years. Filta may require satisfaction of any or all of the following conditions at each renewal:

- 3.1 You must notify Filta in writing, not more than 12 Months nor less than 9 Months before the end of the expiring term, that You wish to renew. If we have not received such written notice from You as of 9 Months before the end of the expiring term, the limited protection for the Territory provided in clause 2.2 will terminate and no longer restrict Filta from operating or licensing a person other than You to operate a business offering Environmental Kitchen Solutions Services under the Proprietary Marks or any other names or marks from premises or a Van within the Territory.
- 3.2 You must have no material breaches of this Agreement outstanding at the date You give the notice referred to in clause 3.1 or in the period between that date and the expiration of the term.
- 3.3 You must have performed Your obligations during the expiring term to the reasonable satisfaction of Filta, including but not limited to having timely adopted and consistently used all Filta Information Systems during the expiring term.
- 3.4 At the date You give the notice referred to in clause 3.1, You must ~~be offering to~~ have current revenue (within the public last 60 days) from all of the products and services then constituting the Environmental Kitchen Solutions Services, You must be in the 6K Program for the FiltaBio Service based on its then-current criteria, and You must have at least 3 Vans in operation.
- ~~3.5 — You must qualify based on Your Revenue Per MFU, Per Capita Revenue, Market Penetration, and Microfiltration Percentage during the period between giving the notice referred to in clause 3.1 and the end of the expiring term. “Per Capita Revenue” means the total revenue of Your franchise for that period divided by the total population of Your Territories at the end of the period. “Microfiltration Percentage” means the proportion of Your FiltaFry service customers~~

~~for whom You provide micro-filtering during that period. If You are in the bottom 25% of Filta franchises in the U.S.A. for Revenue Per MFU, Per Capital Revenue, or Market Penetration for the core FiltaFry business, or if Your Microfiltration Percentage is below 50%, Filta may either (i) refuse to renew the franchise relationship; or (ii) renew the franchise relationship only if You agree to reduce the size of, redefine the boundaries of, or remove territories from the list of authorized territories in Your Territory.~~

- ~~3.6~~3.5 Before the end of the expiring term, You must sign a renewal Franchise Agreement in the form then disclosed in the FDD as the Franchise Agreement offered to new franchisees in the U.S.A. (or the form most recently offered, if Filta is not then granting new franchises in the U.S.A.). The renewal Franchise Agreement will take effect the day after the expiring term ends. The provisions of the renewal franchise agreement may differ from and will supersede the terms of this Agreement. However: (1) You will not have to pay another Territory Fee; (2) Filta will not have to perform any pre-opening obligations specified in the new franchise agreement or provide another Sales Support Period; and (3) notwithstanding anything to the contrary in the renewal franchise agreement, Your second 5-year renewal option will continue to be governed by Article 3 of this Agreement. If You exercise Your final 5-year renewal option and satisfy the renewal conditions, including the signing of Filta's then-current form of franchise agreement, You will have such further opportunity to renew as that franchise agreement may specify.
- 3.~~7~~6 You must refurbish and upgrade the Equipment and each Van at your own expense, to the extent that Filta reasonably deems to be necessary, within the time prescribed by Filta. If You fail to carry out the refurbishment and upgrading referred to in this clause, Filta will have no obligation to grant a renewal.
- 3.~~8~~7 You and any person specified by Filta must complete such re-training or refresher training as Filta may require, at your own expense.
- 3.~~9~~8 You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees.

4 FEES AND PAYMENTS

- 4.1 You must pay Filta the following initial amounts:

~~_____ Territory Fee _____ \$39,950~~

~~_____ 4.1.1 The sum of \$39,950 (the "Base Fee") plus, if applicable, an "Existing Customer Fee" of two (2) times the annual revenue from customers in the Territory at the time You sign this Agreement, if the Territory has an existing customer base due to the servicing of customers by one or more Filta franchisees from neighboring territories. The sum of the Base Fee and the Existing Customer Fee is the "Territory Fee."~~

~~_____ 4.1.2 The purchase price of \$69,950 for the Opening Package _____ \$69,950.~~

~~_____ Total _____ \$109,900~~

If You paid Filta a deposit before signing this Agreement, Filta will apply the deposit to the Territory Fee when You sign this Agreement. The balance due for the Territory Fee and the Opening Package must be paid to Filta ~~6 weeks before the Opening Date or 90 days from when You sign~~upon signing this Agreement, ~~whichever is earlier~~. The Territory Fee and Opening Package price are non-refundable even if You fail to open the Franchise for business.

If You sign this Agreement in connection with acquiring the ~~business~~Franchise by transfer from a previous franchisee, ~~in the Territory, the Territory Fee and Opening Package do not apply, but~~ You must pay Filta a Transition/Training Fee of \$9,950 before You start business in the Territory.

4.2 You must pay Filta ~~the following~~ ongoing fees, as ~~applicable~~follows:

4.2.1 ~~The Service Fee;~~A monthly royalty fee (the "Base Royalty") equal to the greater of: (i) the amount determined by applying the royalty percentage(s) in the schedule below to Base Revenue for the prior Month; or (ii) the Minimum Royalty of \$650.

~~4.2.2 The FiltaCool Service Fee;~~

<u>Increment of Base Revenue for the Calendar Year</u>	<u>Royalty Percentage Applicable to Increment of Base Revenue</u>
<u>\$0 - \$1,000,000</u>	<u>6.50%</u>
<u>\$1,000,001 - \$2,500,000</u>	<u>6.00%</u>
<u>\$2,500,001 - \$5,000,000</u>	<u>5.00%</u>
<u>\$5,000,001 - \$10,000,000</u>	<u>4.50%</u>
<u>\$10,000,001+</u>	<u>4.00%</u>

The Base Revenue increments are the year-to-date Base Revenue for the calendar year. The royalty percentage will reset to 6.5% on January 1st of each year. We can adjust the increments of Base Revenue and/or the Minimum Royalty once per calendar year by the amount of the Annual Adjustment.

4.2.2 A separate monthly royalty fee equal to 4% of FiltaGold Revenue for the prior Month (the "FiltaGold Royalty").

~~4.2.34~~ The monthly Marketing Contribution; calculated on Base Revenue for the prior Month.

4.2.45 The monthly Information System User Fee;

and 4.2.56 The ~~WVO Sales Fee~~, monthly FiltaBio Royalty (as defined in clause 8.2.1~~;~~), if applicable;

4.2.7 The ~~FiltaGold Royalty~~;

~~4.2.8 The FiltaSteam Royalty; and~~ monthly

~~4.2.9 The~~ Conference Fee, as defined in clause 4.3.

4.3 When you pay the ~~Service Fee~~ Base Royalty each month, You must also pay Filta a fee for Filta's national conference fee in the amount specified in the Manual of franchise owners (the "**Conference Fee**"). As of the date of this Agreement, the Conference Fee is \$45 per Month per Franchise, regardless of the number of Territories covered by the Franchise Agreement. Filta can increase the Conference Fee on reasonable notice and/or change the per-franchise methodology. ~~If; changes will be specified in the Manual.~~ You are encouraged to attend ~~Filta's conference~~ both the National Conference and regional meetings for franchise owners. When you attend the National Conference, Filta will refund the Conference Fees collected from You since the prior ~~conference~~ National Conference. If You do not attend the ~~conference~~ National Conference, Filta will use the Conference Fees collected from you to defray general expenses of the ~~conference~~ National Conference. In order to obtain uniformity with respect to Conference Fees, You agree that all of Your existing franchise agreements with Filta, if any, are hereby amended to include the provisions of this clause 4.3 (if the existing franchise agreements do not already include this provision) and, in the event of a conflict between an existing agreement and this Agreement with respect to the Conference Fee, clause 4.3 of this Agreement will control. Filta reserves the right to determine the scheduling of each ~~conference~~ National Conference and regional meeting, but expects to hold ~~a conference~~ the National Conference no more often than annually.

4.4 You must pay the ~~fees listed in clause 4.2~~ Base Royalty, Marketing Contribution, Information System User Fee, Conference Fee, FiltaBio Royalty, and FiltaGold Royalty (collectively, "**Monthly Fees**") to Filta on the Fee Payment Date without any abatement, set off or deduction. ~~If~~ However, if this Agreement is for a new Franchise, ~~the Service Fee, FiltaCool Service Fee, Marketing Contribution, FiltaGold Royalty, and FiltaSteam Royalty~~ there are no Monthly Fees for the first three Months after the Opening Date; the Monthly Fees will begin in the 4th Month following the Opening Date. ~~If You are signing this Agreement in connection with the purchase of is for an existing Filta business, the Service Fee, FiltaCool Service Fee, Marketing Contribution, FiltaGold Royalty, Franchise transferred from a previous operator, all Monthly Fees will begin in Your first month of ownership and FiltaSteam~~ the Base Royalty start immediately will be calculated under clause 4.2 using the previous operator's Base Revenue in the prior Month and for the calendar year to date.

4.5 For all amounts You owe Filta, You must use the payment method that we designate. Because we currently require payment by electronic funds transfer, You must designate an account at a commercial bank (the "**Account**") and furnish the bank with all authorizations necessary to permit us to transfer funds from the Account. On each Fee Payment Date, Filta will transfer from the Account an amount equal to the ~~total sum~~ of the ~~fees~~ Base Royalty, FiltaGold Royalty, Marketing Contribution, Information System User Fee, FiltaBio Royalty, and Conference Fee then due from You, as determined by Filta from Your online reporting through QuickBooks. On each Supply Payment Date, Filta will transfer from the Account an amount equal to Your

aggregate purchases and other amounts then due from You. We will furnish You with a confirmation of each transfer. You agree to maintain sufficient funds in the Account to cover all amounts payable to us. If funds in the Account are insufficient to cover the amounts payable at the time we initiate the funds transfer, the amount of the shortfall will be deemed overdue, and You agree to pay us, on demand, the overdue amount plus daily interest as provided in clause 4.6, plus any bank fees we may incur as a result of lack of funds in Your Account. Filta may also suspend shipment of filters until such time as the past due amount is paid. These remedies are in addition to any other remedies we may have under this Agreement or applicable law. Our right to effect payment by electronic funds transfer does not impair or diminish Your obligation to make payment when due.

- 4.6 If any payment due to Filta is not received in full by the due date, You agree to pay us daily interest on the amount owed, calculated from the due date until paid at the rate of 18% per annum (or the maximum rate permitted by law, if less than 18% per annum).
- 4.7 You agree to pay all applicable taxes and other fees due to any local, state, or federal government arising from the operation of the Franchise. In addition, You must pay to Filta an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Filta with respect to any payments we receive under this Agreement. You agree to hold us harmless from all claims and demands with respect to taxes that You owe arising from the operation of the Franchise. Except as provided in this Section, You shall have no obligation for any taxes incurred by Filta.
- 4.8 If You submit to Filta the pertinent portions of your tax return for the prior calendar year showing the bad debt expense You reported to the IRS for uncollectible invoices for services performed by the Franchise in the prior calendar year, You will be entitled to a credit against the Base Royalty during the current calendar year of the Term (the "Bad Debt Credit"). The amount of the Bad Debt Credit will be calculated as the Average Base Royalty Percentage paid in the previous calendar year multiplied by the bad debt expense reported to the IRS. The Bad Debt Credit will be applied to the monthly Base Royalty in the current calendar year until the credit is exhausted.

5 PRE-OPENING OBLIGATIONS

- 5.1 Filta will provide the following assistance and materials to You before You begin offering Environmental Kitchen Solutions Services to customers:
- 5.1.1 the Manual - upon successful completion of the training specified in clause 5.1.3 below, access to the Manual via the Franchise Portal, for use solely by You and your staff;
- 5.1.2 the Opening Package, including preparation of a Van as provided in the Schedule;
- 5.1.3 Training - A combination of training at a site designated by Filta, field training, and training in your Territory, all as specified in the Manual.
- 5.2 At Your own expense, You must obtain a Van meeting Filta's specifications before the Opening Date, and You must deliver the Van to a location designated by Filta for Van preparation work

under clause 5.1.2. The Van must not be more than two model years old and have no more than 30,000 miles on the odometer at the time You acquire it. You must fit the Van with a bulkhead and shelving according to Filta's specifications. If You request and Filta approves the use of a vehicle other than the make(s) and model(s) specified by Filta, ~~You acknowledge that~~ Filta may charge You at Filta's cost for any and all non-standard Van preparation work, which will be in addition to the cost of the Opening Package.

5.3 If You initially enter into this Agreement with Filta as an individual or partnership, You must establish a Company and transfer Your Agreement to the Company before the Opening Date in accordance with clause 20.4 below. You must satisfy the following requirements at the time You organize the Company and throughout the remaining term of this Agreement:

5.3.1 You must provide Filta with proof from the State that the Company is in existence and in good standing.

5.3.2 You must designate, subject to Filta's approval, one of the Owners (the "**Operator**") to be personally responsible for performance of all obligations and requirements relating to the Franchise. The Operator must have the power to speak for the Franchise and to bind the Company in any dealings with Filta.

5.3.3 The Operator and all other Owners must sign a Personal Guarantee of the Company's obligations in the form prescribed by Filta. The current form of Personal Guarantee is attached to this Agreement.

5.3.4 The legal name of the Company must have no connection whatsoever to Filta's brand identity names for the various Environmental Kitchen Solutions Services. In particular, but not by way of limitation, the legal name of the Company must not contain the word "Filta", "FiltaFry", "cooking", "oil", "filter", "micro-filter", "Environmental", "Kitchen", "Solutions", "FiltaBio", "FiltaCool", "eco", "green," "management", or any similar words or phrases.

6 TRAINING

6.1 Filta or its designee will train You as specified in clause 5.1.3. Filta will provide lodging, breakfast and lunch for initial training, and You will be responsible for Your travel expenses to and from the training site and all other expenses. You must also bear any travel and lodging expenses of your personnel associated with Your field training. Filta has the right to require that any employee You hire who will have access to the MFU also attend training.

6.2 Filta will make available such on-site advice and further field training as You may reasonably request. Filta may also require You and/or Your employees to attend further training courses at any time during the term of this Agreement, if Filta reasonably considers that such further training is necessary.

6.3 For all training, You will be responsible for all traveling and living expenses and salaries of those attending. The time and place of training will be at the absolute discretion of Filta or its designee, but Filta will try to accommodate Your reasonable requirements.

- 6.4 Filta will provide You with ongoing advice and guidance by telephone, email, and other forms of communication from Filta's office, as You may from time to time reasonably request, subject to Your provision of such information as Filta may require so as to enable Filta to monitor the performance of the Franchise.

7 FILTA'S SALES SUPPORT OBLIGATIONS

- 7.1 If this Agreement is for a new Franchise, Filta will provide the services of one or more business development managers, an existing experienced Filta franchisee, or a third-party business coach, to be determined in the sole discretion of Filta, for a period of not less than ten (10) working days which includes Saturday (the "**Sales Support Period**," as it may be extended below), to assist in arranging customer accounts to be serviced by the Franchise. At the end of the Sales Support Period, You and the business development manager, existing experienced Filta franchisee, or third-party business coach will jointly certify to Filta the Business Volume achieved as of the end of the Sales Support Period. You and the business development manager, existing experienced Filta franchisee or third-party business coach will also jointly list any demonstrations that have been scheduled but not completed for potential customers by the end of the Sales Support Period ("**Pending Demos**"). Filta may, in its sole discretion, extend the Sales Support Period for as long as Filta elects to continue providing the services of its business development manager(s). If You acquire the business by transfer from a previous franchisee and pay the Transition/Training Fee in clause 4.1, the Sales Support Period will be three (3) working days.
- 7.2 After the Sales Support Period ends, Filta will assign an employee, existing franchisee or third-party business coach to guide You in marketing the services of the Franchise. This relationship will continue until Business Volume reaches \$1,000 per week. You agree that the employee, existing franchisee or third-party business coach may share any and all information about the Franchise with Filta. If Business Volume has not reached \$1,000 per week by the end of three Months of operation, You agree to hold a business evaluation conference call with Filta and to establish a business development plan, which may, at Filta's sole option, include on-site advice from a member of Filta's staff or an experienced operator or third-party business coach appointed by Filta.
- 7.3 Until the earlier of 90 days after the Opening Date or when Business Volume first exceeds \$1,000 per week, You must participate in all remote training sessions scheduled by Filta.

8 FRANCHISEE'S OPERATING OBLIGATIONS

8.1 FiltaFry Service

8.1.1 Mobile Filtration Unit

~~You acknowledge that a~~ principal purpose of the relationship created by this Agreement is to authorize You to provide services using the MFU. You may not use the MFU for any purpose other than the FiltaFry Service under this Agreement. You are responsible for maintaining and repairing the MFU at Your own expense. Any improvements or upgrades to the MFU that You propose and that are subsequently

adopted by Filta will become the property of Filta and/or the manufacturer of the MFU. To the extent necessary to give legal effect to such ownership, You agree to assign to Filta all of your right, title and interest, if any, in such improvements and upgrades, and You agree to execute all assignments, instruments, affidavits, and other documents that Filta may reasonably request to give effect to this provision. -You agree not to alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU or any other Equipment supplied by Filta.

Filta warrants the MFU for a period of twelve months against electrical or mechanical failure resulting from defective materials, provided that the breakdown is not due to misuse or operation of the MFU under conditions other than as stated in the Manual, and that the MFU has been maintained pursuant to the maintenance program stated in the Manual. The warranty period begins on the date You take possession of the MFU.

8.1.2 MFU Spare Parts and Filters

You acknowledge that use of spare parts and MFU Filters supplied by Filta is a legitimate means to protect Filta's interest in the proprietary nature of the MFU. Accordingly, You must purchase from Filta, and Filta agrees to supply, all of Your requirements of spare parts and MFU Filters. An initial supply of spare parts and MFU Filters is included in the Opening Package. Subject to the right to suspend shipment in clause 4.4, Filta will make additional spare parts and MFU Filters available for purchase at Filta's then-current prices and terms. In order to promote customer satisfaction and to minimize downtime of the MFU, You must have a full complement of spare parts for the MFU on hand at all times. Whenever You use any spare parts, You must immediately order replacement parts as necessary to ensure that You have a complete set. In order to promote customer satisfaction and to comply with Filta's specifications for periodic changing of MFU Filters, You must purchase from Filta a minimum quantity of MFU Filters per Month per MFU, as specified in the Manual from time to time. As of May 2020, the minimum quantity is 1/3 box of MFU Filters per Month per MFU. In Filta's discretion, Filta may offer volume pricing of MFU Filters or other financial incentives based on the number of MFU Filters You purchase. In addition, if You place an order to purchase an additional MFU, You may request in writing at the time of Your order that Filta waive the MFU Filter purchase requirement, for the additional MFU only, for an initial period of three months.

~~You acknowledge that the~~[The](#) life expectancy of a MFU Filter cartridge will vary depending on numerous factors, including but not limited to the type of oil filtered, the quality and temperature of the oil when filtered, the type of food that has been fried in the oil, the volume of food fried, the seasonings, flour content and food additives present in the oil, and the customer's general frying practices. Filta does not guarantee that MFU Filters will perform for any specific period of time or in all conditions. If You do not use the MFU Filters in accordance with Filta's specifications, the life expectancy will be shorter.

8.2 FiltaBio Service

8.2.1 ~~Concurrently with execution of this Agreement, You agree to execute the FiltaBio~~

~~Addendum attached to this Agreement as Exhibit 2. The purposes of the FiltaBio Addendum are to facilitate development of~~ We have established the FiltaBio Service, to give You ~~assurance of~~ a sales outlet for ~~the~~ waste vegetable oil ("**WVO**"), and to provide for the aggregation of WVO from You and other Filta franchisees in order to (a) leverage pricing of the WVO, and (b) improve opportunities for consistent sales of the WVO. ~~The program set forth in~~ You will use Your best efforts to sell the FiltaBio Service in accordance with the terms of this clause 8.2. You agree to sell all WVO to Filta, subject to the terms and conditions stated below except as otherwise agreed in writing with Filta. Except as provided in clause 8.2.3, it is a material breach of this Agreement for You to sell Your WVO to any person or entity other than Filta. If You sell Your WVO to any person or entity other than the FiltaBio Addendum is Filta, You will pay Filta liquidated damages calculated as: the "**FiltaBio Program.**" If Filta is operating the FiltaBio Program in Your area of the country number of pounds of WVO sold multiplied by the relevant Jacobsen rate in effect at the time of execution of the FiltaBio Addendum, then the terms of the FiltaBio Addendum will take effect immediately. If Filta is not operating the FiltaBio Program in Your area of the country at the time of execution of the FiltaBio Addendum, then notwithstanding the FiltaBio Addendum sale, plus ten cents per pound of WVO sold. Filta will use its best efforts to enter into an agreement with a third party that will collect all WVO in Your possession (the "**Designated Collector**"). If Filta has entered into an agreement with a Designated Collector, Filta will provide you with the contact information for the Designated Collector. If Filta changes the Designated Collector for your region, Filta will notify You in writing. The procedures described in this clause 8.2 may change based on a change of the Designated Collector.

8.2.2 Filta will pay You for WVO collected from Your Franchise at the applicable rate below:

6K Program. You will be placed in the 6K Program if: (i) You have a storage capacity of 6,850 gallons or more of WVO; (ii) a minimum of 6,000 gallons of WVO are collected from the Franchise with each pick up; and (iii) the Average Monthly Volume (as defined in the Manual) of WVO collected from Your Franchise is 2,000 gallons per Month or more (i.e., one 6,000 gallon collection at least every 3 months). Under the 6K Program, Filta will pay you 85% of the rate paid to Filta by the Designated Collector, less any reductions due to WVO that does not meet the Quality Level.

1K Program. You will be placed in the 1K Program if you have a storage capability of less than 6,850 gallons, less than 6,000 gallons are collected from the Franchise with any pick up, or the Average Monthly Volume (as defined in the Manual) of WVO collected from Your Franchise is less than 2,000 gallons. Under the 1K program, Filta will pay You on the following scale, less any reductions due to WVO that does not meet the Quality Level.

<i>Monthly Volume (gallons)</i>	<i>Rate Paid % Jacobsen</i>
0-1,000	45%
1,001-1,500	50%
1,501-2,000	55%
2,001-2,500	60%
Over 2,500	65%

You must increase Your WVO storage capacity to 6,850 gallons or more at the earlier of: (i) three (3) months after the first Month in which more than 2,000 gallons of WVO are collected from Your Franchise; or (ii) thirty-six (36) Months after You sign this Agreement. Filta may, but has no obligation to, help you finance the installation of the equipment needed to expand capacity.

8.2.3 If Filta is unable despite its best efforts to obtain or maintain a commitment from a Designated Collector for Your Territory, Filta will give You written notice of that fact (the "**FiltaBio Notice**"). If Filta issues the FiltaBio Notice, You may sell WVO locally on ~~your~~ Your own terms, subject to the terms and conditions of this Agreement, until Filta sends You the "**FiltaBio Notice**" as provided in clause 8.2.2. If Filta has not sent You the FiltaBio Notice within six months after executing the FiltaBio Addendum, further notice that a Designated Collector is in place for Your Territory. With respect to all sales of WVO locally on Your own terms, You agree to ~~begin paying~~ pay Filta an ongoing monthly ~~fee~~ royalty equal to 12.5% of your gross revenue from WVO sales (the "~~WVO Sales Fee~~ **FiltaBio Royalty**"). You must pay the ~~WVO Sales Fee~~ **FiltaBio Royalty**, if applicable, at the same time and by the same method as the ~~Service Fee~~ **Base Royalty**.

~~8.2.2 If Filta intends to begin operating the FiltaBio Program in your area, Filta will give You written notice (the "**FiltaBio Notice**") of the date on which the terms of the FiltaBio Addendum will go into effect, which will not be less than 45 days after the FiltaBio Notice. If Filta issues the FiltaBio Notice at any time after the WVO Sales Fee has commenced under clause 8.2.1, the WVO Sales Fee will terminate when the FiltaBio Program begins, except as to any amount due for the period before the start of the FiltaBio Program.~~

~~8.2.3 If and when You reach the point of collecting 2,000 gallons of WVO per month, You will have the option to replace the FiltaBio Addendum with the FiltaBio 6K Addendum attached to this Agreement as Exhibit 3.~~

8.2.4 Because the Designated Collector might not accept WVO with untraceable origin, all WVO must be traceable to the point of origin where the WVO has been formed the first time (including all legal entities and facilities involved in the supply chain). You are required to follow all traceability and reporting standards set by the Renewable Fuels Standard ("**RFS**") provision of the US Energy Independence and Security Act of 2007, as applicable, and other reports as Designated Collectors may require from time to time. You will be in default of this Agreement if You fail to comply with this requirement

and do not cure the default within seven (7) days after notice from Filta.

- 8.2.5 If required by Filta or the Designated Collector, you must certify that: (i) the WVO meets the sustainability criteria set by the RFS, as applicable; (ii) the WVO is kept segregated from non-RFS compliant feedstocks from the point of origin until delivered to or received by the Designated Collector; and (iii) the WVO meets the definition of "renewable biomass" for animal waste material or animal by-products, separated food waste, waste oils/fats/greases (flush oil and acid oil) under 40 CFR §80.1401.
- 8.2.6 Upon request by Filta or the Designated Collector, you will provide the Designated Collector with a Separated Food Waste Certificate for all WVO volumes sold, along with other supporting documentation after the Designated Collector's receipt of the WVO.
- 8.2.7 If a regulatory change in compliance requirements compels changes to the requirements in this clause 8.2, Filta will communicate the new requirements to you not later than thirty (30) days before the applicable compliance requirements take effect.
- 8.2.8 In the case of WVO which is non-compliant with Sustainability Provisions; or on which the sustainability information is not true, accurate and complete, the Designated Collector, in its sole discretion may: (a) reject and return the WVO at your cost and risk, without obligation to pay for it, provided that the Designated Collector specifies the manner in which the WVO is non-compliant; and (b) suspend collection, in whole or in part, from you and any other Franchisee(s) whose WVO is non-compliant until compliance with Sustainability Provisions is fully restored by the Franchisee(s).
- 8.2.9 You agree to hold harmless and indemnify Filta against any claims, losses, costs, expenses, liabilities and damages Filta incurs to the Designated Collector and/or any government agency arising from your failure to comply with the obligations in this clause 8.2.
- 8.2.10 You agree to collect, process and store all WVO from customers serviced by Your franchise and to continuously report the volume, in gallons, of WVO in your possession via the Symphony platform. In reporting Your volume of WVO, You represent that You have the lawful right to all WVO that You have collected and that it has not been collected from bins outside the back of customer locations. Filta reserves the right to require You to acquire, install and use volume monitoring devices on all tanks. Filta may also specify and require the use of other equipment that monitors the amount of product being collected, dispensed, or sold.
- 8.2.11 When Filta determines that the aggregate volume of WVO reaches the capacity of an available truck, Filta will arrange to have the WVO collected. Your WVO may be combined with the WVO collected from other area franchisees to form a truckload.
- 8.2.12 In presenting the WVO for collection, You represent that the oil meets the minimum quality standards (the "**Quality Level**") as defined in the Manual, which may vary by Designated Collector and/or by region. You agree to send Filta samples of WVO from totes when requested prior to collection. In order to protect all parties and ensure quality, Filta or the Designated Collector may conduct tests before and after collection

to determine whether the WVO meets the applicable Quality Level. If WVO does not meet the Quality Level before collection, then Filta will advise You on methods to bring the WVO up to the Quality Level.

8.2.13 You acknowledge that if any truckload of WVO does not meet the Quality Level, the end purchaser may reject the WVO or reduce the price it pays Filta for the WVO, in which case Filta will decrease the price it pays you for the WVO.

8.2.14 Subject to the clauses above, Filta will pay you for the WVO within seven business days after Filta receives payment from the Designated Collector. Filta will pay You at the rate applicable under clause 8.2.2 above, unless reduced under clause 8.2.13.

8.2.15 If Filta does not pay You for the WVO within thirty (30) days of the date it is purchased by the end buyer, You must send written notice of nonpayment to Filta's Orlando office (Fax (407) 996-5551). Filta will have 10 business days from receipt of Your notice to deliver payment to You. If Filta does not deliver payment within this 10 business day period, You will have the right, on 30 days' written notice, to terminate Your obligation to sell WVO through the procedure in this clause 8.2. You may thereafter continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the remaining terms of this Agreement.

8.2.16 If you elect to rent a storage unit, garage or warehouse facility to store waste oil and/or supplies, the facility must meet Filta's standards for accessibility to the facility by Filta or the Designated Collector and must follow all applicable federal, state and local laws, codes, statutes, regulations and ordinances related to the storage and transport of waste cooking oil, including but not limited to regulations by the U.S. Environmental Protection Agency. You agree to set up your WVO storage area in such a way that Filta or the Designated Collector has free access to it, including all necessary entry codes or methods to access the WVO. Franchisee grants Filta and the Designated Collector and all their employees, contractors and subcontractors the right and license to enter upon Franchisee's property to access the WVO storage area.

8.2.17 If the market price of WVO should decline to the extent that Filta determines that performing under this clause 8.2 is no longer economically or commercially feasible, or if Filta notifies You that it is currently not operating the FiltaBio Service in your area, you can collect and sell WVO locally on your own terms under the FiltaBio name and mark, subject to the terms of this Agreement and the Manual, including payment of the FiltaBio Royalty in clause 8.2.3. Filta may begin operating the FiltaBio Service again at any time by providing notice to you and identifying the Designated Collector for Your Territory.

8.3 FiltaCool Service

8.3.1 ~~You acknowledge that a~~ principal benefit of the relationship created by this Agreement is to give You access to the filters used in the FiltaCool Service. An initial supply of filters and holders is provided to You as part of the Opening Package. Filta agrees to supply (subject to the right to suspend shipment in clause 4.5~~4~~), and You agree to purchase from Filta, all of Your requirements of FiltaCool filters and holders: ~~You must pay Filta the~~ at Filta's then current ~~monthly FiltaCool Service Fee.~~

~~However, if this Agreement is for a new Franchise, the FiltaCool Service Fee will not begin until the 4th Month of operation and the filters provided as part of the Opening Package will not be subject to the fee.~~[prices.](#)

- 8.3.2 You agree to distribute the filters to customers on a monthly rental basis as outlined in the Manual. You agree to change out and de-gas at least once each quarter all filters at each customer location. ~~After 27 months, you can return the spent filters to us for disposal.~~

8.4 FiltaGold Service

- 8.4.1 You will use Your best efforts to sell the FiltaGold Service to customers of the Franchise. You may choose to sell cooking oil in either a boxed or bulk form or other forms as Filta may define from time to time in the Manual. As of the date of this Agreement, You may purchase new cooking oil from the vendor of your choice, but this is subject to change as provided in ~~Section~~[clause](#) 8.4.27. The type and quality of the oil sold can be mandated by Filta and any deviation is subject to the written approval of Filta.

~~8.4.2 You agree that Filta has the right to designate an approved vendor or vendors and to become the sole and exclusive supplier of cooking oil under this Agreement, as well as all other products and equipment You use in the FiltaGold Service, except as Filta may otherwise agree in writing.~~

~~8.4.3~~[8.4.2](#) You will comply with all applicable sections of the Manual relating to the FiltaGold Service, including but not limited to specifications for equipment, accounting, reporting, compliance with laws and regulations, and the requirement that You have all equipment used in the metering or measuring of FiltaGold be legal for trade and be inspected and calibrated at least once per year (if so required), or such shorter period of time as may be required by applicable law.

8.4.[43](#) Filta reserves the right to require You to [acquire, install and](#) use volume monitoring devices on all tanks ~~used in the FiltaGold Service.~~ Filta may also specify and require the use of other equipment that monitors the amount of product being collected, dispensed, or sold.

~~8.4.5 Your FiltaGold Revenue will be included in any calculation of Business Volume under Article 7 of this Agreement.~~

~~8.4.6~~[8.4.4](#) You acknowledge that Your customers will use cooking oil in the preparation of food provided to the public. Therefore, it is of the utmost importance that You comply with all applicable federal, state and local laws, codes, statutes, regulations and ordinances related to the transportation, storage, sale, and delivery of cooking oil. ~~You further acknowledge that if~~ You violate the terms of this ~~section~~[clause](#), Filta may immediately terminate this Agreement by providing written notice to You.

8.5 FiltaDrain Service

8.5.1 You will use Your best efforts to sell the FiltaDrain Service to customers of the Franchise. Filta may expand the FiltaDrain Service into additional service offerings for drain and chemical management. If Filta does so, the additional service offerings will be added to the Manual as approved services, and You will then have the option to offer these additional services, upon Your written notification to Filta. You may not perform any other drain service unless approved in writing by Filta.

~~8.5.2 You must purchase all FiltaDrain equipment and products from Filta or a Filta approved vendor/supplier. Filta may be the sole source provider of FiltaDrain products. Filta's prices are subject to change. If You perform the FiltaDrain Service with products that were not purchased from Filta, You will be in default. Upon receipt of written notice of default for using unauthorized FiltaDrain products, You will have seven (7) calendar days to cure the default, or Your Franchise Agreement may be terminated.~~

~~8.5.3 8.5.2 You will determine the appropriate pricing for the FiltaDrain Service. You acknowledge that certain National Account Contracts, chain and other customers may impose limitations on pricing or other conditions related to the FiltaDrain Service that You will have to follow.~~

8.5.4 You agree to follow all standards and operational procedures for the FiltaDrain Service as outlined in the Manual from time to time. You acknowledge that Filta may impose new standards and procedures to prevent disruption of delivery of other Environmental Kitchen Solutions Services, to preserve or enhance the efficiency of route management, and for other legitimate business reasons. Without limiting the foregoing, Filta has the right to restrict the FiltaDrain Service to kitchens and/or to require the FiltaDrain Service to be provided from a separate van or separate service route

8.5.3 Unless notified otherwise by Filta under clause 8.17, You will determine the appropriate pricing for the FiltaDrain Service. You acknowledge that certain National Account Contracts, chain and other customers may impose limitations on pricing or other conditions related to the FiltaDrain Service that You will have to follow.

~~8.5.6 Your FiltaDrain Revenue will be included in any calculation of Business Volume under Article 7 of this Agreement.~~

~~8.6 FiltaSteam~~ 8.6 FiltaClean Service.

8.6.1 You must obtain written approval from Filta before offering the ~~FiltaSteam~~ FiltaClean Service. If and when You are approved, You will use Your best efforts to sell the ~~FiltaSteam~~ FiltaClean Service to the customers of the Franchise. ~~You must continuously meet Filta's eligibility requirements for participation in the FiltaSteam Service, which are subject to change by Filta from time to time and may include, among other criteria, revenue, revenue growth, MFU growth, and Market Penetration requirements. As of the date of this Agreement, one of the eligibility requirements is that You add at least one MFU to Your core FiltaFry business every 18 months until you achieve Market Penetration in the Top 25% of active Filta territories for the core FiltaFry business.~~

~~8.6.2—You must purchase all FiltaSteam equipment and products from Filta or a Filta-approved vendor/supplier. Filta may be the sole source provider of FiltaSteam equipment or products. Filta's prices are subject to change. If You perform the FiltaSteam Service with equipment or products that were not purchased from Filta or an approved supplier, You will be in default of this Agreement. Upon receipt of written notice of default for using unauthorized FiltaSteam equipment or products, You will have seven (7) calendar days to cure the default, or Filta will have the right to terminate this Agreement.~~

~~8.6.3—You will determine the appropriate pricing for the FiltaSteam Service. You acknowledge that certain National Account Contracts, chain and other customers may impose limitations on pricing or other conditions related to the FiltaSteam Service that You will have to follow.~~

~~8.6.4~~ You agree to follow all standards and operational procedures for the ~~FiltaSteam~~[FiltaClean](#) Service as outlined in the Manual from time to time. You acknowledge that Filta may impose new standards and procedures to prevent disruption of delivery of other Environmental Kitchen Solutions Services, to preserve or enhance the efficiency of route management, and for other legitimate business reasons. Without limiting the foregoing, Filta has the right to restrict the ~~FiltaSteam~~[FiltaClean](#) Service to kitchens and/or to require the ~~FiltaSteam~~[FiltaClean](#) Service to be provided from a separate van or separate service route

~~8.6.3~~ Unless notified otherwise by Filta under clause 8.17, You will determine the appropriate pricing for the FiltaClean Service. You acknowledge that certain National Account Contracts, chain and other customers may impose limitations on pricing or other conditions related to the FiltaClean Service that You will have to follow.

~~8.6.4~~~~8.6.5—If Filta believes the FiltaSteam~~ If Filta believes the ~~FiltaSteam~~[FiltaClean](#) Service is negatively impacting your core FiltaFry business, Filta has the right to suspend Your authorization to offer the ~~FiltaSteam Service temporarily or permanently.~~ If Filta determines at any time that the FiltaSteam Service is detrimental generally to the core FiltaFry business or no longer commercially feasible for franchisees, Filta may suspend the FiltaSteam program and terminate this clause 8.6 on 60 days' written notice to You.[FiltaClean Service temporarily or permanently.](#)

~~8.6.6~~5 You are solely responsible for any damage to customers and their real and personal property resulting from Your provision of the ~~FiltaSteam~~[FiltaClean](#) Service at customers' premises. You agree to pay all costs to restore customers and their real and personal property to their condition prior to the performance of the ~~FiltaSteam~~[FiltaClean](#) Service and You agree to hold harmless and indemnify Filta against any such costs. If You do not fulfill your obligations under this ~~section~~[clause](#) within a reasonable time, Filta will have the right to: (i) make any payment directly to customers and/or hire a contractor to make repairs to customers' real and personal property; and (ii) charge You for Filta's actual cost of payments to customers and contractors to restore customers and their real and personal property to their condition prior to the performance of the ~~FiltaSteam~~[FiltaClean](#) Service.

~~8.6.7—You are required to carry insurance for FiltaSteam and provide proof to Filta.~~

~~8.6.8 Your FiltaSteam Revenue will be included in any calculation of Business Volume under Article 7 of this Agreement.~~

8.7 Sourcing of Other Products and Services

8.7.1 In addition to the requirements in clauses 8.1 ~~through~~ and 8.6~~3~~, Filta has the right to require that all other equipment, supplies, products and services that You purchase for operation of or sale in the Franchise: (a) meet specifications that Filta establishes from time to time; and/or (b) be purchased only from suppliers that Filta has expressly approved; and/or (c) be purchased only from a designated source (which may be Filta or its affiliate). Filta will publish its requirements in the Manual and/or the Franchise Portal. The requirements may vary by type of Environmental Kitchen Solutions Service. You are responsible for consulting the Manual and Franchise Portal to make sure that You are up to date on the requirements at all times.

If the requirements for an Environmental Kitchen Solutions Service specify that You must purchase products from Filta for the Service, and You perform the Service with products that were not purchased from Filta, You will be in default of this Agreement. Upon receipt of written notice of default for using unauthorized products, You will have seven (7) calendar days to cure the default, or Filta may terminate this Agreement. 8.7.2

Each additional Van that You purchase or lease for the Franchise must satisfy the requirements in clause 5.2. You may purchase or lease the additional Van from any source, provided that the Van meets Filta's specifications and standards and You obtain our written approval.

8.7.3 You agree not to assert any claims against Filta (or any officer, director or affiliate of Filta) with respect to any products and services that You obtain from third-party suppliers that are not affiliated with Filta by ownership. You must assert any such claims only against the supplier in question. You must provide Filta with written notice before taking any action in connection with such a claim. Filta will use diligent efforts to assist You in resolving any disputes with suppliers approved and/or designated by us.

8.8 No Resale or Transshipping

You are prohibited from selling or transshipping any MFU, MFU Filters, FiltaCool filters, or any other Equipment, supplies, or materials that You obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, You may offer to assist that franchisee with Filta's prior written consent.

8.9 General Requirements

You and/or the Operator must:

8.9.1 maintain his or her primary residence within 100 miles of the defined Territory for Your Base Franchise, unless otherwise approved by Filta. **"Base Franchise"** means the oldest continuously-operated Filta Environmental Kitchen Solutions franchise that remains in operation under Your ownership;

- 8.9.2 when reasonably requested, demonstrate that You have adequate financing available to enable You fully to develop the Franchise in accordance with this Agreement;
- 8.9.3 carry on the Franchise to the highest standards of service;
- 8.9.4 use best endeavors to promote the Franchise and increase the demand for the Environmental Kitchen Solutions Services. Filta may use Market Penetration or establish other criteria to determine Your eligibility for additional territory or to qualify for sales, marketing, and other programs and benefits Filta offers to franchisees;
- 8.9.5 use in the operation of the Franchise only the filters, Equipment, Vans, Stationery, uniforms, and supplies that have been expressly approved by Filta or that satisfy the standards and specifications issued by Filta from time to time;
- 8.9.6 keep the Vans, MFU and uniforms clean and attractive to customers at all times, and maintain the Vans and all Equipment in the highest mechanical condition, including but not limited to performing daily, weekly and monthly servicing of the MFU as prescribed in the Manual and updating the Van graphics as necessary to comply with Filta's specifications;
- 8.9.7 not do anything that may bring Filta, the Proprietary Marks, the System, or the Franchise into disrepute, cause a customer to terminate a National Account Contract, or otherwise have a detrimental effect on Filta, the Proprietary Marks, the System, or the Franchise;
- 8.9.8 comply with all statutes, laws and other legal requirements relating to the Franchise. This includes, but is not limited to, all federal, state and local laws regarding the transport, storage and disposal of WVO- and fresh cooking oil. You must at Your own expense obtain (and maintain) all licenses, permits and approvals (if any) that may be required;
- 8.9.9 permit Filta and any person authorized by Filta, on 72 hours' notice, to inspect Your facilities and operations during normal business hours (including but not limited to Your Vans, MFUs, waste oil storage facility, warehouse, or other areas where You keep Equipment, supplies or waste oil), to interview your employees in person or by other means, and to take copies or samples of any item relating to the Franchise;
- 8.9.10 devote full time and best efforts to the Franchise, and not engage in any other business or hold any employment with any organization without the prior written consent of Filta. ~~Based on its experience~~ Without limiting the foregoing, Filta has determined that it will not consent to, and ~~You acknowledge that~~ You and the Operator are prohibited from, engaging in the production of biodiesel; and
- 8.9.11 not permit any person other than the Operator to manage the Franchise without Filta's prior written consent.

8.10 **Compliance with Manual**

8.10.1 You must comply with all mandatory elements of the Manual, as posted on the Franchise Portal and amended and supplemented by Filta from time to time. Any additions to or alterations of the mandatory portions of the Manual must be commercially reasonable in light of the requirements of this Agreement, the development of the System, the needs and desires of customers, general commercial practices in franchising, and the out-of-pocket costs of complying with the addition or alteration.

8.10.2 The Manual at all times remains the sole and exclusive property of Filta. You acknowledge that the copyright in the Manual vests in Filta. Neither You nor any other person subject to Your direction and control will print, download, or otherwise make any copies of the Manual without the prior written consent of Filta.

8.11 **Customer Reports**

You are required to provide customers and Filta with reports in the form specified by Filta, which will or may include site evaluations, case studies, waste oil chain of custody, safety, performance, and environmental reports.

8.12 **Use of Name and System**

8.12.1 You may use the Proprietary Marks only in connection with the Franchise. You may not, without Filta's prior written consent, register any company name or trademark or make use of any business name incorporating any of the Proprietary Marks or incorporating any similar sounding name.

8.12.2 All telephone answering messages, email auto-signatures, and other identifiers of the Franchise must be in the form prescribed in the Manual from time to time.

8.12.3 You may use only such signs, display materials, promotional literature, and other items in connection with the Franchise as have been approved in writing by Filta. At Filta's request, You must immediately desist from the use or display of any signs, materials or objects.

8.13 **Trading**

You must:

8.13.1 sell or provide only the Environmental Kitchen Solutions Services and products approved by Filta from time to time;

8.13.2 offer customers all of the services constituting the Environmental Kitchen Solutions Services;

- 8.13.3 except as permitted by clause 2.4, not operate the Franchise or provide Environmental Kitchen Solutions Services to customers outside of the Territory;
- 8.13.4 promptly inform Filta of all relevant details of any inquiry from a potential customer outside of the Territory;
- 8.13.5 as and when You receive a request from Filta, provide a full list of the customers that You are servicing, with such other details as Filta may reasonably require. ~~You acknowledge that~~ Filta has the rights, among other things, to: (a) solicit customers that You are servicing to enter into a National Account Contract; (b) deal directly with customers under existing National Account Contracts; and (c) contact customers for commercial purposes other than the Environmental Kitchen Solutions business. Upon expiration or termination of this Agreement for any reason, You may not retain or use any customer lists or other data that You have collected from customers in connection with the Franchise;
- 8.13.6 operate the Franchise at least Monday through Saturday to meet the needs of customers. You recognize that You may need to operate the Franchise during evening, weekend and holiday hours in order to provide service at times convenient to customers;
- 8.13.7 pay Your vendors in accordance with their terms of payment;
- 8.13.8 promptly replace or refund to the customer the cost of any product or service supplied by You which does not conform with the high standards required by the System;
- 8.13.9 not make any statement, representation, or claim or give any warranty to any person in respect of products and services offered by the Franchise, except as specifically authorized in the Manual; and
- 8.13.10 not contact a corporate headquarters of any National Account Contract customer listed on the Franchise Portal without the express consent of Filta.

8.14 **Web Site Leads and Online Presence**

- 8.14.1 Filta will refer to You without charge any local account leads that Filta receives through its website or generates through other sales activities, provided that Filta is able to determine that the potential customer is located in Your Territory. You must respond to the potential customer within 3 days. If You do not respond to the potential customer within 3 days, Filta may contact or service the customer, refer the customer to a franchisee outside of Your Territory for service, and/or charge You a fee of \$195 for each lead You did not respond to within 3 days. If You fail to respond to six or more leads within any 12-month period, Filta will have the right to remove the Franchise from any of Filta's websites, suspend any local landing pages for the Franchise, or terminate the Franchise Agreement by written notice.

8.14.2 Unless agreed to in writing by Filta, You may not register, maintain or sponsor any URL, web site, social media account, discussion forum, blog, email account, text address, or other electronic identifier or electronic, mobile or Internet presence for the Franchise or that otherwise uses or displays any of the Proprietary Marks or any derivative thereof or promotes any products or services similar to those of the Franchise. We have the right to prescribe rules and policies for such activities in the Manual. If we authorize You to engage in any such activities, You agree to adhere to our rules and policies, as amended from time to time, and not to make any statements about Filta or any franchisee or competitor of Filta that may constitute trade disparagement.

8.15 Information Systems

8.15.1 Franchise Portal

The Franchise Portal will have such features and terms of use as Filta may determine from time to time. You must use the Franchise Portal to access the Manual and for reporting, training, or other purposes as directed by Filta from time to time. You must maintain an active broadband internet connection at all times. You must log-on to the Franchise Portal at least once per week and read all email, news, Manual updates and other items. You must pay the Information System User Fee on the Fee Payment Date for access to the Franchise Portal. If this Agreement is for a new Franchise, the Information System User Fee will begin in the 4th Month following the Opening Date.

8.15.2 System Use

_____ You are required to use the Information Systems that we specify in the Manual from time to time. As of the date of this Agreement: (i) You must have an online subscription to QuickBooks for your businesses bookkeeping and invoicing needs; and (ii) You must use our proprietary Symphony platform and field service application to schedule, perform, document, record, and bill all Filta services performed during every customer visit and to communicate with customers regarding the same. Failure to use any of the required Information Systems is a material default of this Agreement and Filta will have the right to terminate if the default is not cured within 10 days after notice of default. You must maintain Your connection to the Information Systems in good working order at all times and must ensure that Your employees are adequately trained in the use of the Information Systems.

8.16 -Upgrades

Filta has the right to require You to upgrade equipment and software from time to time, provided that, for any such request by Filta, You will not be obligated to spend more than \$~~520~~,000 ~~on upgrading~~for an upgrade of items other than Vehicles and MFUs, and You will not be obligated to spend more than \$~~2040~~,000 in the aggregate on upgrading items other than Vehicles and MFUs over the initial 10-year term of this Agreement. This clause does not apply to or limit any separate requirements to upgrade equipment and software upon sale or transfer of the Franchise or as may be required to cure a default under this Agreement.

8.17 Pricing and Promotions

To the extent permitted by applicable law where the Franchise is located, we have the right to establish maximum and/or minimum prices that You are required to follow for products and services sold in the Franchise. If we have not established pricing policies for particular products or services, You will determine the appropriate pricing.

Subject to applicable law, you are required to participate in and comply with the terms of special promotional activities that we prescribe for Franchisees generally or for Franchises in specific geographic areas or having particular characteristics. These activities may include special offers and other pricing promotions. You must bear your own costs of participating in these activities. You are required to display promotional signs and materials and otherwise participate in the manner we request.

8.18 Brand Integrity and Quality Assurance

You must comply fully with Filta's brand integrity and quality assurance programs. The programs may include, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, observation of services as they are being performed, assessment of the use of Proprietary Marks, and inspection of the Vans, MFUs, warehouse, waste oil storage facility, Equipment, supplies, Stationery, and marketing materials. If You fail to achieve the minimum score prescribed in the Manual for a specific brand integrity or quality assurance assessment, Filta may require You and/or your employees to complete additional training at a location that we designate, at your expense. Your failure to achieve the prescribed minimum score on two consecutive assessments or on three or more assessments in any five (5) year period will constitute a material breach of this Agreement.

From time to time, Filta may permit you to do a self-inspection, as set forth in the Manual. If you fail to respond to Filta's request to conduct a self-inspection or fail to follow the self-inspection protocol as described in the Manual, Filta will have the right to conduct the inspection and charge you the travel and related costs incurred by Filta for the inspection.

8.1819 Case Studies

Case studies are critical to marketing Environmental Kitchen Solutions Services to existing and potential customers. You agree to assist Filta as reasonably requested in developing case studies for use with customers.

8.20 Photo/Video Release

By signing this Agreement, You give Filta permission to use Your likeness in photographs and videos ("**Materials**") in Filta's publications, including website entries, social media and advertising materials, without payment or any other consideration to You. You agree that these Materials will be the property of Filta and will not be returned. You irrevocably grant to Filta a perpetual, irrevocable license to use, edit, alter, copy, exhibit, publish, market, distribute and otherwise exploit the Materials for purposes of publicizing the Filta Environmental Kitchen

Solutions business or for any other lawful purpose. You waive the right to inspect or approve the finished Materials, including written or electronic copies, in which Your likeness appears and You waive any right to royalties or other compensation arising or related to the use of the Materials.

9 NATIONAL ACCOUNT CONTRACTS AND CENTRALIZED ACCOUNTS

9.1 National Accounts

You acknowledge that Filta's negotiation of National Account Contracts, including rates and services to be performed, enhances the potential value of the Franchise and inures to Your benefit as well as to the benefit of Filta and other Filta franchisees. Accordingly, You agree to the following terms:

9.1.1 You must service all National Account ~~Contracts~~Contract customers who request service in the Territory ~~on behalf of Filta~~, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. ~~Failure to do so constitutes a material breach of this Agreement.~~ If You fail or refuse to provide service to ~~two or more~~ a National Account Contract ~~customers within any 12-month period~~customer who has requested service, Filta will have the right to ~~(i) modify the boundaries of the territory in which the customer's facility is located or remove~~authorize another franchisee of Filta (or other third party) to service that territory from the list comprising Your National Account Contract in your Territory; or ~~(ii) terminate this Agreement by written notice without any compensation to You.~~ You may not enter into any relationship with a customer that, in Filta's reasonable judgment, conflicts with a National Account Contract with that customer. You must comply with all rules and regulations that Filta may issue from time to time for National Account Contracts.

9.1.2 Unless otherwise directed by Filta, all billing and collection for services performed under a National Account Contract will be done by Filta ~~under clause 9.2.~~ Filta will use the Information Systems to download National Account Contract invoices and process them for submittal to the National Account Contract customer. If electronic invoicing is not used or the customer so requests, You ~~must also leave an invoice at each site where You perform services. This may be required to send an invoice directly to the customer or follow invoicing procedures as specified in the Manual.~~ Your invoice must be in the form of Filta's National and Centralized Account Invoice. Certain National Account Contracts may require franchisees to pay volume rebates to the customer, which Filta will negotiate with the customer on a case-by-case basis. ~~Within 30 days after Filta's receipt of payment and remittance advice from the customer showing that the payment is for National Account Contract services that You performed, Filta will remit payment to You, after deducting the customer rebate, if applicable. Filta will have no obligation to pay You for National Account Contract services if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. Filta will transfer any unclaimed funds for National Account Contract services into the account for Marketing Contributions.~~

9.1.3 You understand that certain National Account Contracts may require You to comply with account-specific rules of service, which may include but are not ~~be~~-limited to check-in and check-out procedures, mandatory days of service, fixed service routines, and reporting methods as a condition of servicing the ~~brand's~~customer's locations. You are required to perform initial site evaluations for all new National Account Contracts (including those in trial periods) and you may be required to perform periodic site evaluations thereafter. You must report the data from site evaluations back to Filta as well as the customer. If a National Account Contract customer insists on clean-only service (no filtration), You must report that decision to Filta within 48 hours using the form provided in the Manual. Filta will notify You of any special service obligations and may require You to agree in writing to follow the rules of service as a condition of participating in the National Account Contract. If You fail to satisfy the obligations in this clause or any conditions of a National Account Contract, Filta will have the right (in addition to its rights in clause 9.1.1) to remove You from the account and ~~service and/or~~ authorize ~~others~~another franchisee of Filta (or other third party) to service the National Account Contract within the Territory without any compensation to You. Filta will have no obligation to transfer any National Account Contract business back to You if You are subsequently willing and able to provide service within the Territory. ~~Service of National Account Contracts by Filta and/or its designee in accordance with this clause will not be deemed to violate clause 2.2.~~

9.2 Centralized Accounts

~~You acknowledge that a customer that You are servicing may request to be designated as a~~
For all Centralized Account ~~even though the customer may not wish to enter into a National Account Contract with Filta. If a customer requests to be designated as a Centralized Account~~Accounts, all billing and collection for services performed ~~for that customer~~ will be done by Filta. You must follow the invoicing and reporting procedures as specified by Filta from time to time. Within 30 days after Filta receives payment and remittance advice from the Centralized Account ~~customer~~ showing that the payment is for services that You performed, Filta will remit ~~such~~ payment to You after deducting any volume rebates due the customer, except that Filta will have the right to deduct up to 5% of the amount invoiced in order to compensate Filta for its billing, collection, and administration services. However, the 5% deduction will not apply to amounts invoiced for FiltaGold sales. Filta will have no obligation to pay You for services to a Centralized Account ~~customer~~ if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. ~~Filta will transfer any unclaimed funds for Centralized Account services to the account for Marketing Contributions.~~

10 TELEPHONE NUMBERS

10.1 You must inform Filta before the Opening Date of all telephone numbers which You propose to use in connection with the Franchise (the "**Telephone Numbers**").

- 10.2 You must use the Telephone Numbers exclusively for the Franchise and no other business. You may not subscribe for, either directly or indirectly, or use telephone numbers other than the Telephone Numbers for the Franchise, unless Filta has been previously informed in writing.

11 REPORTS AND RECORDS

- 11.1 You must maintain accurate books of account and supporting records of all business conducted by the Franchise, including but not limited to all invoices, credit notes, statements and delivery notes and, if applicable, pre-commencement and on-going monitor sheets. You must input into QuickBooks complete contact details (including service address, billing address, email address, and phone number) for all accounts, customers and locations You are servicing and You must input all invoices ~~within two (2) days from services being rendered as specified in the Manual.~~ You must submit to Filta a statement of total ~~gross revenue~~ Gross Revenue of the Franchise (with revenue detail for each of the FiltaFry Service, FiltaCool Service, FiltaBio RevenueService, FiltaGold RevenueService, FiltaDrain RevenueService, and FiltaSteam RevenueFiltaClean Service) through the close of business on the last working day of each Month. You must prepare, in the form set out in the Manual, a monthly financial statement and such other reports as Filta may prescribe, ~~and allow Filta ongoing access to Your QuickBooks invoices and lists of the customers that You are servicing.~~ You must submit the financial statement and reports to Filta on or before each Fee Payment Date and allow Filta to access your data as often as Filta deems necessary, which will be no less than once a week on each Monday. This is in addition to any other reports required by this Agreement, including those under clause 8.11 and 9.1. Alternatively, Filta can require You to give Filta direct and continuous electronic access to: (a) Your QuickBooks and all other systems that Filta requires You to use in the operation of the Franchise from time to time, and/or (b) any other systems that You use to store or process Confidential Information or to display the Marks to others. You must provide us with login credentials if necessary for that purpose and maintain an electronic connection with us at all times.
- 11.2 You must preserve all books of account and records for not less than five years from the date of their preparation, notwithstanding the expiration or termination of this Agreement. If requested by Filta, You must submit to Filta copies of all sales tax returns and your personal income tax returns, as and when they are submitted to any taxing authority.
- 11.3 Within 90 days after the end of Your fiscal year, You must provide to Filta a balance sheet as of the end of the fiscal year, an income statement showing the results of operation of the Franchise during the fiscal year, and such other financial statements as Filta may specify, each of which must be compiled in accordance with GAAP and general good business practices, and done at Your own expense by either an independent certified public accountant or using QuickBooks as required by this Agreement. You must also furnish to Filta such other accounting and management information as may be set out in the Manual from time to time, and any other information which Filta may from time to time reasonably require.
- 11.4 Filta is entitled, directly or through a third-party agent designated by Filta: (i) upon 72 hours' notice, to examine or audit Your books and records at Your offices, using any combination of Filta's own personnel and/or outside service providers; and (ii) upon 10 business days' notice, to require You to assemble, copy and deliver financial statements and other books and records

to Filta or its agent for examination or audit at Filta's or the agent's offices. All books, records, accounts, correspondence, data, financial statements, and tax returns related to the Franchise shall be made available for any such examination or audit. You must cooperate fully with the persons making the inspection, examination or audit on Filta's behalf.

- 11.5 If (i) Filta conducts an examination or audit due to Your failure to submit required reports or financial statements or Your failure to maintain books and records as required by this Agreement, or (ii) an examination or audit determines that You reported revenue that was more than ~~10~~5% below Your actual revenue for a period of at least two months, then You agree to pay Filta the reasonable and customary cost of the examination or audit, including travel and lodging expenses for the examiners or auditors. For purposes of calculating the reasonable and customary cost, Filta will use hourly rates for its own personnel that are commensurate with the rates of mid-level professionals of independent accounting firms.
- 11.6 You authorize Filta and its agents and representatives to make credit and background checks of Franchisee and the Owners from time to time, and to make inquiries of Your bank, suppliers, and trade creditors concerning the Franchise. You hereby direct such persons and companies to provide to Filta such information and copies of documents pertaining to the Franchise as Filta may reasonably request.
- 11.7 If for any reason You fail to allow Filta access to Your Information Systems or fail to submit any of the reports or information required by this Article 11 within three weeks of the due date, You will be in material breach of this Agreement and Filta will have the right to terminate this Agreement by written notice.

12 INSURANCE

- 12.1 You must at Your own expense maintain insurance coverage meeting the requirements in this ~~Section~~Article 12 and any additional requirements we specify in the Manual. Requirements include, but are not limited to, the types and minimum amounts of coverage You must have. The policy or policies must be written by a carrier or carriers with an industry rating acceptable to us. Your policies must provide additional insured coverage for Filta, our affiliates, and their respective officers, directors, shareholders, and employees on an Additional Insured Grantor of Franchise Endorsement form CG2029 or other endorsement form with comparable wording acceptable to Filta. Your policies must not have deductibles, exclusions or co-insurance that are unacceptable to us. Your liability policies must be primary and noncontributory and must contain a waiver by Your insurer of subrogation rights against Filta, our affiliates, and their successors and assigns. All public liability and property damage policies must contain a provision that Filta, although named as an additional insured, is nevertheless entitled to recover under the policies on any loss occasioned to Filta or its shareholders, directors, employees, and agents by reason of their negligence. Automobile liability coverage must include owned, non-owned, rented and hired vehicles, and You must either provide a copy of the declarations page of the policy or list Your vehicles on the Certificate of Insurance required by clause 12.2.
- 12.2 You must provide us with a Certificate of Insurance or equivalent evidence of all required insurance coverage and payment of premiums before beginning operation of the Franchise.

You must promptly notify Filta of cancellation or threatened cancellation of any insurance policies by the insurer. At least 30 days before each insurance policy expires, You must furnish an up-to-date Certificate of Insurance verifying renewal or replacement insurance and evidence of payment of the premium. Your obligation to obtain coverage is not limited by insurance that we maintain.

- 12.3 We have the right to increase the amounts of coverage required and to require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, industry practice, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. [Additional coverage may be required to perform specific Environmental Kitchen Solutions Services under Article 8 of this Agreement or to offer new products or services that Filta introduces under Article 16 of this Agreement.](#) If You do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, You agree to reimburse us for the cost of the insurance.
- 12.4 Both during the term of this Agreement and after its expiration or termination, You must notify Filta within 48 hours after You become aware of any claim made by a third party against You or your insurer relating to the operation of the Franchise, and You must provide documentation relating to the claim on Filta's request.
- 12.5 You authorize Filta to speak to your insurance carriers and any agents of your insurance carriers to obtain information relating to the operation of the Franchise, including a schedule of the vehicles used in the Franchise.

13 STAFFING

- 13.1 You have sole responsibility for all employment decisions and functions of the Franchise, including recruiting, hiring, firing, scheduling, training (other than the training in clause 5.1.3 and clause 13.4), compensation, benefits, payroll taxes, wage and hour requirements, recordkeeping, supervision, safety, security and discipline of employees. Any information Filta provides about employment matters, whether voluntarily or in response to Your request, and whether directly or by means of any technology tools, is a recommendation only and not intended to exercise control over Your employees, their wages, hours or working conditions, or the means and manner by which they carry out their duties. You alone will direct and control all employees of the Franchise, subject only to applicable legal requirements, the terms of this Agreement, and the standards that Filta prescribes for the preservation of the goodwill associated with the Marks. You may not use any of the Marks in connection with any employee documents (such as employment applications, paychecks, pay stubs, benefits materials, employee handbooks, and employment agreements) without a prominent notice on the document that You are a franchisee of Filta and that Filta is not the employer, co-employer, or joint employer of anyone working in the Franchise. At our request, made not more often than once every six months, You must communicate by a means reasonably calculated to reach all of Your current employees a reminder that Filta is not their employer, and that Filta does not assume and will not accept any employer, co-employer or joint employer obligations. You must take such steps as are necessary to ensure that your employees preserve good

customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may establish from time to time in the Manual.

- 13.2 You must ensure that all employees who visit customer locations wear such uniforms as Filta reasonably requires and that they are repaired and cleaned regularly.
- 13.3 You and all employees designated by Filta must attend such further periods of training as may from time to time be reasonably required by Filta and bear any travel and subsistence expenses and the salaries of such persons.

14 ADVERTISING/PROMOTIONS

- 14.1 You must pay the Marketing Contribution to Filta in accordance with clause 4.2, without any abatement, set off or deduction.
- 14.2 Filta will maintain separate accounting for the Marketing Contribution but Filta has no obligation to maintain a separate account to hold the funds. Filta will expend Marketing Contributions in such activities as Filta, in its absolute discretion, considers to be appropriate to properly promote the Environmental Kitchen Solutions Services, including, but not limited to: advertising campaigns in various media; direct mail advertising; conducting and administering promotions; creative development; market research and development, including secret shoppers and customer satisfaction surveys; employing advertising and/or public relations agencies; production of advertising and promotion; creation and maintenance of an Internet site, social media accounts, mobile applications, and other electronic identifiers; and reasonable administrative expenses related to these efforts (including accounting fees and, if Filta deems it necessary, reasonable attorney's fees for review of proposed advertising and promotional materials). Filta will have final discretion over creative concepts, materials, and media (including online, mobile and other electronic media) used in such activities and their placement. We do not guarantee that You will benefit from these activities in proportion to Your Marketing Contributions. Filta has the right, but no obligation, to advance monies for use in advertising and promotion activities under this clause and to pay back any such advances from subsequent Marketing Contributions received from franchisees.
- 14.3 Filta will prepare an unaudited annual report of Marketing Contributions received and expended. The report will be available to You upon request within 120 days after Filta's fiscal year end.
- 14.4 You may not publish or distribute any advertising or promotional material unless it has been approved in writing by Filta, which approval will not be unreasonably withheld or unduly delayed. You must immediately cease the use of any advertising or promotional material upon receipt of a request from Filta to do so.
- 14.5 You must prominently display and distribute point-of-sale marketing material supplied by Filta.

15 TRADEMARKS

- 15.1 You may not apply for registration as owner of any of the Proprietary Marks.
- 15.2 You acknowledge that, as between You and Filta, the goodwill and all other rights in and associated with the Proprietary Marks vest absolutely in Filta, and that all such rights will at all times hereafter and for all purposes remain vested in Filta. If any such rights are deemed at any time to accrue to You, You will at Your own expense, forthwith on demand do all such acts and things and execute all ~~such documents as Filta may deem necessary to vest such rights absolutely in Filta.~~
- 15.3 ~~If Filta designates~~ has the right to change, discontinue, or substitute for any of the Proprietary Marks and to adopt new Proprietary Marks that You are required to use or that we authorize You to use. Any such authorization must be in writing from Filta. Unless Filta specifies otherwise, Your use of any such new or different trademark for use in the System after the date of ~~Proprietary Marks will be subject to the same terms and restrictions as are set forth in this Agreement, You will have rights to use such trademarks as if they had been for the Proprietary Marks originally~~ included in the Schedule to this Agreement ~~at the date hereof~~, and where the context so allows, all references in this Agreement to the Proprietary Marks will be deemed to include a reference to such further marks.
- 15.4 You must immediately notify Filta of all circumstances coming to Your attention which may constitute an infringement of any of the Proprietary Marks or may constitute passing off in respect of the Filta name. You must take such reasonable action as Filta may direct, at the expense of Filta, to assist Filta in the protection of the Proprietary Marks.

16 IMPROVEMENTS AND NEW SERVICES

- 16.1 You may not introduce any improvement or modification of or to the System or the Franchise without the prior written consent of Filta. You must notify Filta promptly of any improvement in or modification of or to the System which may be beneficial to Filta or other franchisees. Any such improvement or modification shall be deemed to be owned exclusively by Filta. Filta may use and permit others to use such improvement or modification without any obligation to make any payment to You.
- 16.2 From time to time Filta may introduce new products or services that Filta ~~deems~~ decides to ~~be complementary~~ add to the existing Environmental Kitchen Solutions Services. ~~Once~~ Unless otherwise specified by Filta, You have received are required by clause 8.13.2 to offer customers all of the services constituting the Environmental Kitchen Solutions Services. Within forty-five (45) days (or such longer period as Filta may specify) after You receive written notice from Filta that it has introduced a new Environmental Kitchen Solutions Service, ~~within forty-five (45) days~~ You must ~~give Filta written notice of Your intention to offer~~ offer and sell the new Environmental Kitchen Solutions Service as part of Your franchise. You must pay any start-up costs, fees and expenses associated with the new Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses. If You do not offer or sell the new Environmental Kitchen Solutions Service, (whether in breach of Your obligation in clause 8.13.2 or by electing not to offer a service Filta has designated as optional), Filta has the right to enter Your Territory and either offer or sell the new Environmental Kitchen Solutions Service itself or designate a third-

party, which may include another franchisee, to do so on Filta's behalf. You will receive no compensation from Filta or the designated third-party derived from the offer or sale of the new Environmental Kitchen Solutions Service in the Territory.

17 CONFIDENTIAL INFORMATION

- 17.1 You may not, during the term of this Agreement and for a period of five years after expiration, termination, non-renewal, or transfer of this Agreement, communicate or divulge Confidential Information to any unauthorized person or use Confidential Information for Your own benefit or for the benefit of any other person in any manner other than in connection with the Franchise. You may divulge Confidential Information only to Your employees and agents who must have access to it in order to carry out their duties relating to the Franchise. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which You can demonstrate came to Your attention by lawful means before we disclosed it to You, or which, at or after the time of our disclosure to You, had become or later becomes a part of the public domain, through publication or communication by others.
- 17.2 At our request, your Owners and employees must sign confidentiality agreements in a form satisfactory to Filta. The agreements must name Filta as a third-party beneficiary with the independent right to enforce the agreement.

18 FILTA'S RIGHT TO COMMUNICATE WITH CUSTOMERS

The customers serviced by Your Franchise are Filta's customers. In order to protect the reputation of Filta and the Filta Environmental Kitchen Solutions services and to maintain satisfactory public relations, Filta reserves the right to communicate directly with customers at any time to ascertain the quality of the service provided by the Franchise and to discuss any other matters related to the Franchise. You must upon request provide such reasonable assistance as may be necessary for this purpose.

19 ASSIGNMENT BY FILTA

Filta has the unrestricted right at any time to transfer or assign all or any part of our rights and obligations under this Agreement to any person or legal entity without Your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. We also have the absolute right to delegate any of our duties under this Agreement.

20 TRANSFER

In this Article 20, "**Transfer**" as a verb means to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest

in this Agreement, any interest in the Franchise, or (if You are a corporation, partnership, or limited liability company) any ownership interest in You. "Transfer" as a noun means any such sale, assignment, etc.

20.1 No Transfer Without Filta's Consent

Neither You nor any of the Owners may make any Transfer or permit any Transfer to occur without obtaining Filta's prior written consent as provided in clause 20.2 through 20.7. We have the right to communicate with and counsel both You and the proposed transferee on any aspect of a proposed Transfer. No Transfer which requires our consent may be completed until at least 90 days after we receive written notice of the proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer as we reasonably require. We may withhold our consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions we impose under clause 20.2 or 20.3.

20.2 Transfer Of Entire Business

If You propose to Transfer all or substantially all of the Franchise, the following conditions apply (unless waived by us):

20.2.1 You must be in compliance with all obligations to us under this Agreement or any other agreement with us or our affiliates, including all monetary obligations, as of the date of the request for our approval of the Transfer, or You must make arrangements satisfactory to us to come into compliance by the date of the Transfer.

20.2.2 The proposed transferee must:

(i) Demonstrate to our satisfaction that he or she meets all of our requirements to become a Filta franchisee. Filta will respond to an application for consent to Transfer within 30 days after we have received all information that we have requested with respect to the proposed transferee. We may approve a proposed transferee on a provisional basis subject to successful completion of our then-current training requirements and satisfaction of the other requirements for Transfer. If the proposed transferee is one of our other franchisees, he or she must not be in default under his or her agreements with us and must have a good record of service and compliance with our operating standards.

(ii) At our option, either (a) sign an agreement in a form acceptable to Filta by which the transferee assumes all of Your obligations under this Agreement for the remainder of the then-current term of the Franchise; or (b) sign a new Franchise Agreement, for an initial 10-year term, in the form disclosed by Filta in its then current FDD (or in the form most recently offered, if Filta is not then granting new franchises in the U.S.A.).

(iii) Make arrangements to modernize and upgrade the Vans and Equipment, at the transferee's expense, to conform to our then-current standards and specifications.

- 20.2.3 If Filta gives consent and You complete the Transfer, You must pay Filta a transfer fee ~~equal to~~. If you secured the transferee without assistance from Filta, the transfer fee is the greater of one-third (1/3) of Filta's then-current Territory Fee per territory transferred or five (5) percent of Your sales price for the Franchise. If Filta assists you with securing the transferee, the transfer fee is the greater of one-third (1/3) of Filta's then-current Territory Fee per territory transferred or seven and a half (7.5) percent of Your sales price for the Franchise. Filta will waive the transfer fee (but not any other conditions) if the transferee is a member of Your immediate family (i.e., spouse, son, or daughter).
- 20.2.4 You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and all Owners will remain liable to us for all obligations which arose prior to the effective date of the Transfer in connection with the Franchise, and must sign any and all instruments we reasonably request to evidence such liability.
- 20.2.5 If the transferee is a corporation or other entity, the owner or owners of a beneficial interest in the transferee must sign our then-current form of personal guarantee to ensure performance of the transferee's obligations to us.
- 20.2.6 If You request assistance, including leads for potential purchasers of the Franchise, from Filta and/or from any brokers or referral networks with which Filta has relationships, Filta will advise You in writing of the fees that You would incur to Filta and/or the brokers or referral networks upon a successful sale. If You choose to accept the assistance, You agree to pay these fees, as applicable, which will be in addition to the Transfer fee in clause 20.2.3.

20.3 **Transfer Of Minority Ownership Interest**

For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership of the Franchise, or for any other transaction that amounts to the Transfer of a minority interest in the Franchise, You must give Filta advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that Filta may request. Filta will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in clause 20.2.1, 20.2.4, and 20.2.5. Filta may withhold its consent on any reasonable grounds or give our consent subject to reasonable conditions.

20.4 **Transfer To A Corporation or LLC**

We will consent to the Transfer of this Agreement to a Company that You form for the convenience of ownership, provided that You comply with the requirements in clauses 5.3, 20.2.1, 20.2.4, and 20.2.5.

20.5 Transfer Upon Death, Incapacity or Bankruptcy

If You or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Filta in writing within thirty (30) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. If written notice is not given within thirty (30) days, Filta may terminate this Agreement immediately. Any Transfer under this clause 20.5 will be subject to the provisions of clause 20.2 or 20.3, except that no transfer fee will be charged by Filta. If the deceased or incapacitated person is the Operator (as defined in clause 5.3.2), Filta will have the right (but not the obligation) to take over operation of the Franchise until the Transfer is completed. For purposes of this clause 20.5, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of clause 20.2 or 20.3, the executor may transfer the decedent's interest to another successor that Filta has approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this clause 20.5 within one hundred fifty (150) days from the date written notice for consent to Transfer was given informing Filta after an event of death, incapacity, bankruptcy or permanent disability, unless extended by order of probate or bankruptcy proceedings, Filta may terminate this Agreement immediately.

20.6 Non-Conforming Transfers

Any purported Transfer that is not in compliance with this Article 20 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

20.7 Right Of First Refusal

Filta has the right, exercisable within 30 days after receipt of the notice specified in clause 20.1, to send written notice to You that we intend to purchase the interest proposed to be Transferred, or we may name a designee to purchase the interest. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If Filta cannot reasonably be required to furnish the same consideration as the third party, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser and the appraiser's determination will be binding on all interested parties. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as applied to the third party's initial offer. If a Transfer to which this clause 20.7 applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the

transferor of the appraiser's determination of fair market value. If we elect not to exercise our rights under this clause 20.7, the proposed transferor may complete the transfer after complying with clause 20.1 through 20.7. Filta's right of first refusal in clause 20.7 will not apply to a Transfer under clause 20.4, a Transfer between existing Owners under clause 20.3, or a Transfer by an Owner to his or her spouse, son, or daughter upon death or disability of the Owner, so long as the Transfer does not result in a change of control of the Company.

21 TERMINATION

- 21.1 In addition to any other termination rights specified in this Agreement, Filta may terminate this Agreement immediately by giving notice in writing to You in any of the following circumstances:
- 21.1.1 if You fail to commence operation of the Franchise within 6 Months from the date of Filta's execution of this Agreement;
 - 21.1.2 if any amount payable to Filta is 60 days overdue, Filta sends You a demand for payment, and You fail to pay the overdue amount within 5 days after Filta's demand;
 - 21.1.3 if You engage in any conduct that threatens health or safety, causes a customer to terminate a National Account Contract, or is likely to have a material detrimental effect on the goodwill of Filta, the System, the Proprietary Marks, or other Filta franchisees;
 - 21.1.4 if You conduct any business outside of the Territory other than as expressly permitted by Filta under clause 2.3 or if You delay or interfere with the transition of a customer under clause 2.4;
 - 21.1.5 if You fail to submit any report or information required by Filta within 3 weeks after its original due date;
 - 21.1.6 if You refuse to permit an inspection or audit of Your Vans, MFUs, warehouse, waste oil storage facility, operations, books or records as provided in this Agreement;
 - 21.1.7 if You disclose to any unauthorized person or allow the disclosure of any part of the Manual or other Confidential Information;
 - 21.1.8 if You fail to obtain prior written approval or consent of Filta expressly required by this Agreement;
 - 21.1.9 if Filta discovers that You (or any of the Owners) made a material misrepresentation or omitted a material fact in the information that was furnished to Filta in connection with its decision to enter into this Agreement, or if You (or any of the Owners) in the course of operating the Franchise submit to Filta any report or information that You know or should know to be false or misleading;

- 21.1.10 if You cease or threaten to cease to conduct business for 3 or more consecutive business days without Filta's prior approval, or for any shorter period in circumstances where it is reasonable for Filta to conclude that You do not intend to promptly resume operations within the Territory;
- 21.1.11 if You use the MFU other than as intended or alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU or any other Equipment supplied by Filta;
- 21.1.12 if You sell or transship any MFU, MFU Filters, FiltaCool filters, or any other Equipment, supplies, or materials that You obtain from Filta without Filta's prior written consent;
- 21.1.13 if any Transfer occurs other than in accordance with the terms of Article 20 of this Agreement;
- 21.1.14 if You (or, in the case of a partnership, any of Your partners) become insolvent or make an assignment for the benefit of creditors; if execution is levied against the Franchise; if a receiver is appointed for the Franchise; or if suit to foreclose any lien or mortgage against the Franchise or Equipment is instituted and not dismissed within 30 days;
- 21.1.15 if You or any of the Owners is convicted of, pleads guilty to, or pleads no contest to a felony or any other crime or offense that Filta believes is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once You or the Owner has been arrested for or formally charged with a serious criminal offense, Filta will have the right: (i) to require that the individual(s) charged be removed from any active role in the Franchise pending final disposition of the charges; and (ii) if the person(s) charged include the Operator, to take over operation of the Franchise and to manage it on Your behalf pending final disposition of the charges;
- 21.1.16 if You fail to use QuickBooks or any other Information System required by Filta and fail to cure the default within ten (10) days after notice~~;~~ if You fail to enter complete and accurate customer contact information in any required Information System and fail to cure the default within fourteen (14) days after notice; or if You repeatedly fail to maintain connection to the Information Systems~~;~~ or fail to allow Filta access to Your data at any prescribed time~~;~~ or knowingly fail to input into QuickBooks any account, customer or location being serviced by You;
- 21.1.17 if You and/or Filta receives persistent customer complaints, verified by Filta, as to the quality of Your services;
- 21.1.18 if You fail to obtain or maintain required insurance coverage, or if required insurance coverage lapses or is cancelled and is not restored or replaced within forty-eight (48) hours after receipt of written notice of default, or if You fail to provide Filta with proof of insurance at the time required (even if You have the required coverage);

- 21.1.19 if any customer, government agency, or court determines that You have (a) collected waste cooking oil without the customer's authority; or (b) taken waste oil from a third party's storage container without the consent of the third party; ~~or~~
- 21.1.20 if You ~~fail~~receive customer funds that do not belong to ~~service all National Account Contracts in your Territory~~You and You fail to ~~cure~~return the ~~breach to Filta's satisfaction~~customer funds within ~~five (5)~~thirty (30) days ~~after receipt of notice of default from,~~ or if You are paid for another Filta franchisee's work and You fail to transfer the funds to the correct franchisee within thirty (30) days;
- 21.1.21 if You sell any service or product not specifically authorized by Filta; or
- 21.1.22 if Your year-over-year growth in Base Revenue, in both total dollars and percentage growth, is in the bottom 15% of all active Franchisees for two consecutive calendar years.
- 21.2 For any breach not specified in clause 21.1 or elsewhere in this Agreement, Filta has the right to terminate this Agreement if You fail to cure the breach to Filta's satisfaction within 30 days after receipt of notice of default from Filta.
- 21.3 Filta will have the right to terminate this Agreement by written notice, effective immediately, if You are a "repeat offender" under clause 21.1 and/or 21.2. You are a "repeat offender" if You are in default again under clause 21.1 or 21.2 after having received 2 or more prior written notices of default from Filta within the previous 18-month period, even if You cured each default. Filta may exercise this right to terminate at any time within 6 months after You are in default for the third time.
- 21.4 If Filta has reasonable grounds for believing that You have ceased to operate the Franchise without Filta's consent, Filta or its designee may operate the Franchise as Your agent with full powers to bind You.
- 21.5 You may terminate this Agreement at any time without cause, provided that: (i) You are not in default of any of Your obligations to Filta; (ii) You give Filta at least 90 days advance notice of the termination date; (iii) You continue to provide service to customers, conduct demonstrations for potential customers, and fulfill your obligations to Filta in the ordinary course until the termination date; (iv) You cooperate with and assist Filta, as reasonably requested, in transitioning the servicing of the customers to Filta or to a new franchisee; (v) You return the Equipment in good condition; (vi) You pay Filta a termination fee as determined according to the schedule in Exhibit 1 to this Agreement (the **"Termination Fee"**); (vii) You comply with the obligations in Article 22 below; and (viii) at the time of giving the notice in clause (ii) and again at the termination date, You sign a full release of any claims against Filta and its affiliates, officers, directors, agents, and employees. If You fail to comply with any of the conditions in this clause 21.5, Filta at its option may declare the termination to be ineffective, in which case You will remain liable to perform all obligations under this Agreement, or Filta may accept the termination on condition of Your payment of a Termination Fee equal to the ~~Service Fee~~average of the Monthly Fees for the 12 Months prior to Your notice in clause (ii) above, multiplied by the total number of Months remaining in the Term.

22 OBLIGATIONS UPON EXPIRATION OR TERMINATION

Immediately upon expiration or termination of this Agreement by either party for any reason or the Transfer of the Franchise to a new owner, unless otherwise explicitly directed by Filta, You must:

- 22.1 cease to trade under the Proprietary Marks, and cease to use the Proprietary Marks (or any imitation or approximation thereof) on the Vans, Stationery, signs, uniforms or otherwise;
- 22.2 not make or receive telephone calls in connection with the Franchise, and not hold Yourself out as an operator of the Franchise or as having any connection with Filta or the System;
- 22.3 deliver to Filta all MFUs in your possession or control. If You return all MFUs within 60 days, Filta will pay You the depreciated value (which we determine using the double declining balance method over a 10 year period) of each returned MFU. If You do not return all MFUs within 60 days, You agree to pay Filta liquidated damages of \$20,000 for each MFU that You fail to return. If Filta accepts the return of any other Equipment, Filta will pay You the fair market used equipment value, as determined by Filta in its reasonable judgment. Filta may deduct from any such payments the costs of any refurbishments and repairs and any other amounts You owe Filta;
- 22.4 within 5 business days, cancel any fictitious name filing or similar filing and any domain name registration that associates You with Filta, the Franchise or the System. If You fail so to do, Filta is hereby irrevocably appointed Your agent with full authority to give such notice to the appropriate government authorities on Your behalf;
- 22.5 within 5 business days, deliver to Filta: (a) full contact details for all customers You have serviced; and (b) the names of all other persons who have inquired about and/or requested the services of the Franchise within the previous 12 months;
- 22.6 pay all amounts owed to Filta and to the creditors of the Franchise;
- 22.7 comply with Your ongoing obligations that survive expiration, termination, or transfer of this Agreement, including but not limited to Article 12 (Insurance), Article 17 (Confidential Information); Article 23 (Restrictions on Competition); Article 24 (Indemnification); and Article 30 (Disputes); and
- 22.8 execute and deliver any and all documents required by Filta to complete the termination of this Agreement, which may include a release of claims, and to facilitate the transition of the servicing of the customers to Filta or its designee.

23 RESTRICTIONS ON COMPETITION

- 23.1 During the term of this Agreement, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any other direct or indirect interest in any business that offers services similar to one or more of the Environmental Kitchen Solutions Services (a "**Competing Business**").

- 23.2 For 2 years following the expiration, termination or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any other direct or indirect interest in any Competing Business that is operating within any Territory formerly assigned to You or within the geographic area defined by an outer boundary line that is measured twenty-five miles outward from the perimeter of any Territory formerly assigned to You. You agree that this restriction will not keep You from earning a livelihood, and You acknowledge that its purpose is to protect the goodwill of Filta and its other franchisees.
- 23.3 For 2 years following the expiration, termination, or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not have any contact with any customers to which You provided services within the 1-year period before expiration, termination, non-renewal, or transfer for the purpose of soliciting such customers for any Competing Business at any location.
- 23.4 The running of the time periods in clause 23.2 and 23.3 will be suspended during any period in which You are not in compliance with those ~~sections~~clauses. In addition, if a court proceeding results in enforcement of clause 23.2 or 23.3, any portion of the time periods in those ~~sections~~clauses that has not yet run will run from the date of the court order or settlement permitting enforcement.
- 23.5 You may not attempt to circumvent the restrictions in clause 23.1, 23.2 or 23.3 by engaging in prohibited activity indirectly through any other person or entity.
- 23.6 The Owners acknowledge that, by signing this Agreement or a separate Personal Guarantee, they are binding themselves personally to all of the terms of this Agreement, including all restrictions applicable to You under this Article 23.
- 23.7 If any provision of clause 23.1 to 23.3 is deemed by a court to be overbroad or unenforceable as written, the parties intend that the court reform the provision to make it enforceable, and You agree to comply with the clause as so reformed. You agree that the existence of any claim You may have against us, whether or not arising from this Agreement, is not a defense to Filta's enforcement of Article 23.

24 INDEMNITY

You agree to hold harmless and indemnify us and our past, present and future affiliates, officers, directors, shareholders, and employees (collectively, the "**Indemnitees**") against any claims, losses, costs, expenses, liabilities and damages (collectively, "**Claims**") arising directly or indirectly from, as a result of, or in connection with the Franchise, as well as the costs of defending against such Claims (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), except to the extent that the Claim is finally determined by a court to have been caused solely by Filta's gross negligence or willful misconduct. If You do not respond to a Claim in a timely and appropriate manner, the Indemnitees will have the right, but no obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claims against the Indemnitees. If You are co-defendant with Filta or any other Indemnitee in a lawsuit, each defendant may retain

its own counsel to represent its interests based on their respective contracts of insurance. You and Filta agree to co-operate in a joint defense to deal with the matter unless a conflict arises due to and based on the facts of the case. Your obligations under this clause are not limited by the amount of Your insurance coverage. This clause will survive the expiration or termination of this Agreement.

25 ACKNOWLEDGMENTS

25.1 You hereby acknowledge:

25.1.1 the exclusive rights of Filta to the System.

25.1.2 that in giving advice to You, assisting You to establish the Franchise, and assessing Your suitability, Filta does not give any guarantee or warranty with regard to the financial performance of the Franchise.

25.1.3 that You have been advised by Filta to seek independent advice, including legal advice, and that the decision to enter into this Agreement has been taken on the basis of Your personal judgment and experience, having taken such independent advice.

25.1.4 that You are not relying on any representation, warranty, inducement or promise, express or implied, by Filta other than the documents referred to in Article 32.

25.1.5 that You are not entering into this Agreement in whole or in part because of any potential add-on business concepts that Filta may or may not introduce in the future.

25.1.6 that in order to run a successful Filta franchise, You must be willing to operate during night, weekend and holiday hours.

25.2 It is hereby expressly agreed between the parties that each of the restrictions contained in this Agreement is reasonably necessary for the protection of Filta and its other franchisees, the System, and the Proprietary Marks, and does not unreasonably interfere with Your freedom of action. You enter into this Agreement with the benefit of legal advice in full knowledge of all the provisions hereof and You acknowledge that all such provisions are fair and reasonable.

25.3 You warrant that prior to the execution of this Agreement or any similar agreement with Filta, You had no knowledge of Filta's System or Confidential Information.

26 RESERVATION OF RIGHTS

All rights not specifically and expressly granted to You by this Agreement are for all purposes reserved to Filta.

27 NO AGENCY

Nothing in this Agreement shall be construed as making You and Filta partners or joint venturers or shall make either party liable for any of the debts or obligations of the other. You have no power to

contract on behalf of Filta. You are an independent contractor and must not hold yourself out or give the impression that You are acting as an agent or representative of Filta in any dealings which You may have with any third party. You must place upon all Stationery, letter headings, business cards, auto-signatures, and other documents and literature used in connection with the Franchise, in such manner and place as Filta may direct, the following words (or such other words to similar effect as may from time to time be specified by Filta): "a Filta Franchise owned and operated under License by" followed by Your name.

28 NO IMPLIED WAIVERS

No delay or failure to exercise any right under this Agreement (or any similar agreement with another franchisee) or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement (or any similar agreement with another franchisee), will constitute a waiver of Filta's right to exercise the contract provision or to demand Your strict compliance with the terms of this Agreement. Our waiver of a particular default or condition does not affect or impair our rights with respect to any subsequent default or condition. Our waiver of a default by another franchisee does not affect or impair our right to demand Your strict compliance with the terms of this Agreement. Our acceptance of any payments due from You does not waive any prior defaults unrelated to the payment.

29 SURVIVAL

The expiration or termination of this Agreement (for any reason) does not terminate any provision hereof which is expressly or by implication provided to come into or continue in force after such expiration or termination.

30 DISPUTES

30.1 Governing Law

This Agreement and the relationship between You and Filta are governed by and will be construed in accordance with the law of the State of Florida, without regard to the application of Florida conflict of law rules.

30.2 Venue

You and the Owners must file any suit against Filta, and we may file any suit against You and/or the Owners, in the federal or state court where Filta's principal office is located at the time the suit is filed. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

30.3 Time Limit on Filing

Any claim or action arising out of or relating to this Agreement or the relationship between Filta and You and the Owners must be commenced within one (1) year from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

30.4 **Waiver of Class or Consolidated Action**~~Waiver~~

TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST FILTA; TO JOIN WITH OTHER FRANCHISEES, THEIR OWNERS, OR OTHER THIRD PARTIES IN THE SAME LEGAL ACTION AGAINST FILTA; AND TO CONSOLIDATE CLAIMS WITH THOSE OF ANY OTHER FRANCHISEE OR ITS OWNERS.

30.5 **Waiver of Jury Trial**

Filta, You, and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim among them.

31 MODIFICATION OF AGREEMENT

No variation, modification or alteration of any of the terms of this Agreement is of any effect unless evidenced in writing signed by a duly authorized representative of You and Filta.

32 ENTIRE AGREEMENT

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. No director, employee or agent of Filta is authorized to make any representation or warranty not contained in this Agreement and You acknowledge that You have not relied on any such oral or written representations or statements about the Franchise, the prospects for success, financial performance, or any other matter unless such representations or statements are annexed to this Agreement and signed by the parties.

33 NOTICE

All notices related to this Agreement are required to be in writing and are required to be delivered in person or sent by certified mail or by national commercial delivery service to the address shown on the cover page in the case of Franchisee, and to 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819 in the case of Filta, unless and until a different address has been designated by written notice to the other party. This ~~Section~~clause does not apply to changes to the Manual or any written instructions that Filta furnishes to you relating to operational matters.

34 EXPENSES

You agree to reimburse us for all expenses we reasonably incur (including reasonable attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to us by You and/or the Owners; and (b) in the defense of any claim You and/or the Owners assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings. Except as stated in the foregoing sentence or as expressly provided otherwise in this Agreement, the parties will each bear their own

legal and accountancy costs and other expenses incurred in connection with this Agreement.

THIS FRANCHISE AGREEMENT IMPOSES IMPORTANT LEGAL OBLIGATIONS ON YOU. WE THEREFORE STRONGLY ADVISE YOU TO OBTAIN COMPETENT, INDEPENDENT LEGAL AND BUSINESS COUNSEL BEFORE ENTERING INTO THIS FRANCHISE AGREEMENT. We believe that fully understanding your obligations before entering into the agreement is the best way to avoid conflicts. We look forward to a mutual, beneficial relationship.

[Signature page follows]

You represent that the person signing this Agreement on your behalf has full authority to do so.

THE FILTA GROUP INC.

Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

THE SCHEDULE

The Territory:

Premises location:

Opening Package:

Equipment & Stock:	
QTY	Item & Description
1	FiltaFry Mobile Filtration Unit
1	Stainless steel pail
1	Accessories holder
1	OSHA approved first aid kit
1	Electric Thermometer
1	12" Fryer Thermometer
1	Light box
1	5-in-1 tool
1	Stainless steel ladle large
1	Stainless steel poker/hook
1	"Wet Floor" warning sign
4	Hand sprayer (frychem label included)
1	Extension Cord (25ft)
1	Filter Extraction Tool
1	Oily Rag - Fire Disposal Can 10gal
2	5lb ABC Fire Extinguisher
1	Mini Fire Extinguisher Spray
1	10 ft roll red repair tape
1	10 ft roll blue repair tape
1	Fryer Cleaning Tool
1	Filta Vacuum Cart
1	Frychem Plus
1	Clamp on Multimeter
1	Turkey Fryer
1	Plastic drum - 30 gal for frychem mixture
1	Barrel Pump

1	Flexible Spatula
1	WVO 55 Gallon Drum
1	S-Hook Biner
2	1 1/4" Bulkhead Fitting (Drum fittings)
1	1" x 10" WVO Fryer Pipe
1	1 1/4" x 10" WVO Fryer Pipe
1	PVC 90 degree elbow
1	Head Light Kit
1	Fryer Lighter
1	Door Stop
1	Fryer Skimmer
1	2-Pc Screwdriver Set
1	Scraper
	Stainless Steel Ladle small
1	5gal Bucket
2	Orange Safety Cones
1	Bearing Puller
1	Vacuum Crum Scoop
2	Industrial wet/dry vac
21 ft	Vacuum Hose
1	Vacuum Switch
4	Vacuum Hose Cuff (Only)
1	Short Attachment
1	Curved Attachment
1	Long Attachment
1	3/4" Kevlar Elbow Cover
1	1/2" Kevlar Elbow Cover
1	Pre-Filter Lid Knobs (pack of 3)
1	Heater
1	Auxiliary Contactor
2	Motor Bearing
1	Inlet Hose (blue only)
1	Overload Relay (6-10 amp)
1	24vdc Contactor
1	Gen 4 3/4" Dump Valve
10	FiltaCool Holders including 40 screws
30	FiltaCool Filters
1	Filter Degassing Unit
1	Oil Shortening Shuttle

1	WVO Transfer Pump 1"
1	Absorbent Filter Kit
2	1 1/4" x 1" bushing
5	Type F 1 1/4" camlock - Installed VST + 3 PVC lances
2	Type A Male Female - Installed bio pump & WVO drum
2	Pipe Elbow 1 1/4" - Installed VST & WVO pipes
2	Brass Valve 1 1/4" - Installed VST & WVO drum
2	Nipple 1" - VST (Installed) + Bio Pump (installed)
1	Berm 8.5ft x 11ft x 1ft
2	15ft tanker hose
1	55 gallon drum filter
1	Nipple 1 1/4" - Installed VST & WVO Drum
1	1" 45 Degree Elbow
1	1 1/4" 45 Degree Elbow
1	Foam Sprayer
1	Laser Measuring Tool
1	Rear Docking Ramp
1	Locking System MFU Side
1	Locking System Van Side
1	Locking Plate Base
1	Vehicle Decal & Installation
1	Equipment Installation
1	Inverter
1	Promaster Floor (If Required)
1	Shelving (Rear Load only)
1	250 Gal. Tank (VST) (Rear Load Only)

Marketing

Materials:

QTY	ITEM & DESCRIPTION
25	Fryer Management Posters
100	Filta Services Brochures
50	Environmental Impact Brochures
5	Filta markers
20	Filta pens
25	Filta Folders
50	FiltaDrian One Sheet
25	FiltaCool One Sheet
25	Recruitment Cards

Uniforms:

QTY	ITEM & DESCRIPTION
2	Filta business dress or camp style shirts
2	Filta Polo Style Shirts
1	1 Filta jacket
1	1 Filta sweatshirt
5	Work Pants
5	Filta Tech -Shirts
1	Pair Non slip boots
2	Filta baseball caps
1	Slip - Resistant overshoes
2	Pair Safety Gloves Kevlar
2	Pair Kevlar arm protectors
1	Safety glasses
2	Aprons
2	Pair of Hand to Elbow Fryer Glove
1	Nitrile Gloves

PERSONAL GUARANTEE

As an inducement to THE FILTA GROUP INC. ("Filta") to execute a Franchise Agreement (the "Agreement") with _____ ("Franchisee"), a(n) **individual, LLC, corporation** organized under the laws of _____, the undersigned individuals (collectively, the "Guarantors"), jointly and severally, hereby unconditionally and personally guarantee to Filta, its affiliates, and their successors and assigns that all of Franchisee's obligations under the Agreement and under other agreements or arrangements between Franchisee and Filta, its affiliates, and their successors or assigns will be punctually paid and performed.

1. Guaranty

Upon demand by Filta, the Guarantors will immediately make each contribution or payment required of Franchisee under the Agreement, and under other agreements or arrangements between Franchisee and Filta, its affiliates, or their successors or assigns. Each Guarantor waives any right to require Filta to: (a) proceed against Franchisee or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Filta may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment by Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity

The Guarantors agree to hold harmless and indemnify Filta against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement or any other agreement between Franchisee and Filta or its affiliates.

3. Other Personal Obligations

The Guarantors acknowledge that they are bound personally by all covenants not to compete, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement.

Except as expressly authorized by the Agreement, the Guarantors shall not make use of any of the intellectual property rights licensed under the Agreement or the goodwill of Filta and its affiliates, and shall not disclose to any third party or make use of any trade secrets, know-how, systems or methods of which Guarantors may acquire knowledge by virtue of the training they may have received from Filta, their involvement in the business, or their ownership interest in Franchisee.

4. Duration

This Guarantee will remain in full force and effect until all obligations and liabilities of the Guarantors hereunder have been satisfied or discharged by the Guarantors. All personal obligations under Section

3 which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms.

Upon the death of a Guarantor, the Guarantor's estate will be bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

GUARANTOR:

Date:

GUARANTOR:

Date:

EXHIBIT 1
TERMINATION FEE SCHEDULE

If You elect to terminate the Franchise in the following year of Your then-current Term:	The Termination Fee will be:
Year 1	<p>The Service Fee If the Franchise Agreement was for a new Franchise, the Minimum Royalty multiplied by 25% of the number of Months remaining in the Term</p> <p>If the Franchise Agreement was for an existing Franchise you acquired from a previous operator, the average of the Monthly Fees for the 12 Months preceding Your notice of termination (calculated using both Your and the previous operator's Monthly Fees), multiplied by 25% of the number of Months remaining in the Term.</p>
Year 2	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 30% of the number of Months remaining in the Term
Year 3	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 35% of the number of Months remaining in the Term
Year 4	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 40% of the number of Months remaining in the Term
Year 5	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 45% of the number of Months remaining in the Term
Year 6	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 50% of the number of Months remaining in the Term
Year 7	The Service Fee average of the Monthly Fees for the 12 Months preceding Your notice of termination, multiplied by 55% of the number of Months remaining in the Term

Year 8	The Service Fee <u>average of the Monthly Fees for the 12 Months preceding Your notice of termination</u> , multiplied by 60% of the number of Months remaining in the Term
Year 9	The Service Fee <u>average of the Monthly Fees for the 12 Months preceding Your notice of termination</u> , multiplied by 65% of the number of Months remaining in the Term
Year 10	Zero

EXHIBIT 2
FILTABIO ADDENDUM

**~~FILTABIO ADDENDUM TO THE
FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE AGREEMENT~~**

~~This FiltaBio Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____ ("Franchisee" "You" or "Your"), on the date signed by Filta (the "Effective Date").~~

Background:

~~A. This Addendum amends and supplements the Filta Environmental Kitchen Solutions Franchise Agreement dated _____, between You and Filta (the "Franchise Agreement").~~

~~B. Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.~~

Agreement:

~~1. Purpose of Addendum:~~

~~To facilitate development of the business of collecting, storing, and selling waste cooking oil ("WVO") as a service under the Franchise Agreement (the "FiltaBio Service"); and~~

~~To give You a sales outlet for the WVO and provide for the aggregation of WVO from You and other Filta franchisees in order to a) leverage pricing of the WVO, and b) improve opportunities for consistent sales of the WVO.~~

~~2. Term~~

~~_____ This Addendum will expire automatically on the date of termination, expiration, or non-renewal of the Franchise Agreement.~~

~~3. Designated Collector~~

~~a. Filta may enter into an agreement with a third party that will collect all WVO in Your possession, pursuant to the terms of this Addendum (the "Designated Collector"). If Filta has entered into an agreement with a Designated Collector, the contact information for the Designated Collector is included on the attached Schedule "A." If Filta changes Designated Collectors, Filta will notify You in writing. The Procedure (section 4 of this Addendum) may be subject to change dependent upon a change in the Designated Collector.~~

b. ~~Because the Designated Collector might not accept WVO with untraceable origin, all WVO must be traceable to the point of origin where the WVO has been formed the first time (including all legal entities and facilities involved in the supply chain). You are required to follow all traceability and reporting standards set by the Renewable Fuels Standard ("RFS") provision of the US Energy Independence and Security Act of 2007, as applicable, and other reports as Designated Collectors may require from time to time. You will be in default of this Addendum and the Franchise Agreement if You fail to comply with this requirement and do not cure the default within seven (7) days after notice from Filta.~~

c. ~~If required by Filta or the Designated Collector, you must certify that: (i) the WVO meets the sustainability criteria set by the RFS, as applicable; (ii) the WVO is kept segregated from non-RFS compliant feedstocks from the point of origin until delivered to or received by the Designated Collector; and (iii) the WVO meets the definition of "renewable biomass" for animal waste material or animal by-products, separated food waste, waste oils/fats/greases (flush oil and acid oil) under 40 CFR §80.1401.~~

d. ~~Upon request by Filta or the Designated Collector, you will provide the Designated Collector with a Separated Food Waste Certificate for all WVO volumes sold, along with other supporting documentation after the Designated Collector's receipt of the WVO.~~

e. ~~If a regulatory change in compliance requirements compels changes to this Section 3, Filta shall update and revise the Section and communicate the new requirements to you not later than thirty (30) days before the applicable compliance requirements take effect.~~

f. ~~In the case of WVO which is non-compliant with Sustainability Provisions; or on which the sustainability information is not true, accurate and complete, the Designated Collector, in its sole discretion may: (a) reject and return the WVO at your cost and risk, without obligation to pay for it, provided that the Designated Collector specifies the manner in which the WVO is non-compliant; and (b) suspend collection, in whole or in part, from you and any other Franchisee(s) whose WVO is non-compliant until compliance with Sustainability Provisions is fully restored by the Franchisee(s). If the non-compliance affects ten (10) or more Franchisees and continues for thirty (30) days or longer, the Designated Collector will have the right to terminate its agreement with Filta.~~

g. ~~You agree to hold harmless and indemnify Filta against any claims, losses, costs, expenses, liabilities and damages Filta incurs to the Designated Collector and/or any government agency arising from your failure to comply with the obligations in this Section 3.~~

~~4. Procedure~~

a. ~~You agree to sell all WVO to Filta during the term of this Addendum, subject to the terms and conditions stated below except as otherwise agreed in writing with Filta.~~

b. ~~You agree to collect, process and store all WVO from customers serviced by Your franchise and to continuously report the volume, in gallons, of WVO in your possession via the Symphony platform or monitors installed on your tanks. In reporting Your volume of WVO, You represent that You have the lawful right to all WVO that You have collected and that it has not been collected from bins outside the back of customer locations.~~

~~c. When Filta determines that the aggregate volume of all area franchisees' WVO reaches the capacity of an available truck, Filta will arrange to have the WVO collected. Your WVO may be combined with the WVO collected from other area franchisees to form a truckload.~~

~~d. In presenting the WVO for collection, You represent that the oil meets the minimum quality standards described in Section 3 above (the "Quality Level"). You agree to send Filta samples of WVO from totes when requested prior to collection. In order to protect all parties and ensure quality, Filta or the Designated Collector may conduct tests before and after collection to determine whether the WVO meets the Quality Level. If WVO does not meet the Quality Level before collection, then Filta will advise You on methods to bring the WVO up to the Quality Level.~~

~~e. A collection receipt will be left onsite showing the date, time and volume of WVO collected at the time of collection. Within 5 business days of collection, you will be notified by email of the rate to be paid for the WVO. If you object to the rate or volume, you must send Filta an email within 24 hours of receipt of the notification.~~

~~f. You acknowledge that if any truckload of WVO does not meet the Quality Level, the end purchaser may reject the WVO or reduce the price it pays Filta for the WVO, in which case Filta will decrease the price it pays you for the WVO.~~

~~g. Subject to the paragraphs above, Filta will pay you for the WVO within seven business days after Filta receives payment from the Designated Collector. Filta will pay You at the rate notified under Paragraph 4(e) above, unless reduced under Paragraph 4(f).~~

~~5. Treatment of Proceeds~~

~~Your receipts from the sale of WVO will be included in any calculation of Business Volume under Article 7 of the Franchise Agreement.~~

~~6. Authorization to Enter Franchisee's Property~~

~~If you elect to rent a storage unit, garage or warehouse facility to store waste oil and/or supplies, the facility must meet Filta's standards for accessibility to the facility by Filta or the Designated Collector. You agree to set up your WVO storage area in such a way that Filta or the Designated Collector has free access to it, including all necessary entry codes or keys. Franchisee grants Filta and the Designated Collector and all their employees, contractors and subcontractors the right and license to enter upon Franchisee's property to access the WVO storage area.~~

~~7. Franchisee's Rights in Case of Nonpayment~~

~~If Filta does not pay You for the WVO within 30 days of the date it is purchased by the end buyer, You must send written notice of nonpayment to Filta's Orlando office (Fax (407) 996-5551). Filta will have 10 business days from receipt of Your notice to deliver payment to You. If~~

~~Filta does not deliver payment within this 10 business day period, You will have the right, on 30 days' written notice, to terminate Your obligation to sell WVO through the procedure in this Addendum. You may thereafter continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum.~~

~~8. Filta's Right to Suspend Program~~

~~If the market price of WVO should decline to the extent that Filta determines that performing under this Addendum is no longer economically or commercially feasible, Filta may suspend the parties' rights and obligations hereunder indefinitely by delivering written notice to Your place of business at least 10 business days before the suspension takes effect. During any period of suspension, You may continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum. If the market price of WVO recovers to the extent that Filta determines that resuming performance under this Addendum is economically or commercially feasible, Filta may reinstitute the parties' rights and obligations hereunder by delivering written notice to Your place of business at least 10 business days before the suspension ends.~~

~~9. Confidentiality~~

~~You agree not to disclose any information about the terms of this Addendum, including the Schedules, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.~~

~~10. Entire Agreement; Modification.~~

~~This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.~~

~~11. Effect of Addendum.~~

~~Except as expressly modified by this Addendum, the terms of the Franchise Agreement, as amended, remain in full force and effect and are ratified and confirmed.~~

~~*[Signature page follows]*~~

~~For your convenience, this document is set up for execution by e-signature through EchoSign. Acceptance is indicated by e-signature. Simply follow the instructions in the EchoSign e-mail to e-sign this document. A fully executed copy will then be e-mailed to you.~~

~~[YOUR COMPANY NAME]~~

~~The Filta Group, Inc.~~

Print
Name:

Title:

Date:

By:

Title:

Date:

~~Schedule A~~

The ~~Designated Collector~~ under this Addendum is:

Schedule B

The Rate Paid per gallon to Franchisee is based upon the Monthly Volume of WVO collected and the Jacobsen Rate at the time of collection. The higher the Monthly Volume, the higher the percentage of Jacobsen paid.

<i>Monthly Volume (gallons)</i>	<i>Rate Paid % Jacobsen</i>
0-1,000	45%
1,001-1,500	50%
1,501-2,000	55%
2,001-2,500	60%
Over 2,500	65%

Descriptions and Examples

Jacobsen Rate

This Jacobsen Rate is an industry standard for pricing WVO and is published weekly on FiltNet or can be found at www.thejacobsen.com.

Jacobsen works on regions. You are in the region defined by Jacobsen as: ***“To be decided”***

The Jacobsen rate is defined in cents per pound. This amount is multiplied by 7.5 to give the price per Gallon.

Monthly Volume

Note: As the project grows, there may be many collections per month from Franchisee, and each collection may be of relatively low volume (for example 400 gal per week).

~~The fairest way to work the pricing is to determine how much WVO Franchisee collects in a 30 day period and pay the rate accordingly. This is the "Monthly Volume."~~

~~The calculation to determine the Monthly Volume is:~~

~~**Volume collected divided by the number of days since last collection multiplied by 30.**~~

~~Example 1: if 1,500 gallons is collected and it has been 35 days since the last collection:~~

~~Monthly Volume = $1500 / 35 \times 30 = 1,286$~~

~~Example 2: if 750 gallons is collected and it has been 15 days since the last collection:~~

~~Monthly Volume = $750 / 15 \times 30 = 1,500$~~

~~EXHIBIT 3~~
~~FILTABIO 6K ADDENDUM~~

**~~FILTABIO 6K ADDENDUM TO THE
FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE AGREEMENT~~**

This FiltaBio 6K Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____ ("Franchisee" "You" or "Your"), on _____ (the "Effective Date").

Background:

A. _____ This Addendum amends and supplements that certain Filta Environmental Kitchen Solutions Franchise Agreement between You and Filta, as amended (the "Franchise Agreement").

B. _____ This Addendum supersedes and replaces any previous FiltaBio Addendum to the Franchise Agreement.

C. _____ Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.

Agreement:

1. _____ Purpose of Addendum

To facilitate development of the business of collecting, storing, and selling waste vegetable oil ("WVO") as a service under the Franchise Agreement (the "FiltaBio Service"); and

To give You a sales outlet for the WVO and provide for the aggregation of WVO from You to a) leverage pricing of the WVO, and b) improve opportunities for consistent sales of the WVO.

2. _____ Term

_____ This Addendum will expire automatically on the date of termination, expiration, or non-renewal of the Franchise Agreement.

3. _____ Collector

a. _____ Filta will enter into an agreement with a third party (the "Collector") to broker the sale of all WVO in Your possession, pursuant to the terms of this Addendum. Filta will use its best efforts and business judgment to negotiate with available third parties to obtain the best available price for Your WVO based on market conditions in place at the time of sale. Filta may

change the Collector at its sole and reasonable discretion, and if it deems it prudent to do so, may enter into an agreement with available third parties to sell future loads of WVO at a designated price.

b. ~~Because the Collector might not accept WVO with untraceable origin, all WVO must be traceable to the point of origin where the WVO has been formed the first time (including all legal entities and facilities involved in the supply chain). You are required to follow all traceability and reporting standards set by the Renewable Fuels Standard ("RFS") provision of the US Energy Independence and Security Act of 2007, as applicable, and other reports as Collectors may require from time to time. You will be in default of this Addendum and the Franchise Agreement if You fail to comply with this requirement and do not cure the default within seven (7) days after notice from Filta~~

c. ~~If required by Filta or the Collector, you must certify that: (i) the WVO meets the sustainability criteria set by the RFS, as applicable; (ii) the WVO is kept segregated from non-RFS compliant feedstocks from the point of origin until delivered to or received by the Collector; and (iii) the WVO meets the definition of "renewable biomass" for animal waste material or animal by-products, separated food waste, waste oils/fats/greases (flush oil and acid oil) under 40 CFR §80.1401.~~

d. ~~Upon request by Filta or the Collector, you will provide the Collector with a Separated Food Waste Certificate for all WVO volumes sold, along with other supporting documentation after the Collector's receipt of the WVO.~~

e. ~~If a regulatory change in compliance requirements compels changes to this Section 3, Filta shall update and revise the Section and communicate the new requirements to you not later than thirty (30) days before the applicable compliance requirements take effect.~~

f. ~~In the case of WVO which is non-compliant with Sustainability Provisions; or on which the sustainability information is not true, accurate and complete, the Collector, in its sole discretion may: (a) reject and return the WVO at your cost and risk, without obligation to pay for it, provided that the Collector specifies the manner in which the WVO is non-compliant; and (b) suspend collection, in whole or in part, from you until compliance with Sustainability Provisions is fully restored. If the non-compliance continues for thirty (30) days or longer, the Collector will have the right to terminate its agreement with Filta.~~

~~You agree to hold harmless and indemnify Filta against any claims, losses, costs, expenses, liabilities and damages Filta incurs to the Collector and/or any government agency arising from your failure to comply with the obligations in this Section 3.~~

4. ~~Equipment and Financing~~

a. ~~You will purchase the following equipment from Filta:~~

- ~~i. Poly Tanks (quantity depends on warehouse layout and/or capacity of tanks)~~
- ~~ii. Tanker Gas Pump~~
- ~~iii. Electric Pumps (2)~~
- ~~iv. Berm(s)~~

- ~~v. Hoses (2" & 1 1/4")~~
- ~~vi. Fittings~~
- ~~vii. Couplings~~
- ~~viii. PVC Supplies~~
- ~~ix. Ball valves (2" & 1 1/4")~~
- ~~x. Straining System (Dumpster & Strainer)~~
- ~~xi. Additional Items as required~~

- ~~b. You will pay for all costs related to the freight, transportation, delivery, installation and maintenance of the equipment at Your facility. If requested, Filta will loan You the money to pay for the foregoing equipment, and for the costs of the freight, transportation, delivery, and installation of the foregoing equipment at Your facility. Filta will provide You with a separate invoice that details all equipment that You will acquire and all costs that You will pay, and You agree to pay Filta the price that will be set forth on the invoice, pursuant to the payment terms on the attached Exhibit "A" (the "Equipment Loan").~~
- ~~c. Immediately upon termination of this Addendum, You agree to completely dismantle all of the foregoing equipment so that it may not be used to store WVO, and to store the equipment in a safe place that is not accessible by members of the public.~~

~~5. Storage Facility~~

- ~~a. You will acquire and maintain an enclosed storage facility, at Your cost, to store Your WVO. Your storage facility must have a minimum storage capacity for 6,850 gallons of WVO. You are solely responsible for selecting and maintaining Your storage facility and all equipment therein so that it complies with all local, state and federal law and regulations of any kind.~~
- ~~b. You will obtain and pay for all licenses, permits, and other governmental approvals, whether local, state or federal, that are necessary or required to install the equipment and operate Your WVO storage facility as described herein.~~

~~6. Procedure~~

~~a. You agree to sell all WVO to Filta during the term of this Addendum, subject to the terms and conditions stated below, except as otherwise agreed in writing with Filta. It is a material breach of this Addendum and the Franchise Agreement for You to sell Your WVO to any person or entity other than Filta. If You sell Your WVO to any person or entity other than the Filta, You will pay Filta liquidated damages calculated as: the number of pounds of WVO sold multiplied by the relevant Jacobsen rate in effect at the time of sale, plus ten cents per pound of WVO sold.~~

~~b. You agree to collect, process and store all WVO from customers serviced by Your franchise and to continuously report the volume, in gallons, of WVO in your possession via the Symphony platform or monitors installed on your tanks. In reporting Your volume of WVO,~~

~~You represent that You have the lawful right to all WVO that You have collected and that it has not been collected from bins outside the back of customer locations.~~

~~c. — When Filta determines that the aggregate volume of Your WVO reaches the approximate level of 6,000 gallons (a "truck load"), Filta will arrange to have the WVO collected. WVO collection request date must be a minimum of 7 business days prior to the collection date. Filta or the Collector will provide You with 48 hours' notice of the collection date. You or Your authorized representative must be personally present during the collection.~~

~~d. — Scale tickets will be left onsite by the driver showing the date, time and volume of WVO collected at the time of collection. You will provide Filta copies of the empty scale ticket and loaded scale ticket immediately after the collection. Within 5 business days of collection You will be notified by email of the rate to be paid for the WVO per the attached Schedule "A." If You have any objections to the rate or volume, You must send Filta an email within 24 hours of receipt of this notification describing the objection, or the objection is waived. This procedure may be updated in the Manual and modified from time to time.~~

~~e. — In presenting the WVO for collection, You represent that the oil meets the minimum quality standards described in Section 3 above (the "Quality Level"). You agree to install a Filta approved straining system. In order to protect all parties and ensure quality, Filta or the Collector may conduct tests before and/or after collection to determine whether the WVO meets the Quality Level. If the Collector or Filta finds that Your WVO does not meet the Quality Level, then You may be required to send samples of the WVO for testing to an independent 3rd party laboratory of Filta's choice. If it is determined by the lab that Your WVO does not meet the Quality Level, the cost of testing will be deducted from the collection proceeds.~~

~~f. — You further acknowledge that if any truckload of WVO does not meet the Quality Level, the Collector may reject the WVO or reduce the price it pays Filta for the WVO, in which case Filta will decrease the price it pays You for the WVO. If payment has already been made to you, an adjustment will be made on the next WVO collection.~~

~~g. — Subject to the paragraphs above, Filta will pay You for the WVO collected within seven business days of the date Filta receives payment from the Collector, pursuant to the terms on the attached Exhibit "A."~~

~~7. — Treatment of Proceeds~~

~~— Your receipts from the sale of WVO will be included in any calculation of Business Volume under Article 7 of the Franchise Agreement.~~

~~8. — Authorization to Enter Franchisee's Property~~

~~If you elect to rent a storage facility, garage or warehouse facility to store Your WVO and equipment, the facility must meet Filta's standards for accessibility to the facility by Filta or the Collector. You agree to set up your WVO storage area in such a way that Filta or the Collector has free and direct access to it, including all necessary entry codes or methods to access the~~

~~WVO. Franchisee grants Filta and the Collector and all their employees, contractors and subcontractors the right and license to enter upon Franchisee's property to access the WVO storage area.~~

~~9. Franchisee's Rights in Case of Nonpayment~~

~~If Filta does not pay Franchisee for the WVO within seven business days of the date Filta receives payment by the end buyer, Franchisee must send written notice of nonpayment to Filta's Orlando office (Fax (407) 996-5551). Filta shall have ten business days from receipt of your notice to deliver payment to you. If Filta does not deliver payment within this ten day period, you will have the right, on 30 days' written notice, to terminate your obligation to sell WVO through the procedure in this Addendum. You may thereafter continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum.~~

~~10. Filta's Right to Suspend Program~~

~~If the market price of WVO should decline to the extent that Filta determines that performing under this Addendum is no longer economically or commercially feasible, Filta may suspend the parties' rights and obligations hereunder indefinitely by delivering written notice to Franchisee's place of business, at least ten business days before the suspension takes effect. During any period of suspension, Franchisee may continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum. If the market price of WVO recovers to the extent that Filta determines that resuming performance under this Addendum is economically or commercially feasible, Filta may reinstitute the parties' rights and obligations hereunder by delivering written notice to Franchisee's place of business, at least ten business days before the suspension ends.~~

~~11. Confidentiality~~

~~You agree not to disclose any information about the terms of this Addendum, including the Schedules, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.~~

~~12. Entire Agreement; Modification.~~

~~This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.~~

~~13. Effect of Addendum.~~

~~Except as expressly modified by this Addendum, the terms of the Franchise Agreement, as amended, remain in full force and effect and are ratified and confirmed.~~

SIGNATURE PAGE

THE FILTA GROUP, INC.

COMPANY

By:

By:

Title:

By:

~~Schedule A~~

- ~~1. Until Your Equipment Loan is paid in full, Filta will pay You 65% of the price that Filta obtains for the sale of Your WVO, less any reductions due to WVO that does not meet the Quality Level. 20% of the price that Filta obtains for the sale of Your WVO will be applied to pay down Your Equipment Loan.~~
- ~~2. Once Your Equipment Loan is paid in full, Filta will pay You 85% of the price that Filta obtains for the sale of Your WVO, less any reductions due to WVO that does not meet the Quality Level.~~
- ~~3. Until Your Equipment Loan is paid in full, Filta will pay 5% of the amount that Filta obtains for the sale of Your WVO toward payment of Your Equipment Loan. After Your Equipment Loan is paid in full, Filta will stop making these payments.~~
- ~~4. In the event that You fail to pay Filta any sum due to Filta under the Franchise Agreement within ten days of the date it is due, You agree that Filta may apply Your proceeds from the sale of WVO herein to pay said past due amounts.~~
- ~~5. If your Franchise Agreement and/or the 6K Addendum terminates while you still have an outstanding balance on the Equipment Loan, it will constitute a default of the Equipment Loan, and the entire remaining balance will be due and payable immediately.~~

EXHIBIT B

DEPOSIT LETTER AGREEMENT

DEPOSIT LETTER

Dear Mr. Dunn:

We understand that The Filta Group, Inc. has approved our application for a franchise. We request that Filta remove the following territory or territories from its list of available franchise territories and reserve it/them for us:

_____ (the "Territory").

We understand that our request is subject to the following terms and conditions:

1. Deposit. Upon execution of this Letter Agreement, we are paying Filta a deposit of \$15,000 (the "Deposit") to hold the Territory. The Deposit compensates Filta for its risk of lost opportunity in removing the Territory from its list of available territories and for its costs associated with this Letter Agreement. Filta is not required to keep the Deposit separate from its other funds.

This Letter Agreement commits both us and Filta to enter into a Franchise Agreement for the Territory. The Deposit is to be applied toward payment of the territory fee required upon execution of the Franchise Agreement. Upon receipt of our Deposit, Filta will draw up the Franchise Agreement and will schedule us for the next available session of the initial training program starting after the anticipated signing date of the Franchise Agreement. The Deposit is nonrefundable.

2. Effect of Letter. This Letter Agreement does not create a franchise. We acknowledge that Filta has not granted us any right or license to use any of its trade names, trademarks, service marks, logos, software or systems, and that we will not have any such rights unless and until we enter into a Franchise Agreement with Filta for a Territory. We agree that we are solely responsible for any expenses that we incur relating to this Letter Agreement and/or the Territory before signing a Franchise Agreement with Filta. Filta will have no liability for such expenses.

3. No Survival of Rights. Except as provided in Section 1 above with respect to the Deposit, neither we nor Filta will have any rights, obligations or liabilities under this Letter Agreement after its termination. Termination of this Letter Agreement will not affect our or Filta's rights or obligations under any separate nondisclosure agreement.

Enclosed is our check for \$15,000 for the Deposit. Two copies of this Letter Agreement are enclosed. Please acknowledge your acceptance of the terms and conditions set forth above by signing and returning one copy of this Letter Agreement to us. The other copy is for your files.

THE FILTA GROUP INC.

By _____

Title _____

Date _____

PROSPECTIVE FRANCHISEE

Signature _____

Title _____

Date _____

EXHIBIT C

OPERATING MANUAL

The Manual is only available online via the Franchisee Portal. We will give you an opportunity to view the Manual before buying the franchise.

EXHIBIT D

FILTA FRANCHISEES AS OF DECEMBER 31, ~~2022~~2023;
FRANCHISEES WHO EXITED A TERRITORY DURING ~~2022~~

FILTA FRANCHISEES IN THE U.S.A.
As of December 31, ~~2022~~2023

Franchisee	Contact Information	Status as of 12/31/ 2022 <u>2023</u>
ALABAMA		
Novus Orsa Corp	128 Hidden Ridge Chelsea, AL 35043 Tel: 205-572-5704	Operating 6 Territories
PGC Alabama, LLC	3120 Boxwood Drive Montgomery, AL 36111 Tel: 334-315-5938	Operating 2 Territories
Huntsville Food & Management, Inc.	2317 Meridian St. Huntsville, AL 35811 Tel: 256-655-5748	Operating 1 Territory
MND Enterprises LLC	1228 Walker Drive Glencoe, AL 35905 Tel: 256-485-8558	Operating 1 Territory
ALASKA		
Frozen Horizon Alaska, LLC	701 Winston Place Anchorage, AK 99504 Tel: 480-688-2475	Operating 1 Territory
ARIZONA		
Bates Family Enterprise, LLC	3249 E Altadena Ave Phoenix, AZ 85028 Tel: 480-374-9638	Operating 2 Territories
Arthur Brandon Long	18424 N 59 th Ln Glendale, AZ 85308 801-554-8404	Operating 2 Territories

Benjamin Murphy	12961 N. Meadview Way Oro Valley, AZ 85755 Tel: 480-869-2827	Operating 1 Territory
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ARKANSAS		
ECO Services of Arkansas, Inc.	13220 Pleasant Forest Dr Little Rock, AR 72212 Tel: 501-416-8282	Operating 1 Territory
Artisan Backyard Products	470 N. Drewrys Bluff Drive Fayetteville, AR 72704 Tel: 479-295-2076	Operating 1 Territory
CALIFORNIA		
Adel Moradi	2152 Pheasant Drive Hercules, CA 94547 Tel: 510-867-8550	Operating 4 Territories
Lucid Enterprises, LLC	7974 Convoy Ct. San Diego, CA 92111 Tel: 619-743-6659	Operating 4 Territories
RooBug Enterprises, LLC	9830 Halifax Street Ventura, CA 93004 Tel: 805-647-9846	Operating 2 Territory
2C7 Enterprises Inc.	3101 Bighorn Drive Corona, CA 92881 Tel: 310-691-0073	Operating 3 Territories
Tim A. Whipple	15462 Nopel Avenue Forest Ranch, CA 95942 Tel: 530-624-0439	Operating 4 Territory
Paloma Services Inc.	1185 Campbell Avenue San Jose, CA 95126 Tel: 650-701-3139	Operating 2 Territory
Katherine Turner	155 Yale Lane Seal Beach, CA 90740 Tel: 310-717-1168	Operating 3 Territory
Orange County Green Kitchens	3336 Willard Street San Diego, CA 92122 Tel: 858-490-4289	Operating 4 Territories

Kora Enterprises LLC	2434 W. Orangethorpe Ave. Avenue #B Fullerton, CA 92833 Tel: 52-55-51-03-20-35	Operating 1 Territory
Central Valley Services LLC	1233 Cavalaire Court Merced, CA 95348 Tel: 209-799-0076	Operating 2 Territories
COLORADO		
Battleborn Industries LLC	591 Brookside Drive Longmont, CO 80504 Tel: 303-748-0561	Operating 5 Territories
CONNECTICUT		
C&T Group, LLC	66 Erna Ave. Milford, CT 06461 Tel: 203-414-6754	Operating 7 Territories
Paul Campagna	70 Ives Farm Rd. Brewster, NY 10509 Tel: 914-837-0147	A portion of the NY base territory extends into CT (Portion Listed as 0 in Item 20)
DELAWARE		
Magnolia Services LLC	164 Sisson Lane Magnolia, DE 19962 Tel: 317-524-8313	Operating 1 Territory
DISTRICT OF COLUMBIA		
DC Environmental Inc.	7832 Parston Drive District Heights, MD 20747 Tel: 757-718-4756	Operating 2 Territories
FLORIDA		
Eugene W. Monteith, Jr. Big Bend Kitchen Services, LLC	66 Marie Circle Crawfordville, FL 32327 Tel: 850-933-6272	Operating 1 Territories

TROV Corp. of Central Florida, Inc.	471 Autumn Oak Place Lake Mary, FL 32746 Tel: 407-878-3675	Operating 2 Territories
Stana, Inc.	56 Mission Cove Circle St. Augustine, FL 32084 Tel: 904-955-9290	Operating 2 Territories
LDE Group, Inc.	1641 Winterberry Weston, FL 33327 Tel: 305-773-8927	Operating 3 Territories
J and C Enterprises, Inc.	85134 Sagaponack Dr. Fernandina Beach, FL 32034 Tel: 240-375-8743	Operating 1 Territory
Criseroil, LLC	8005 NW 104 th Ave. Apt 4 Doral, FL 33178 Tel: 800-921-4994	Operating 5 Territories
Treasure Coast Fryer Maintenance, LLC	7706 SW Citrus Blvd. Palm City, FL 34990 Tel: 772-288-1667	Operating 2 Territories
Latin Tile, LLC	12004 San Chaliford Court Tampa, FL 33626 Tel: 813-476-5877	Operating 1 Territory
Samuel Judson Merrill, Jr.	4 Mystic Lake Way Ormond Beach, FL 32174 Tel: 386-316-1430	Operating 3 Territory
Dasy Unlimited LLC	1053 Executive Center Dr. Orlando, FL 32803 Tel: 407-533-0686	Operating 2 Territory
James W. Lusher III	6400 S Dolphin Dr Floral City, FL 34436 Tel: 813-713-7622	Operating 1 Territory
Dwayne Mark Ely	511 Ridge Place Tavares, FL 32778 Tel: 352-978-1549	Operating 2 Territories

Dynamite Road Holdings LLC	2817 Shoal Creek Village Dr. Lakeland, FL 33803 Tel: 303-881-7339	Operating 5 Territories
SEAJ Corporation	147 Flatwoods Forest Loop Santa Rosa Beach, FL 32459 Tel: 850-585-4299	Operating 2 Territory
JxR Enterprises Inc	3226 N. Rome Avenue Tampa, FL 33607 Tel: 813-233-6487	Operating 2 Territory

GEORGIA		
Green Innovative Kitchen Solutions, Inc.	2250 Deer Oaks Trail Oaks Trail Lawrenceville, GA 30044 Tel: 404-985-8592	Operating 6 Territories
Del Mar Too Enterprises, Inc.	4115 Columbia Rd, Suite 5-369 Martinez, GA 30907 Tel: 706-504-8699	Operating 1 Territory
Daniel J. Laburda	108 Englewood Ct Bonaire, GA 31005 Tel: 478-951-0571	Operating 1 Territory
Blue Turtle Services Inc.	1055 US Hwy 80 Suite 1 Pooler, GA 31322 Tel: 330-592-2022	Operating 1 Territory
PGC Alabama, LLC	3120 Boxwood Drive Montgomery, AL 36111 Tel: 334-315-5938	A portion of the AL base territory extends into GA (Portion Listed as 0 in Item 20)
S&L Group Enterprises, Inc.	990 Fields Chapel Rd Canton, GA 30114 Tel: 540-660-2425	Operating 1 Territory
Dove Creek Environmental	1720 Epps Bridge Pkwy Suite 108#423 Athens, GA 30606 Tel: 470-704-0102	Operating 1 Territory
Hadley GA09 Investments LLC	168 Indian Trail Senoia, GA 30276 Tel: 714-615-9677	Operating 1 Territory
Big Bend Kitchen Services, LLC	66 Marie Circle Crawfordville, FL 32327 Tel: 850-933-6272	Operating 1 Territory
IDAHO		

Environmental & Ecological Enterprises, LLC	4583 Independence Ave Chubbuck, ID 83202 Tel: 208-604-2500	Operating 1 Territory
Ampstead Ventures Corp.	9757 West Lanktree Gulch Rd. Star, ID 83669 Tel: 208-252-9416	Operating 1 Territory
ILLINOIS		
Rose Rooster Services LLC	1400 Ada St Joliet, IL 60432 Tel: 815-585-1640	Operating 1 Territory
Fryfresh, Inc.	1701 Eagle Drive Lake Geneva, WI 53147 Tel: 262-203-2415	Operating 1 Territory
Green Kitchen Concepts, Inc.	2991 Valley Forge Road Lisle, IL 60532 Tel: 630-687-0140	Operating 15 Territories
INDIANA		
LXU, LTD	6899 Tumbleweed Lane Canal Winchester, OH 43110 Tel: 614-454-1064	Operating 4 Territories Territories Territory
IOWA		
DJ Klock, Inc	802 SE Belmont Dr. Ankeny, IA 50021 Tel: 515-954-9694	Operating 1 Territory
KANSAS		
Pollema Investments Group LLC	2318 SW River Trail Rd Lee's Summit, MO 64082 Tel: 816-872-6427	Operating 2 Territories
KENTUCKY		

LXU, LTD	6899 Tumbleweed Lane Canal Winchester, OH 43110 Tel: 614-454-1064	Operating 4 Territories
Jim Williams	213 Cedar Circle Jacksboro, TN 37757 Tel: 423-494-2723	A portion of the TN base territory extends into KY (Portion Listed as 0 in Item 20)

LOUISIANA		
Belote Enterprises, LLC	86 Cartlidge Road Rayville, LA 71269 Tel: 318-280-0637	Operating 3 Territories
Trent P. Carlos	1255 Marina Drive Slidell, LA 70458 Tel: 504-655-0313	Operating 5 ⁶ Territories
SETX Fryer Management, LLC	2286 W Lucas Drive Beaumont, TX 77706 Tel: 409-651-1735	Operating 1 Territory
Kevin Broussard	123 Demas Drive Lafayette, LA 70506 Tel: 337-654-1004	Operating 1 Territory
MARYLAND		
DC Environmental Inc.	7832 Parston Drive District Heights, MD 20747 Tel: 757-718-4756	Operating 3 Territories
Stefcorp, LLC	30110 Southampton Bridge Rd. Salisbury, MD 21804 Tel: 401-251-4348	Operating 1 Territory
New Age Enterprises, LLC	13404 Front Gate Drive Upper Marlboro, MD 20774 Tel: 301-627-7435	Operating 1 Territory
JJEMMA, LLC	1436 Ramblewood Drive Emmitsburg, MD 21727 Tel: 240-707-1025	Operating 1 Territory
EIL Service LLC	3282 Pine Needle Circle Apt 304 Frederick, MD 21704 Tel: 240-285-9050	Operating 1 Territory

JRPAGE Enterprises Inc	508 Winter Span Bel Air, MD 21015 Tel: 757-348-4457	Operating 3 Territories
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MASSACHUSETTS		
Stonebreaker Enterprises LLC	55 Page Lane Hampstead, NH 03841 Tel: 603-767-1042	Operating 1 Territory
East Coast Fryer Services, LLC	63 Bournehurst Drive Plymouth, MA 02360 Tel: 508-941-8223	Operating 1 Territory
AP FryCool Services, LLC	71 Shallow Pond Lane Plymouth, MA 02360 Tel: 774-454-8778	Operating 2 Territories
Marisa Hurley ASR-Powerwash LLC	245 Vane Street Revere 328 Main St. Unit 5 Townsend , MA 02151 01469 Tel: 781-284-5680 978-201-8262	Operating 1 Territory 2 Territories
ASR-Powerwash DSully Enterprise, LLC	328 Main St. Unit 5 Townsend 95 Deer Run Road West Springfield , MA 01469 01089 Tel: 978-201-8262 413-478-2727	Operating 2 Territories 1 Territory
DSully Enterprise, LLC PureRenew Plus Corporation	95 Deer Run Road West Springfield 132 Altamont Avenue Melrose , MA 01089 02176 Tel: 413- 478-2727 237-4424	Operating 1 Territory
MICHIGAN		
Paul Downes	11884 E Maple Rd Westphalia, MI 48894 Tel: 517-243-1934	Operating 1 Territory

Krystal Klear, LLC	3924 N. Rosebud Drive SE Grand Rapids, MI 49512 Tel: 231-675-2877	Operating 4 Territories
Gary Welbaum	157 Sherman Highland, MI 48357 Tel: 248-520-1714	Operating 2 Territories
Bral Enterprises Inc.	25431 John R Road Madison Heights, MI 48071 Tel: 586-459-0144	Operating 6 Territory
Pro Chasin LLC	243 Dundee Drive Battle Creek, MI 49014 Tel: 269-420-9581	Operating 1 Territory
MINNESOTA		
David K. Lange	27797 E State Hwy 55 Paynesville, MN 56362 Tel: 320-248-0089	Operating 1 Territories
Adam Weisbeck	4890 Ashley Lane #133 Inver Grove Heights, MN 55077 Tel: 701-226-6269	Operating 5 Territories
Wiese Holdings, LLC	5450 26th St S Fargo, ND 58104 Tel: 701-200-3980	Operating 1 Territory
MISSISSIPPI		
Taylormade Joy, Inc.	421 Cheyenne Lane Madison, MS 39110 Tel: 281-650-7842	Operating 3 Territories
MISSOURI		
Pollema Investment Group LLC	2318 SW River Trail Rd. Lee's Summit, MO 64082 Tel: 816-872-6427	Operating 2 Territories

Redtale, LLC	510 Civic Park Drive O-Fallon, MO 63366 Tel: 636-369-2552	Operating 4 Territories
NEVADA		
DJW, LLC	1805 Daniel Webster Drive Reno, NV 89509 Tel: 775-240-8156	Operating 2 Territory
Kismet Enterprises, LLC	2757 Toshach Avenue Henderson, NV 89044 Tel: 702-635-5588	Operating 1 Territory
NEW HAMPSHIRE		
D.M.A.M.A.R.K. Inc.	222 Hidden Oak Way Manchester, NH 03102 Tel: 334-782-4955	Operating 1 Territory

NEW JERSEY		
John Michals	297 Euclid Avenue Manasquan, NJ 08736 Tel: 732-598-1058	Operating 5 Territories
DCR Environmental Inc.	6245 Alpine Court Sunderland, MD 20689 Tel: 757-718-4756	Operating 2 Territories
NEW MEXICO		
Jeffrey Jinnett	35 Vista Alondra Sante Fe, NM 87508 Tell: 505-690-0997	Operating 1 Territory
Gerald A. Ryan	223 Brackenridge Ave #8208 San Antonio TX 78209 Tel: 575 317-7278	Operating 1 Territory
NEW YORK		
Thomas F. Maier	P.O. Box 87 Memphis, NY 13112 Tel: 315-277-1369	Operating 4 Territories
RG Diversified Alan R. Haven	424 Seneca Creek Road Buffalo 1350 River Rd Stratford, CT 06614 NY 14224 Tel: 203-650-3978 716-864-7456	Operating 1 Territories 2 Territory
Paul Campagna RG Diversified	70 Ives Farm Rd. Brewster 424 Seneca Creek Road Buffalo, NY 14224 10509 Tel: 716-864-7456 914-837-0147	Operating 2 1 Territory

Strong Island K & J LLC Paul Campagna	22 Hastings Street Dix Hills, 70 Ives Farm Rd. Brewster, NY 10509 11746 Tel: 914-837-0147 631-559-6610	Operating 1 Territory <u>5</u> <u>Territories</u>
Strong Island K & J C & T Group, LLC	22 Hastings Street Dix Hills, NY 11746 <u>54 Cross Hill Road</u> <u>Monroe, CT 06468</u> Tel: 631-559-6610 <u>203-520-4899</u>	Operating 1 Territory <u>3</u> <u>Territories</u>
NORTH CAROLINA		
FILO, Inc.	4058 Kimesville Road Burlington, NC 27215 Tel: 336-226-4783	Operating 2 Territory
Brooks Fryer Services, LLC	1053 Elizabeth Drive Dallas, NC 28034 Tel: 704-922-4655	Operating 1 Territories
Fischbone Industries, LLC	6094 Clopton Drive Greensboro, NC 27455 Tel: 336-337-5541	Operating 3 Territories
James McCormick	3203 Cleveland Road Smithfield, NC 27577 Tel: 919-744-1400	Operating 4 Territories
Pine State Ventures Leonard , LLC	8825 Gotherstone <u>2611 Bee Ridge Court</u> Raleigh <u>Waxhaw</u> , NC 27615 <u>28173</u> Tel: 919-632-3806 <u>980-748-0494</u>	Operating 1 <u>3</u> Territories
Leonard <u>Clasher Enterprises</u> , LLC	2611 Bee Ridge Court Waxhaw <u>12 Cornelia Lane</u> <u>Weaverville</u> , NC 28173 <u>28787</u> Tel: 980-748-0494 <u>828-772-8564</u>	Operating 3 <u>2</u> Territories
Clasher Enterprises <u>Allen & Alan</u> , LLC	12 Cornelia <u>1405 Spring Overlook Lane</u> Weaverville <u>Hillsborough</u> , NC 28787 <u>27278</u> Tel: 828-772-8564 <u>919-673-6137</u>	Operating 2 <u>4</u> Territories

NORTH DAKOTA		
Clarke, LLC	7108 Copper Ridge Lane Bismarck, ND 58504 Tel: 701-214-8596	Operating 1 Territory
Wiese Holdings, LLC	5450 26 th St South Fargo, ND 58104 Tel: 701-200-3980	Operating 1 Territory
OHIO		
Advanced Fryer Solutions, LLC	33681 Walker Rd Avon Lake, OH 44012 Tel: 440-783-3103	Operating 16 Territories
LXU, LTD	PO Box 70158 Dayton, OH 45475 Tel: 937-838-2029	Operating <u>910</u> Territories

OKLAHOMA		
KBN Enterprises, LLC	302E 2 nd Street Owasso, OK 74055 Tel: 918-568-3330	Operating 1 Territory
OREGON		
OLN Enterprises LLC	2777 W. 29th Avenue Eugene, OR 97405 Tel: 541-505-3366	Operating 3 Territories
PENNSYLVANIA		
Mobile Fryer Filtration, Inc.	21 Sagewood Drive Malvern, PA 19355 Tel: 610-827-1832	Operating 4 Territory
Eventus Bonus, LLC	1621 Orchlee St Pittsburgh, PA 15212 Tel: 412-538-8480	Operating 1 Territory
Advanced Fryer Solutions, LLC	33681 Walker Rd Avon Lake, OH 44012 Tel: 440-783-3103	Operating 2 <u>3</u> Territories
Frank E. Witman Jr	649 N Sandy Hill Rd Coatesville, PA 19320 Tel: 610-721-9278	Operating 1 Territory
Laurie Hoover & David Hoover	929 Gobin Dr. Carlisle, PA 17013 Tel: 717-439-3875	Operating 1 Territory
Ademola Owolabi & Aderonke Jegede	534 Championship Drive Harleysville, PA 19438 Tel: 347-370-0750	Operating 1 Territory
<u>DCR Environmental Inc.</u>	<u>6245 Alpine Court Sunderland, MD 20689 Tel: 757-718-4756</u>	<u>Operating 5 Territories</u>
<u>Avon Grove Kitchen Maintenance LLC</u>	<u>305 John Wilson Circle West Grove, PA 19390 Tel: 484-643-8720</u>	<u>Operating 2 Territories</u>

RHODE ISLAND		
Edward Lavoie	208 Angell Avenue Cranston, RI 02920 Tel: 401-323-0794	Operating 2 Territories

SOUTH CAROLINA		
Heart Pine Holdings Inc	P.O. Box 50393 Summerville, SC 29485 Tel: 843-212-0762	Operating 1 Territories
Del Mar Too Enterprises, Inc.	4115 Columbia Rd, Suite 5-369 Martinez, GA 30907 Tel: 706-504-8699	Operating 4 Territories
Burg Corp	1100 Dixie Park Ave Newton, NC 28658 Tel: 828-446-1216	Operating 3 Territories
Leonard, LLC	2611 Bee Ridge Court Waxhaw, NC 28173 Tel: 980-748-0494	Operating 1 Territory
TENNESSEE		
David A. Davis	4656 Craddle Hill Dr Arlington, TN 38002 Tel: 901-530-3510	Operating 3 Territories
Derek Shane Phillips & Scott Phillips	2033 Copper Kettle Circle Pleasant View, TN 37146 Tel: 931-265-1151	Operating 2 Territory
B & H Ventures LLC	1201 Highland Drive Chattanooga, TN 37405 Tel: 423-883-5888	Operating 2 Territories
Cool Springs Kitchen Management, LLC (AKA Cool Springs KM, LLC)	1003 Rudder Drive Spring Hill, TN 37174 Tel: 615-294-7652	Operating 1 Territory
Jim Williams	213 Cedar Circle Jacksboro, TN 37757 Tel: 423-494-2723	Operating 1 Territory
Frank Lercher	2200 Killington Drive Clarksville, TN 37040 Tel: 502-741-2874	Operating 1 Territory

TEXAS		
Thomas Allan Schwenke	24403 Brautigam Magnolia, TX 77355 Tel: 713-816-6450	Operating 1 Territory
SETX Fryer Management, LLC	2286 W Lucas Drive Beaumont, TX 77706 Tel: 409-651-1735	Operating 1 Territory
EnviroTex Solutions, LLC	3733-1 Westheimer #1002 Houston, TX 77027 Tel: 281-531-6284	Operating 7 Territories
Edmundo Ramos	514 Ric Mar St Edinburg, TX 78541 Tel: 956-905-4097	Operating 2 Territory
Pablo Gracia	6810 Detonhill Dr, Apt 111 Austin TX 78745 Tel: 737-247-1406	Operating 3 Territories
Gerald A. Ryan	223 Brackenridge Ave #8208 San Antonio TX 78209 Tel: 575 317-7278	Operating 7 Territories
Andrew Patrick Seenandan	5006 Longlane Dr. Houston, TX 77084 Tel: 407-803-3510	Operating 3 Territories
Aqua-Azul GBD DFW, LLC	101 High 518 Bonham Street Denver, CO 80218 <u>Grand Prairie, TX 75050</u> Tel: 303-570-6518 <u>214-557-6565</u>	Operating 8 Territories
Scott Coursey	8402 Genoa Avenue Lubbock, TX 79424 Tel: 806-368-8736	Operating 1 Territory

James & Cara Williamson	4502 Cardinal Brook Way Kingswood, TX 77345 Tel: 832-995-9746	Operating 1 Territory
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UTAH		
Legacy Solutions, Inc.	4402 Foothill Drive Bountiful, UT 84010 Tel: 801-652-4394	Operating 1 Territory
VIRGINIA		
Flip Flops	811 Juniper Crescent Unit 1 Chesapeake, VA 23320 Tel: 757-718-4756	Operating 2 Territories
Hammertime, Inc.	8723 Ruggles Rd. Richmond, VA 23229 Tel: 804-525-8092	Operating 3 <u>4</u> Territories
New Age Enterprises, LLC	13404 Frontgate Drive Upper Marlboro, MD 20774 Tel: 301-627-7435	A portion of a Maryland base territory extends in VA (Portion listed as 0 in Item 20)
DC Environmental Inc.	7832 Parston Drive District Heights, MD 20747 Tel: 757-718-4756	Operating 1-Territory <u>3 Territories</u>
EIL Service LLC	3282 Pine Needle Circle Apt 304 Frederick, MD 21704 Tel: 240-285-9050	Operating 1 Territory
WASHINGTON		
Michael F. Abbott & Sharon J. Abbott	4315 Maple Ct Yakima WA 98901 Tel: 509-823-0024	Operating 1 Territory

Jan Vrana	6814 Crestview Ave SE Snoqualmie WA 98065 Tel: 425-281-1520	Operating 1 Territory
<u>WEST VIRGINIA</u>		
<u>SA Solutions, LLC</u>	<u>1205 College Park</u> <u>Fairmont, WV 26554</u> <u>Tel: 304-698-5050</u>	<u>Operating 1 Territory</u>

WISCONSIN		
Fryfresh, Inc.	1701 Eagle Drive Lake Geneva, WI 53147 Tel: 262-203-2415	Operating 2 Territories Additionally a portion of the IL base territory extends into WI (Listed as 0 in Item 20)

FRANCHISEES WHO LEFT THE SYSTEM IN 2022

Chancey Wilson	8333 Wilson Circle Mountainburg, AR 72946 Tel: 479-719-4089	Transfer (1 Territory)
Copper Eagle, LLC	11500 Crow Hill Drive Parker, CO 80134 Tel: 719-619-6252	Transfer (1 Territory)
TEE-DEE Enterprises USA, Inc.	10840 SW 153 Court Miami, FL 33196 Tel: 786-402-6457	Transfer (2 Territories)
Ampstead Ventures Corp.	9757 West Lanktree Gulch Rd. Star, ID 83669 Tel: 208-252-9416	Transfer (1 Territory)
PackFry, LLC	1187 Chad Court Plainfield, IN 46168 Tel: 317-496-1901	Transfer (3 Territories)
R. Scott Robinson Life Worth Living Inc.	38 Audrea N8998 Townline Road Framingham, MA 01701 East Troy, WI 53120 Tel: 508-556-4993 414-458-2844	Transfer (Operating 2 Territories)
James Bishop & Lillian C. Bishop	4327 Foxglove Ct Belcamp, MD 21017 Tel: 443-562-4422	Transfer (3 Territories)
GSW Environmental, LLC	118 Kersting Farms Dr Ofallon, MO 63366 Tel: 314-723-4582	Transfer (2 Territories)

JRogers Enterprises, LLC	872 Orchestra Drive Winston Salem, NC 27127 Tel: 843-330-3542	Transfer (1 Territory)
LFT Enterprises, LLC	230 Lebanon Manor Drive West Mifflin, PA 15122 Tel: 412-925-9822	Transfer (2 Territories)
George Robinson	253 South Sea Pines Drive #1466 Hilton Head, SC 29928 Tel: 843-816-1201	Transfer (1 Territory)
Todd Barnum	153 Tyvola Dr Summerville, SC 29485 Tel: 843-252-8190	Transfer (1 Territory)
Henry F. O'Hara	436 Stonebluff Road El Paso, TX 79912 Tel: 915-497-5041	Transfer (2 Territories)
Curtis Ray Freeman	14 Nobles Cutoff Sumrall, MS 39482 Tel: 601-543-4286	Non-Renewal (1 Territory)
JC Management Services, LLC	2002 Hanover Blvd. Columbia, MO 65202 Tel: 573-673-9316	Non-Renewal (1 Territory)
Hoberg Associates Inc.	625 Greenview Drive Santa Rosa, CA 95403 Tel: 707-486-1500	Ceased Operation (1 Territory)
Nick Braun	2311 Arleth St. Terre Haute, IN 46168 Tel: 812-870-0871	Ceased Operation (1 Territory)
Rock Prairie Holdings Inc.	6895 Stouder Road Goshen, OH 45122 Tel: 513-646-4113	Ceased Operation (1 Territory)
Patrick Michael Garry	16117 Montague Dr Edmond, OK 73013 Tel: 405-568-8601	Ceased Operation (2 Territories)
Matthew Cave	425 Spring Valley Rd. Weatherford, TX 76087	Ceased Operation (1 Territory)

Franchisees Who Exited a Territory in 2023

<u>PGC Alabama, LLC</u>	<u>3120 Boxwood Drive Montgomery, AL 36111 Tel: 334-315-5938</u>	<u>Termination 2 Territories</u>
<u>Artisan Backyard Products</u>	<u>470 N. Drewrys Bluff Drive Fayetteville, AR 72704 Tel: 479-295-2076</u>	<u>Ceased Operation 1 Territory</u>
<u>Daniel Laburda</u>	<u>108 Englewood Ct Bonaire, GA 31005 Tel: 478-951-0571</u>	<u>Ceased Operation 1 Territory</u>
<u>Sezuventures, LLC</u>	<u>516 S. Denvir Avenue Chicago, IL 60612 Tel: 773-964-9475</u>	<u>Ceased Operation 1 Territory (Indiana)</u>
<u>Kevin Broussard</u>	<u>123 Demas Drive Lafayette, LA 70506 Tel: 337-654-1004</u>	<u>Transfer 1 Territory</u>
<u>Marisa Hurley</u>	<u>245 Vane Street Revere, MA 02151 Tel: 781-284-5680</u>	<u>Reacquired by Franchisor 1 Territory</u>
<u>Alan R. Haven</u>	<u>1350 River Rd Stratford, CT 06614 Tel: 203-650-3978</u>	<u>Non-renewal 1 Territory (New York)</u>
<u>Pine State Ventures, LLC</u>	<u>8825 Gotherstone Court Raleigh, NC 27615 Tel: 919-632-3806</u>	<u>Transfer 2 Territories</u>
<u>FILO, Inc.</u>	<u>4058 Kimesville Road Burlington, NC 27215 Tel: 336-226-4783</u>	<u>Transfer 2 Territories</u>
<u>Frank Witman Jr.</u>	<u>649 N Sandy Hill Rd Coatesville, PA 19320</u>	<u>Transfer 2 Territories</u>

	Tel: 610-721-9278	
Eventus Bonus, LLC	1621 Orchlee St Pittsburgh, PA 15212 Tel: 412-538-8480	Transfer 2 Territories
Mobile Fryer Filtration, Inc.	21 Sagewood Drive Malvern, PA 19355 Tel: 610-827-1832	Transfer 4 Territories
Aqua-Azul, LLC	101 High Street Denver, CO 80218 Tel: 303-570-6518	Transfer 8 Territories (Texas)

2023

EXHIBIT E

FINANCIAL STATEMENTS

THE FILTA GROUP, INC.
FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

THE FILTA GROUP, INC.

FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
The Filta Group, Inc.
Orlando, Florida

Opinion

We have audited the financial statements of The Filta Group, Inc., which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Filta Group, Inc. as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 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 Filta Group, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Filta Group, Inc.'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 Filta Group, Inc.'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.

Crowe LLP

Crowe LLP

Tampa, Florida
April 9, 2024

THE FILTA GROUP, INC.
BALANCE SHEETS
December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets			
Cash	\$ 3,747,403	\$ 5,599,996	\$ 6,043,408
Accounts receivable, net	1,008,695	1,214,963	810,530
Inventory	532,463	788,278	535,009
Prepaid expenses	539,377	118,474	247,727
Contract acquisition costs - current	111,334	102,570	89,348
Due from related parties - current	301,026	1,097,439	1,234,487
Income tax receivable	-	179,952	-
Employee advances	114	-	2,248
Total current assets	<u>6,240,412</u>	<u>9,101,672</u>	<u>8,962,757</u>
Property and equipment			
Buildings and improvements	1,812,586	1,812,586	1,810,424
Furniture and fixtures	51,103	51,103	48,653
Equipment	197,012	166,630	158,512
Vehicles	78,408	49,664	49,664
Software	879,041	1,071,952	986,248
	3,018,150	3,151,935	3,053,501
Less accumulated depreciation and amortization	<u>(2,214,204)</u>	<u>(2,213,393)</u>	<u>(2,058,849)</u>
Net property and equipment	<u>803,946</u>	<u>938,542</u>	<u>994,652</u>
Other assets			
Long term accounts receivable	509,340	224,372	140,445
Contract acquisition costs	525,962	460,368	514,329
Note receivable from related party	-	-	674,865
Right of use asset	115,840	103,763	3,717
Deposits	3,164	3,164	3,164
Deferred tax asset, net	510,528	560,182	659,698
Total other assets	<u>1,664,834</u>	<u>1,351,849</u>	<u>1,996,218</u>
Total assets	<u>\$ 8,709,192</u>	<u>\$ 11,392,063</u>	<u>\$ 11,953,627</u>

See accompanying notes to financial statements.
(Continued)

THE FILTA GROUP, INC.
BALANCE SHEETS
December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current liabilities			
Accounts payable	\$ 3,388,085	\$ 2,324,426	\$ 1,556,570
Accrued liabilities	378,266	399,517	509,853
Due to related party	-	-	171,236
Lease liabilities, current portion	50,425	25,239	1,169
Long term debt, current portion	-	-	48,695
Deferred revenue - current	511,025	582,693	566,301
Income taxes payable	154,322	-	263,373
Customer deposits	10,436	193,667	-
Right of first refusal payable	34,500	24,500	22,000
Reserve fund	<u>17,712</u>	<u>17,712</u>	<u>17,713</u>
Total current liabilities	4,544,771	3,567,754	3,156,910
Long-term liabilities			
Long-term debt	-	-	785,972
Lease liabilities	69,147	80,283	2,720
Deferred revenue	<u>1,779,625</u>	<u>1,814,365</u>	<u>2,090,852</u>
Total long-term liabilities	<u>1,848,772</u>	<u>1,894,648</u>	<u>2,879,544</u>
Total liabilities	<u>6,393,543</u>	<u>5,462,402</u>	<u>6,036,454</u>
Stockholders' equity			
Common stock; no par value; 1,500 shares authorized, issued, and outstanding	150,000	150,000	150,000
Retained earnings	<u>2,165,649</u>	<u>5,779,661</u>	<u>5,767,173</u>
Total stockholders' equity	<u>2,315,649</u>	<u>5,929,661</u>	<u>5,917,173</u>
Total liabilities and stockholders' equity	<u>\$ 8,709,192</u>	<u>\$ 11,392,063</u>	<u>\$ 11,953,627</u>

See accompanying notes to financial statements.

THE FILTA GROUP, INC.
STATEMENTS OF INCOME
For years ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Franchise fees	\$ 1,338,831	\$ 1,402,629	\$ 1,283,819
Royalties, supplies, and other	<u>31,081,534</u>	<u>30,293,265</u>	<u>17,953,134</u>
Total revenues	32,420,365	31,695,894	19,236,953
Cost of revenues	<u>20,792,718</u>	<u>20,833,675</u>	<u>11,581,164</u>
Gross profit	11,627,647	10,862,219	7,655,789
Operating expenses			
Selling, general, and administrative expenses	4,810,396	4,255,157	2,962,787
Depreciation and amortization	<u>176,957</u>	<u>154,544</u>	<u>159,184</u>
Total operating expenses	<u>4,987,353</u>	<u>4,409,701</u>	<u>3,121,971</u>
Income from operations	6,640,294	6,452,518	4,533,818
Other (expense) income			
Interest expense, net	(5,569)	(6,182)	(11,170)
Foreign currency (loss) gain	(101,706)	137,852	(18,062)
Miscellaneous income	<u>-</u>	<u>208</u>	<u>3,324</u>
Total other (expense) income	<u>(107,275)</u>	<u>131,878</u>	<u>(25,908)</u>
Net income before income tax expense	6,533,019	6,584,396	4,507,910
Income tax expense			
Income tax expense - current	1,897,377	1,572,957	1,136,330
Income tax expense (benefit)- deferred	<u>49,654</u>	<u>99,516</u>	<u>(20,350)</u>
Total income tax expense	<u>1,947,031</u>	<u>1,672,473</u>	<u>1,115,980</u>
Net income	<u>\$ 4,585,988</u>	<u>\$ 4,911,923</u>	<u>\$ 3,391,930</u>

See accompanying notes to financial statements.

THE FILTA GROUP, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For years ended December 31, 2023, 2022 and 2021

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance, January 1, 2021	\$ 150,000	\$ 4,275,243	\$ 4,425,243
Net income	-	3,391,930	3,391,930
Cash dividends paid	-	(1,900,000)	(1,900,000)
Balance, December 31, 2021	<u>150,000</u>	<u>5,767,173</u>	<u>5,917,173</u>
Net income	-	4,911,923	4,911,923
Cash dividends paid	-	(4,899,435)	(4,899,435)
Balance, December 31, 2022	<u>150,000</u>	<u>5,779,661</u>	<u>5,929,661</u>
Net income	-	4,585,988	4,585,988
Cash dividends paid	-	(8,200,000)	(8,200,000)
Balance, December 31, 2023	<u>\$ 150,000</u>	<u>\$ 2,165,649</u>	<u>\$ 2,315,649</u>

See accompanying notes to financial statements.

THE FILTA GROUP, INC.
STATEMENTS OF CASH FLOWS
For years ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Net income	\$ 4,585,988	\$ 4,911,923	\$ 3,391,930
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	176,957	154,544	159,184
Provision for credit losses	36,766	-	9,494
Stock based compensation	82,512	(49,782)	167,047
Deferred income tax	49,654	99,516	(20,350)
(Increase) decrease in assets:			
Accounts receivable	(115,466)	(488,360)	(171,757)
Inventory	255,815	(253,269)	(105,726)
Due from related parties	796,413	811,913	(29,546)
Income tax receivable	179,952	(179,952)	60,467
Prepaid expenses	(420,903)	129,253	(170,293)
Contract acquisition costs	(74,358)	40,739	(4,826)
Employee advances	(114)	2,248	(2,248)
Increase (decrease) in liabilities:			
Accounts payable	1,063,659	767,856	724,373
Accrued liabilities	(103,763)	(60,554)	67,841
Due to related parties	-	(171,236)	39,599
Deferred revenue	(106,408)	(260,095)	(475,798)
Income taxes payable	154,322	(263,373)	263,373
Customer deposits	(183,231)	193,667	(47,537)
Right of first refusal payable	10,000	2,498	-
Net cash provided by operating activities	6,387,795	5,387,536	3,855,227
Cash flows from investing activities			
Purchase of property and equipment	(54,438)	(98,433)	(114,031)
Net cash used in investing activities	(54,438)	(98,433)	(114,031)
Cash flows from financing activities:			
Dividends paid to stockholder	(8,200,000)	(4,899,435)	(1,900,000)
Payments on lease liabilities	14,050	1,587	(2,989)
Payments on long term debt	-	(834,667)	(45,229)
Net cash used in financing activities	(8,185,950)	(5,732,515)	(1,948,218)
Net (decrease) increase in cash	(1,852,593)	(443,412)	1,792,978
Cash, beginning of year	5,599,996	6,043,408	4,250,430
Cash, end of year	<u>\$ 3,747,403</u>	<u>\$ 5,599,996</u>	<u>\$ 6,043,408</u>
Supplemental information:			
Cash paid for interest	<u>\$ 5,569</u>	<u>\$ 6,182</u>	<u>\$ 11,170</u>
Cash paid for income taxes	<u>\$ 1,575,782</u>	<u>\$ 1,653,012</u>	<u>\$ 827,730</u>
Right-of-use asset funded by lease liabilities	<u>\$ 18,445</u>	<u>\$ 11,903</u>	<u>\$ -</u>

See accompanying notes to financial statements.

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: The Filta Group, Inc. (the "Company") was formed August 16, 2000, in the State of Delaware, for the purpose of franchising on-site environmental kitchen solutions to restaurants, catering establishments, and institutional kitchens. The services include microfiltration of cooking oil using a proprietary filtration machine, fryer cleaning, temperature calibration, advice on good frying practices, waste oil disposal, and specially designed filters for refrigeration units and walk-in coolers. Franchises are sold by the Company for territories in the United States and South America. Franchise sales, however, may decline in the future if these markets become saturated.

On February 16, 2022, the directors of Filta Group Holdings plc (Filta), the parent of the Company, and Franchise Brands plc (Franchise Brands) announced that they had reached agreement on the terms of a recommended all share offer by Franchise Brands for Filta.

Recently Adopted Accounting Pronouncements: Effective January 1, 2023, the Company adopted Accounting Standards Accounting Standards Update ("ASU") 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments. The Company adopted the new credit loss standard and all of the related amendments, which replaced the incurred loss impairment method with a method that reflects lifetime expected credit losses. Adoption of the ASU had no impact on these consolidated financial statements. The comparative information has not been restated and continues to be reported under the accounting standard in effect for those periods.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those assumed in determining the allowance for doubtful accounts, the estimated useful lives of property and equipment, inventory reserves, stock appreciation rights (SARs) and deferred revenue. Actual results could differ from those estimates.

Deferred Revenue: Deferred revenue consists principally of the territory fee component of the franchise fee which is deferred over the life of the franchise agreement. Additionally, at year end, any portion of the opening package whose performance obligation has yet to be satisfied will be deferred until such point that the good or service is delivered.

Revenue Recognition: Franchise agreements are executed for each franchise area which set out the terms of the arrangement with the franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable franchise fee and royalties based upon the number of filtration machines operating in each franchise area.

The Company uses the five-step model as prescribed under ASC 606 on the Company's revenue transactions. This includes the identification of the contract, identification of the performance obligations under same, determination of the transaction price, allocation of the transaction price to performance obligations and recognition of revenue. The point of recognition arises when the Company satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from goods and services provided to customers not invoiced at the balance sheet date is recognized as accrued income within trade and other receivables.

The franchise fee consists of two distinct components:

- The opening package; and
- The territory fee

The revenue associated with the opening package is recognized when substantially all initial services required by the franchise agreement are performed, which is generally upon the completion of training of the franchisee. Therefore, there is no deferral of this revenue unless the training period spans the year-end.

The territory fee represents the exclusive right to operate in a designated territory for a stated length of time. The territory fee is deferred over the length of the franchise agreement and recognized in the statements of income on a straight-line basis.

In circumstances where franchise territories are resold, on an arm's length basis, between our franchisee and a third party, it is our policy to continue to recognize the deferred revenue over the life of the original franchise agreement. Should there be an additional opening package, or territory sale, as part of the resale, these components will follow the aforementioned revenue recognition process under the new franchise agreement policy.

Royalty income is recognized as earned with an appropriate provision for estimated uncollectible amounts, which is included in operating expenses.

Supplies and other revenues are recognized when the product or service is delivered or shipped to customers. Provision for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period in which the related sales are recorded.

Contract Acquisition Costs: The incremental costs to directly obtain a contract with a customer are capitalized and recognized as contract assets where management expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense in the period where incurred. Contract assets are subsequently amortized over the period consistent with the Company's transfer of the related goods or services to the customer.

The costs capitalized include sales commission paid to employees and broker fees paid to third parties where payment is identified as relating directly to the sale of a territory license and initially recognized upon the signing of a customer contract. The costs are amortized over the contract life.

Management is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the Company expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services under the relevant contract. An impairment is recognized immediately where such losses are forecast.

The change in the contract asset balance in the period represents additional payments made, subsequent amortization and any required impairment.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash: For purposes of the statements of cash flows, the Company considers all investments having original maturities of three months or less at the date of acquisition are considered to be cash.

Accounts Receivable: Accounts receivable consists primarily of monthly invoices for franchise royalties, supplies, other franchise related charges and franchise fees that the company has agreed to extend repayment terms. Extended repayment terms are payable monthly in amounts ranging from \$45 to \$2,000 and extend through February 2030. Accounts receivable subject to these extended repayment terms totaled \$151,198, \$108,490, and \$140,776, respectively, at December 31, 2023, 2022 and 2021. Management establishes an allowance for credit losses based on specific customer situations, past loss experience and current economic conditions. Customer bad debts are written off to the allowance for credit losses when management determines further efforts will not produce additional collections. The reserves as of December 31, 2023, 2022 and 2021 was \$91,152, \$68,977 and \$68,991, respectively.

Inventories: Inventory primarily consists of filtration machines and filters and is stated at the lower of cost (first in, first out basis) or net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Property and Equipment: Property and equipment are carried at cost. Depreciation and amortization is computed on the straight line or double declining balance method over the estimated useful lives of the related assets, ranging from 3 to 40 years. Repairs and maintenance are charged to operating expenses as incurred, while significant improvements are capitalized. Depreciation and amortization expense for the years ended December 31, 2023, 2022 and 2021 was \$176,957, \$154,544, and \$159,184, respectively.

Long-lived Assets: The Company periodically reviews property and equipment and amortizable intangible assets for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable by assessing their net realizable values based on estimated undiscounted cash flows over their remaining useful lives. Based on its most recent analysis, the Company believes that no impairment existed at December 31, 2023, 2022 and 2021.

Concentration of Credit Risks: As of December 31, 2023, substantially all the Company's trade receivables are due from their franchisees. The Company normally does not require collateral or other security on these accounts. The credit risk on these accounts is controlled through a review of credit ratings, credit approvals, limits, and other monitoring procedures.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. The Company generally limits its exposure to credit risk from balances on deposit in financial institutions in excess of the FDIC-insured limit. Cash balance in excess of this limit was approximately \$3,497,403, \$5,097,974, and \$5,543,408 at December 31, 2023, 2022 and 2021, respectively.

Leases: The Company leases equipment and vehicles. Contracts typically cover fixed periods up to 5 years and may contain extension options as described below. Lease terms are negotiated on an individual basis and include a wide variety of different terms and conditions.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases are booked as a right-of-use asset and as a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is apportioned between the reduction of the outstanding lease liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are valued at the net present value of the future lease payments, which includes fixed lease payments, variable lease payments based on indexes and rates, residual value guarantees, purchase options and termination penalties. Lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be determined, the Company's incremental borrowing rate.

Right-of-use assets are measured at cost, comprising the amount of the initial lease liability adjusted by any lease payments made at or before the commencement date of the lease, any lease incentives received, initial direct costs and any estimated restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are identified as leases with a term of 12 months or less. Low-value assets comprise general office equipment.

Advertising and Promotion Expense: The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023, 2022 and 2021 was \$249,590, \$197,893, and \$169,921 respectively.

Shipping and Handling Costs: The Company classifies freight billed to customers as other revenue and the related freight cost as cost of revenues.

Stock Appreciation Rights: For cash-settled share-based payments, a liability is initially recognized at fair value based on the estimated number of awards that are expected to vest, adjusting for market and non-market-based performance conditions. Subsequently, at each reporting period until the liability is settled, it is remeasured to fair value with any changes in fair value recognized in the statements of income.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Government Assistance: On April 29, 2020, the Company received a Paycheck Protection Program (PPP) loan in the principal amount of \$308,440 from the US Small Business Administration (SBA). Loan documents were signed on May 5, 2020, and the loan was funded the following day during the year ended December 31, 2020. The loan was recorded as a liability, then used to reduce payroll expense in the period it was incurred. On June 15, 2021, the Company received notification from its lender, HSBC, that the loan was fully forgiven by the Small Business Administration (SBA).

On February 4, 2021, the Company received funding for a second loan draw from the Paycheck Protection Program (PPP) in the principal amount of \$288,605. Loan documents were signed on February 2, 2021. The Company recognized the entire loan balance of \$288,605 by decreasing payroll expenses. This treatment is consistent with the amount of the qualifying expenses incurred during the period. Cash inflows and cash outflows from the PPP loan are classified as operating cash flows. On February 2, 2022, the Company received notification from the Small Business Association that the loan was fully forgiven.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 2 - INCOME TAXES

Income tax expense (benefit) for the years ended December 31, 2023, 2022 and 2021 consists of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current	\$ 1,897,377	\$ 1,572,957	\$ 1,136,330
Deferred	<u>49,761</u>	<u>99,516</u>	<u>(20,350)</u>
Income tax expense	<u>\$ 1,947,138</u>	<u>\$ 1,672,473</u>	<u>\$ 1,115,980</u>

The Company's income tax rate computed at the statutory rate of 21% differs from the effective tax rate primarily due to state income taxes and permanent differences, including the tax-free treatment of the PPP loan forgiveness recognized in 2021.

Deferred income tax assets (liabilities) resulted from the following temporary differences:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue	\$ 460,401	\$ 480,587	\$ 574,614
Book depreciation in excess of tax	(94,453)	(5,489)	(20,859)
Bad debt reserve	25,393	18,729	18,470
R&D expenditure	3,878	2,722	-
Unrealized (loss)/gain	(454)	(18,551)	424
Right-of-use assets	(32,271)	-	-
UNICAP	7,418	-	-
Lease liability	33,311	-	-
Stock appreciation rights	<u>107,305</u>	<u>82,184</u>	<u>87,049</u>
	<u>\$ 510,528</u>	<u>\$ 560,182</u>	<u>\$ 659,698</u>

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realizability of deferred tax assets, management evaluates whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based on management's evaluations, no valuation allowance was deemed necessary at December 31, 2023.

At December 31, 2023, the Company had no amounts recorded for uncertain tax positions. The Company does not expect the total amount of unrecognized tax benefits to significantly increase in the next twelve months. The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company files tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is not subject to examination by taxing authorities for years prior to 2020.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 3 - RIGHT OF FIRST REFUSAL PAYABLE

Certain franchisees obtained a right of first refusal from the Company related to the potential acquisition of additional territories. If the franchisee delivers a refusal notice and the Company completes the sale of the territory to another purchaser, the right of first refusal will expire and the Company will refund the deposited money to the franchisee. At December 31, 2023, 2022 and 2021, the Company had a right of first refusal payable balance of \$34,500, \$24,500, and \$22,000, respectively, due to certain franchisees.

NOTE 4 - LONG TERM DEBT

Long term debt consisted of the following at December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
The bank term loan was refinanced with the existing lender on October 21, 2020. Monthly payments are \$7,147 and include interest fixed at 4.5%. The loan is secured by personal property of FGH. The loan matures in August, 2024.	\$ -	\$ -	\$ 834,667
Less current portion	<u>-</u>	<u>-</u>	<u>48,695</u>
Long term portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,972</u>

The Company paid the loan in full on February 15, 2022.

NOTE 5 - RELATED PARTY ACTIVITIES

Due From Related Parties: The Company has advanced funds to other related parties, under common ownership, totaling \$301,026, \$1,097,439, and \$1,234,487 at December 31, 2023, 2022, and 2021, respectively.

An additional \$0, \$0, and \$171,236 was due to a related party included in due to related party on the balance sheets on December 31, 2023, 2022 and 2021, respectively.

On August 15, 2019, the Company loaned its parent company \$605,773 (£500,000) under a note maturing August 15, 2024. The note bears interest at 3.25% as of December 31, 2021, which is 3% over the lending base rate of the Bank of England; interest is payable monthly. Full repayment was received in March 2022.

On November 25, 2019, the Company loaned its sister company (The Filta Group Ltd.) \$516,414 (£400,000) under a note maturing on November 25, 2021. The note bears interest at 3% over the lending base rate of the Bank of England; interest is payable quarterly. Due to the impact of COVID, payment arrangements were extended until November 2022, then until September 2023. This loan is included in the due from related parties in the balance sheets. Full repayment was received in December 2023.

On July 7, 2022, the Company loaned its parent company a short-term loan of \$625,000. This loan is included in the due from related parties in the balance sheets. The Company makes payments to the parent company for quarterly management fees in the amount of approximately \$500,000, this amount was used in December 2023 to offset this loan amount. At December 31, 2023, the outstanding balance was \$36,875.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 5 - RELATED PARTY ACTIVITIES (Continued)

During 2023, 2022 and 2021, management consulting fees in the amounts of \$412,534, \$400,000, and \$375,000, respectively, are included in selling, general, and administrative expense for services provided by a related party's employees.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Finance Leases: The Company leases equipment and vehicles that are accounted for as finance leases under ASC 842. Expiration dates for leases are in February 2025 and May 2028. Monthly lease payments ranged from \$110 to \$1,843 during 2023.

Operating Leases: The Company has a lease agreement for additional warehousing space to store inventory. This lease is for a 12-month period commencing in October 2022 with the expiration date of September 2023. In November 2023 the warehouse lease was renewed for 12 months, expiring in October 2024. At December 31, 2023, 2022 and 2021 the company warehouse monthly lease payments were \$3,250, \$1,013, \$0, respectively.

Future minimum lease payments at December 31, 2023, are as follows:

	Operating <u>Leases</u>	Finance <u>Leases</u>	Total <u>Leases</u>
2024	\$ 33,512	\$ 23,432	\$ 56,944
2025	-	22,332	22,332
2026	-	22,112	22,112
2027	-	22,112	22,112
2028	-	9,213	9,213
Total undiscounted lease liabilities	33,512	99,201	132,713
Less interest	(660)	(12,481)	(13,141)
Total present value of minimum lease payments	32,852	86,720	119,572
Lease liabilities - current portion	32,852	17,573	50,425
Lease liabilities - long-term portion	\$ -	\$ 69,147	\$ 69,147

During the year, the Company recorded amortization on right of use assets of \$18,445 and interest on lease liabilities of \$5,569, respectively. At December 31, 2023, 2022 and 2021 the Company had balances of \$115,840, \$103,763, and \$3,717 for right of use assets and lease liabilities, respectively. In July 2021, the Company terminated the vehicle lease with monthly payments of \$1,400. In June 2022, the Company entered into a new vehicle lease for our FiltaBio program.

Litigation: Various claims, legal actions and complaints which affect the Company arise in the normal course of business. Management believes the ultimate outcome of the lawsuits, not covered by insurance, will not have a material effect of the Company's financial position.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 7 - SUPPLIER CONCENTRATIONS

For the years ended December 31, 2023, 2022 and 2021, the Company purchased all their new filtration machines from one vendor located in the United Kingdom.

NOTE 8 - STOCK APPRECIATION RIGHTS PLAN

2017 Stock Appreciation Rights Plan (SARs): In 2017, the Company's parent entered into a Stock Appreciation Rights Plan (SARs) to incentivize employees. All qualifying employees have been awarded stock appreciation rights. Their value will be calculated by reference to the amount by which the price of the parent Company's ordinary shares has risen above the base price at the date of grant. The options vest, subject to the satisfaction of certain conditions, over a period of 4 years from the date of grant. All unvested options issued will meet the vesting conditions between 2022 and 2025 and are exercisable at any time after vesting and within 10 years from the grant date. Under the guidance in ASC 718, the awards are classified as liabilities and are marked to market each period. All Stock Appreciation Rights Plan ("SARs") are settled in cash when exercised.

In the ordinary course of business, a stock appreciation right will normally only be exercisable to the extent it has fully vested, and any applicable non-market performance conditions have been satisfied or waived. SARs shall lapse to the extent unexercised on the tenth anniversary of the date of grant or such earlier date as specified by the Board at the date of grant.

In February 2022, the Company terminated the stock appreciation rights and paid a total of \$137,612 for the exercised shares.

Changes in the number of share options outstanding during the year were as follows:

	Stock appreciation rights
Outstanding at January 1, 2021	582,500
Granted during the year	72,500
Forfeited during the year	(55,000)
Exercised during the year	(25,000)
Total outstanding at December 31, 2021	1,157,500
Exercisable at December 31, 2021	160,000
Granted during the year	-
Forfeited during the year	(992,500)
Exercised during the year	(165,000)
Total outstanding at December 31, 2022	-
Exercisable at December 31, 2022	-

2022 Stock Appreciation Rights Plan (SARs): In 2022, the Company's parent entered into a Stock Appreciation Rights Plan ("SARs") to incentivize employees. All qualifying employees have been awarded stock appreciation rights. Their value will be calculated by reference to the amount by which the price of the parent Company's ordinary shares has risen above the base price at the date of grant. The options vest, subject to the satisfaction of certain conditions, over a period of 3 years from the date of grant. All unvested options issued will meet the vesting conditions in 2025 and are exercisable at any time after vesting and within 10 years from the grant date. Under the guidance in ASC 718, the awards are classified as liabilities and are marked to market each period. All Stock Appreciation Rights Plan ("SARs") are settled in cash when exercised.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 8 - STOCK APPRECIATION RIGHTS PLAN (Continued)

In the ordinary course of business, a stock appreciation right will normally only be exercisable to the extent it has fully vested, and any applicable non-market performance conditions have been satisfied or waived. SARs shall lapse to the extent unexercised on the tenth anniversary of the date of grant or such earlier date as specified by the Board at the date of grant.

The Company use the Black-Scholes model to estimate the fair value of the SARs granted. The expected stock price volatility was calculated based on the average of the historical volatility of our parent company's stock price equal to the expected life of the grant. The average expected life was calculated using the simplified method and is based on the vesting period and the contractual term for each grant. For awards with multiple vesting tranches, the time from grant until the mid-point of the vesting tranche may be averaged to provide an overall expected term. The risk-free interest rate was calculated based on blended U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The SARs are not eligible for dividend distributions.

The following table outlines the assumptions used to estimate the fair value of the SARs at December 31, 2023:

Expected life (years)	6.5
Risk free rate	3.88%
Dividend yield	1.22%
Volatility	40.63%

Changes in the number of share options outstanding during the year were as follows:

	Stock appreciation rights
Outstanding at January 1, 2022	-
Granted during the year	410,000
Forfeited during the year	-
Exercised during the year	-
Total outstanding at December 31, 2022	410,000
Exercisable at December 31, 2022	-
Granted during the year	238,000
Forfeited during the year	4,000
Exercised during the year	-
Total outstanding at December 31, 2023	644,000
Exercisable at December 31, 2023	-

For the years ended December 31, 2023, 2022 and 2021, the Company recognized total share option expense/(income) of \$82,512, (\$49,782) and \$167,047 respectively, which was included in the accompanying statements of income in the selling, general and administrative operating expenses.

(Continued)

THE FILTA GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 9 - RESERVE FUND

The reserve fund represents franchisee deposits required upon sale of a new territory. The deposit is held for a specified period of time, as defined in the franchise sale contract, and is used for additional advertising, training, and other support in the event that the territory is not performing well. At the end of the specified period, the unused portion of the deposit is returned to the franchisee.

NOTE 10 - SUBSEQUENT EVENT

Subsequent events have been evaluated through April 9, 2024, which is the date the financial statements were available to be issued.

EXHIBIT F

PRE-SIGNING QUESTIONNAIRE

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE A RESIDENT OF MARYLAND
OR THE BUSINESS IS TO BE OPERATED IN MARYLAND**

**(This Questionnaire is Not Applicable to Prospective Franchisees in CA, HI, IL, IN,
MD, MI, MN, NY, ND, RI, SD, VA, WA and WI)**

**QUESTIONNAIRE TO BE COMPLETED BEFORE
SIGNING DEPOSIT LETTER OR FILTA FRANCHISE AGREEMENT**

You are preparing to enter into a Deposit Letter or Franchise Agreement with The Filta Group Inc. ("Filta"). The purpose of this Questionnaire is to confirm that you understand the terms of the agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each. If there will be multiple owners of the franchise, each person should complete this Questionnaire.

1. When and where did you have your first contact with Filta about the franchise opportunity?
Date of contact: _____
Type of contact: _____
2. When and where did you have your first face-to-face meeting with a Filta representative?
Date of meeting: _____
Place of meeting: _____
3. Which Filta representative(s) have you been dealing with? If more than one, please name each of them.
Name(s): _____
4. Have you personally reviewed Filta's Franchise Disclosure Document (FDD)?
Yes _____ No _____
5. Did you give Filta a signed receipt for the copy of the FDD that was furnished to you?
Yes _____ No _____ On what date did you receive the FDD? _____
6. Do you understand all of the information contained in the FDD?
Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

7. Have you personally read the Deposit Letter and Filta Franchise Agreement?

Yes _____ No _____

8. Do you understand all of the terms of the Deposit Letter and Filta Franchise Agreement?

Yes _____ No _____

If not, what parts do you not understand? (Attach additional pages, if necessary.)

9. The Franchise Agreement requires you to dedicate your full time and best efforts to the Filta franchise. This means you cannot hold any other position of employment. Are you willing to accept this limitation?

Yes _____ No _____

10. Have you discussed the FDD, Deposit Letter, Franchise Agreement, and the benefits and risks of operating a Filta franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____ If yes, name of advisor: _____

If No, do you wish to have more time to do so?

Yes _____ No _____

11. Other than the information presented in Item 19 of Filta's FDD, has any employee or other person speaking on behalf of Filta made any statement or representation (oral, written, or visual) regarding:

a. The amount of money that others have made or that you will make in operating a Filta franchise?

Yes _____ No _____

b. The revenue or profit that a Filta franchise will generate?

Yes _____ No _____

c. Any other information about the financial performance of a Filta franchise?

Yes _____ No _____

12. If your answer to any part of Question 11 is "yes," was the statement or representation contrary to the information contained in the FDD?

Yes _____ No _____

13. If your answer to any part of Question 11 is "yes," who made the statement or representation, when, and where? Please provide full details in the following space.

14. Have you contacted any of our existing Filta franchisees about their financial performance?

Yes _____ No _____

15. If your answer to Question 14 is "yes," please describe generally the type of information that they shared with you in the following space. (You do not need to identify the Franchisees with whom you spoke.)

16. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on behalf of Filta) concerning the advertising, marketing, training, support service or assistance that Filta will furnish to you. Were any statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

17. If you answered "Yes" to Question 16, please provide full details in the following space. (Attach additional pages, if necessary.)

18. Have you entered into any agreement with Filta before today concerning the Filta franchise?

Yes _____ No _____ If Yes, please describe:

19. Have you paid any money to Filta before today in connection with the Filta franchise?

Yes _____ No _____ If Yes, please describe:

20. In what state do you reside? _____

21. In what state do you intend to operate the Filta franchise? _____

22. If your answers to questions 20 and 21 named a state for which additional disclosures are provided in the Exhibits to the FDD, have you personally reviewed those state-specific disclosures?

Yes _____ No _____

23. Have you selected a specific service area in which you propose to operate a Filta franchise?

Yes _____ No _____

If yes, describe the service area: _____

24. Do you have personal knowledge of the service area?

Yes _____ No _____

25. Did you obtain advice from anyone other than Filta in selecting your service area?

Yes _____ No _____ If yes, name of advisor: _____

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

Yes _____ No _____

26. Have all of your questions to Filta concerning your proposed investment in a Filta franchise been answered to your satisfaction?

Yes _____ No _____

27. If you intend to form a partnership, corporation, or limited liability company to operate the Filta franchise, please complete the appropriate ownership information form attached to this Questionnaire.

* * *

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FILTA FRANCHISE APPLICANT

Date: _____

CORPORATION/LLC INFORMATION FORM

By completing this form, you are notifying Filta that you intend to form a corporation or limited liability company to enter into the Filta Franchise Agreement. You may be asked to provide Filta with copies of documents relating to your corporation/LLC (e.g., articles of incorporation, bylaws, operating agreement, good standing certificate) from time to time. The transfer of any interest in your corporation/LLC will be subject to the terms of the Filta Franchise Agreement.

Please provide the following information:

Type of entity: _____ Corporation _____ LLC

State in which incorporated/organized: _____

Date of incorporation/organization: _____

Number of shares or membership units the corporation/LLC is authorized to issue:

Officers and directors (if a corporation):

Name

Position

If an LLC, description of management structure (managing member, management board, etc.) and names of persons who will be appointed to management positions:

(continued)

The following list identifies all stockholders or members (“Owners”) of your corporation or LLC. If the entity is a corporation, the list identifies the class of stock and the number of shares of each class held by each Owner; if it is an LLC, the list identifies the number of ownership units held by the Owner. For each Owner, the list specifies the Owner’s percentage interest.

<u>Owner</u>	<u>Class of Stock</u>	<u>Number of Shares or Membership Units</u>	<u>Percentage Ownership</u>

PARTNERSHIP INFORMATION FORM

By completing this form, you are notifying Filta that you intend to form a partnership with one or more other individuals to operate the Filta franchise. You may be asked to provide Filta with copies of your partnership agreement and related documents from time to time. Any transfer of an interest in the partnership by any partner will be subject to the terms of the Filta Franchise Agreement.

Please provide the following information:

Name of partnership: _____

State in which the partnership is organized: _____

Date of partnership agreement: _____

Managing Partner: _____

EXHIBIT G

STATE FRANCHISE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

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

CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8285
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 PO Box 41200 Olympia WA 98504-1200 (360) 902-8760

MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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EXHIBIT H

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register our franchise offering in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT I

**ADDITIONAL STATE-REQUIRED INFORMATION
AND
STATE CONTRACT ADDENDA**

| As a condition of registering our franchise offering in certain states, we are required to provide you with additional information and, in some states, to amend our Franchise Agreement and Deposit Letter Agreement. The required disclosures and amendments are set out in the following pages, in alphabetical order by state.

**INFORMATION REQUIRED
BY THE STATE OF CALIFORNIA**

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

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR WEBSITE ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

Special Risks to Consider About This Franchise, Additional Disclosure.

Loss of Exclusivity. The franchisee may lose exclusivity for a particular service if the franchisee is not offering that service by the ~~13th~~^{25th} month of operation.

Item 3, Additional Disclosure.

Neither we nor any person 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. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

Item 10, Additional Disclosures.

Franchisor, its subsidiaries, affiliates, and parent will comply with all applicable laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.

Item 12, Additional Disclosures.

In California, the minimum territory size is approximately 32.75 square miles (this is the size of the smallest territory that we have defined in California using our mapping software).

Item 17, Additional Disclosures.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 *et seq.*).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

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

The Franchise Agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California law.

The Franchise Agreement contains a venue provision for litigation. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer the franchise or if you exercise the right to terminate the Franchise Agreement without cause. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section ~~21000~~[20010](#) voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 19. Additional Disclosures.

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Item 22. Additional Disclosure.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

California Amendment to the Franchise Agreement

This Addendum relates to franchises sold in California and is intended to comply with California statutes and regulations. In consideration of the execution of the Franchise Agreement, The Filta Group, Inc. and Franchisee agree to amend the Franchise Agreement as follows:

1. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety.
2. Entire Agreement. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. No director, employee or agent of Filta is authorized to make any representation or warranty not contained in this Agreement.

3. Each provision of this Amendment 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 Amendment.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

INFORMATION REQUIRED
BY THE STATE OF HAWAII

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

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

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

The name and address of Filta's agent in this state authorized to receive service of process is Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

INFORMATION REQUIRED
BY THE STATE OF ILLINOIS

Cover Page, Additional Disclosures.

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

Item 11, Additional Disclosures.

Because the business is a mobile, van-based franchise, site selection assistance is unnecessary, and we do not provide it.

Item 17, Additional Disclosures.

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern Franchise Agreements entered into in Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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 or any other law of Illinois is void.

Item 22, Additional Disclosure.

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 THE FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Franchise Agreement as follows:

1. Renewal. Section 3 of the Franchise Agreement is amended by adding the following:

If anything in this Section concerning non-renewal is inconsistent with Section 20 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

2. Termination. Section 21 of the Franchise Agreement is amended by adding the following:

If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

3. Governing Law. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern Franchise Agreements entered into in Illinois. Accordingly, Section 30.1 of the Franchise Agreement is deleted and replaced with the following:

This Agreement is governed by and will be construed in accordance with the law of the State of Illinois.

4. Venue. Section 30.2 of the Franchise Agreement is amended by adding the following:

However, under Section 4 of the Illinois Franchise Disclosure Act of 1987, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

5. Limitation of Claims. Section 30.3 of the Franchise Agreement is amended by adding the following:

Notwithstanding the foregoing, any claims arising under the Illinois Franchise Disclosure Act of 1987 shall be commenced within the period of limitation established in Section 27 of the Act.

6. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Franchise Agreement.

7. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety.

8. Entire Agreement. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any

representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. No director, employee or agent of Filta is authorized to make any representation or warranty not contained in this Agreement.

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. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Indiana and is intended to comply with Indiana statutes and regulations. The parties agree to supplement the Franchise Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or

federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

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

4. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Title _____

Signature _____

Title _____

INFORMATION REQUIRED
BY THE STATE OF MARYLAND

Item 17. Additional Disclosures.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).

The Franchise Agreement requires the franchisee to sign a general release as a condition of renewal or transfer of the franchise and as a condition of exercising the franchisee's right to terminate without cause. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

A limitation on the period of time within which arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Item 22 and Exhibit F, Additional Disclosures.

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.

Do not sign the Questionnaire in Exhibit F if you are a resident of Maryland or the business is to be operated in Maryland.

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Franchise Agreement as follows:

1. Releases. The following sentence is added to the end of Section 3.9, Section 20.2.4 and Section 21.5:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety. Section 25 is further amended by adding the following:

The foregoing acknowledgements and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Governing Law. Section 30.1 is amended by adding the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

4. Venue. Section 30.2 is amended by adding the following:

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

5. Time Limit on Filing. Section 30.3 is amended by adding the following:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Entire Agreement. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. Notwithstanding anything to the contrary in this Agreement, You are not required to waive any of Your rights under the Maryland Franchise Registration and Disclosure Law with regard to Filta's prior representations.

7. Expenses. Section 34 is amended to read as follows:

You agree to reimburse us for all expenses we reasonably incur (including reasonable attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to us

by You and/or the Owners; and (b) in the defense of any claim You and/or the Owners assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings. Except as stated in the foregoing sentence or as expressly provided otherwise in this Agreement, the parties will each bear their own legal and accountancy costs and other expenses incurred in connection with this Agreement.

8. 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. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

INFORMATION REQUIRED
BY THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. 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 franchises 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. **[Note: Filta reserves the right to challenge the restriction on the location of arbitration under the Federal Arbitration Act.]**
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

INFORMATION REQUIRED
BY THE STATE OF MINNESOTA

Item 13, Additional Disclosure.

Filta will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

Item 17, Additional Disclosures.

Filta will comply with Minnesota Statutes Section 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter.

Item 22, Additional Disclosure.

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.

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Franchise Agreement as follows:

1. Releases. The following sentence is added to Section 3.9, Section 20.2.4 and Section 21.5:

Notwithstanding the foregoing, You will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Renewal and Termination. Section 3 and Section 21 are amended by adding the following:

Notwithstanding anything to the contrary in Sections 3, 21.1, 21.2, or 21.3, Filta will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

3. Trademarks. Section 15 is amended by adding the following as Section 15.5:

Filta will indemnify You against liability to a third party resulting from claims that Your use of the Proprietary Marks infringes trademark rights of the third party, provided that Your use is in accordance with the requirements of the Franchise Agreement and the System.

4. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety. Section 25 is amended by adding the following:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

5. Venue. Section 30.2 is amended to add the following:

Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Filta from requiring litigation to be conducted outside Minnesota.

6. Limitation of Claims. Section 30.3 is amended to add the following:

Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

7. Entire Agreement. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement.

8. 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.

9. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

INFORMATION REQUIRED
BY THE STATE OF NEW YORK

Cover page, Additional Disclosures.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

FILTA MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, FILTA CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

FILTA REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

Item 3, Additional Disclosures.

Other than as disclosed in Item 3, neither Filta nor any person listed in Item 2:

1. Has any administrative, criminal or material 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. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of Filta franchises and the size, nature or financial condition of the System or its business operations.

2. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, 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.

3. Is subject to a currently effective injunctive or restrictive order or decree relating to the Filta franchise or under any 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.

Item 4. Additional Disclosure.

Except as described in this Item, neither Filta, its affiliates, its predecessors, officers, nor general partners, during the ten-year period immediately before the date of the disclosure document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or general partner of 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 any foreign bankruptcy laws, or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws, during or within one year after the officer or general partner of Filta held this position in the company or partnership.

Item 5. Additional Disclosure.

We use the territory fee to defray our costs of offering Filta franchises and assisting franchisees to start business. A portion of the territory fee may be profit to us.

Item 17. Revised Disclosures.

1. *In the Item 17 Table, the following sentence is added to item "d":*

You may also terminate the Franchise Agreement on any grounds available by law.

2. *In the Item 17 Table, the following sentence is added to item "j":*

However, no assignment will be made by Filta except to an assignee who, in Filta's good faith judgment, is willing and able to assume Filta's obligations under the Franchise Agreement.

3. *In the Item 17 Table, the following sentence is added to item "w":*

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

Item 17. Additional Disclosures.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You must sign a general release if you renew or transfer the franchise or if you exercise the right to terminate without cause. This provision may not be enforceable under New York law.

Item 22. Additional Disclosure.

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

NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Franchise Agreement as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. The following sentence is added to the end of Section 3.9, Section 20.2.4 and Section 21.5:

The foregoing release of claims against Filta does not release any claim You may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Filta. Section 19 is amended by adding the following:

Filta will not assign its rights under the Franchise Agreement except to an assignee who in Filta's good faith judgment is willing and able to assume Filta's obligations under the Franchise Agreement.

4. Termination by Franchisee. Section 21.5 is amended by adding the following:

In addition, You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law. Section 30.1 is amended by adding the following:

Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

6. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety.

7. Entire Agreement. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement.

8. 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.

9. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Franchise Agreement as follows:

1. Governing Law. Section 30.1 is amended by adding the following:

 Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.
2. Venue. Section 30.2 is amended by adding the following:

 Notwithstanding the foregoing, You have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.
3. Acknowledgments. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 are deleted in their entirety.
4. Entire Agreement. Section 32 is amended to read as follows:

 This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

INFORMATION REQUIRED
BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended to add the following:

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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.

INFORMATION REQUIRED
BY THE STATE OF WASHINGTON

Item 17. Additional Disclosures.

1. You have the right to terminate the Franchise Agreement upon any grounds permitted by law.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. 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.
4. 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.
5. 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.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. 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.
8. 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.

Item 22. Additional Disclosure.

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

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties agree to modify the Franchise Agreement as follows:

1. The state of Washington has a statute, the Washington Franchise Investment Protection Act (the "Act"), Section 19.100.180 of which may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. You may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
4. A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after 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.
5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of yours, 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 yours 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.
7. RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of a franchisee of ours or (ii) soliciting or hiring any employee of ours. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. Securities offering fees shall be limited to our reasonable costs and expenses in reviewing your security offering documents.
9. Sections 25.1.2, 25.1.3, 25.1.4 and 25.2 of the Franchise Agreement are deleted in their entirety.
10. Section 32 is amended to read as follows:

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence,

negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement.

11. 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.
12. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation):

By _____

Signature _____

Title _____

Title _____

EXHIBIT J

SAMPLE OF RELEASE TO BE SIGNED WHEN YOU RENEW OR TRANSFER THE FRANCHISE

**SAMPLE OF RELEASE TO BE SIGNED WHEN YOU RENEW OR
TRANSFER THE FRANCHISE**

Note: Where required by applicable state law, this Release will be modified to exclude liability under the applicable state law. See Exhibit I to the disclosure document.

THIS MUTUAL RELEASE is made and entered into on _____ by and between THE FILTA GROUP INC. ("Filta") and _____ ("Franchisee") in connection with the transfer or renewal of a Filta Environmental Kitchen Solutions® franchise.

In consideration of their respective obligations set out below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Release by Franchisee. Franchisee, on behalf of Franchisee and his or her heirs, personal representatives, and all other persons acting on Franchisee's behalf or claiming under Franchisee (collectively, the "**Franchisee Releasors**"), hereby releases and forever discharges Filta and its past and present officers, directors, shareholders, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, suits, actions, and causes of action, known or unknown, suspected or unsuspected, vested or contingent (collectively, "**Claims**") that the Franchisee Releasors ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Mutual Release.

2. Release by Filta. Filta, on behalf of itself and its officers, directors, shareholders, affiliates, agents, representatives, predecessors, successors, and assigns and all other persons acting on Filta's behalf or claiming under Filta (collectively, the **"Filta Releasors"**), hereby release and forever discharge Franchisee and his or her heirs and personal representatives from any and all Claims that the Filta Releasors ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Mutual Release, except that this Section 2 does not apply to any applicable state sales tax or use tax that Franchisee may have incurred.

3. Risk of changed facts. The parties understand that the facts in respect of which the releases in Sections 1 and 2 above are given may turn out to be different from the facts now known or believed by the parties to be true. Each party hereby accepts and assumes the risk of the facts turning out to be different and agrees that its release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

4. No prior assignment. Franchisee represents and warrants that he or she is the sole owner of all Claims and rights released by Franchisee hereunder and that Franchisee has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above. Filta represents and warrants that it is the sole owner of all Claims and rights released by Filta hereunder and that Filta has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 2 above.

5. Covenant not to sue. Franchisee (on behalf of the Franchisee Releasors) and Filta (on behalf of the Filta Releasors) each covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either

affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Sections 1 or 2 above with respect to any Claim released under Sections 1 or 2 above.

6. Complete defense. The parties: (i) acknowledge that this Mutual Release shall be a complete defense to any Claim released under Sections 1 or 2 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

7. Notices. All notices under this Agreement must be in writing and will be deemed to have been properly given if sent to the party at the address of the party set forth below (or at such other address the party subsequently may have designated by written notice to the other party) by any means described in the following sentence. Except as otherwise provided in this Agreement, notice is effective (a) when personally delivered; or (b) on the first business day after being sent via facsimile; or (c) on the second business day after being sent by Federal Express or other overnight courier service providing delivery confirmation; or (d) on the fifth business day after being sent certified mail, postage prepaid, return receipt requested.

Franchisee: [insert address]

Filta: 7075 Kingspointe Parkway, Suite 1,
Orlando, Florida 32819

8. Counterparts. This Mutual Release may be executed in counterpart copies, each of which will serve as an original, but all copies of which together constitute a single agreement.

9. Authorization. Each person who executes this Mutual Release on behalf of any party represents and warrants that the party has authorized that person to enter into this Mutual Release on behalf of the party. Each party represents and warrants that

it has the authority to enter into this Mutual Release not only on its own behalf, but also on behalf of the other persons and entities to be bound by its signature.

10. Successors and assigns. This Mutual Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of each party to this Mutual Release.

IN WITNESS WHEREOF, the parties have executed this Mutual Release as of the date first above written.

FRANCHISEE

By: _____

THE FILTA GROUP INC.

By: _____

State Effective Dates

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

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

STATES	EFFECTIVE DATE
California	June 1, 2023 Pending
Hawaii	June 13, 2023 Pending
Illinois	June 26, 2023 Pending
Indiana	June 1, 2023 Pending
Maryland	July 26, 2023 Pending
Michigan	June 7, 2023 Pending
Minnesota	July 12, 2023 Pending
New York	June 1, 2023 Pending
South Dakota	June 6, 2023 Pending
Virginia	June 12, 2023 Pending
Washington	June 9, Pending 2023
Wisconsin	June 6, Pending 2023

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.

RECEIPT

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

If Filta 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** 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** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that 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 Filta does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The franchisor is The Filta Group, Inc., 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550.

Issuance Date: ~~June 1, 2023~~ April 26, 2024

The franchise seller(s) for this offering are The Entrepreneur's Source, 900 Main Street South, Building #2, Southbury, CT 06488 (tel. 203-264-2006); International Franchise Professionals Group, Inc., 499 Emston Road, Suite B9, Parlin, NJ 08859 (tel. 888-977-IFPG); and persons on the staff of the franchisor (please mark all individuals you have been dealing with):

☐ Rob Totten ☐ ~~Victor Clewes~~ John Michals
☐ Tom Dunn ☐ Jason Sayers ☐ Other (write in) _____

Filta authorizes the state agencies in Exhibit H to receive service of process for Filta in the particular state.

I received a Franchise Disclosure Document dated ~~June 1, 2023~~ April 26, 2024 that included the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement, FiltaBio-Addendum, FiltaBio-6K Addendum | E. Financial Statements |
| B. Deposit Letter | F. Pre-Signing Questionnaire |
| C. Operating Manual | G. State Franchise Administrators |
| D. Filta Franchisees as of 12/31/ 2022 <u>2023</u> and Franchisees Who Exited a Territory in 2022 <u>2023</u> | H. Agents for Service of Process |
| | I. Additional State-Required Information and State Contract Addenda |
| | J. Sample Release |

Date Received: _____

Date Received: _____

Print Name _____

Print Name _____

Signature _____

Signature _____

Address _____

Address _____

City _____ State _____ Zip Code _____

City _____ State _____ Zip Code _____

Area Code _____ Phone Number _____

Area Code _____ Phone Number _____

TO BE RETAINED BY YOU

RECEIPT

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

If Filta 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** 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** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that 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 Filta does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The franchisor is The Filta Group, Inc., 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550.

Issuance Date: ~~June 1, 2023~~ April 26, 2024

The franchise seller(s) for this offering are The Entrepreneur's Source, 900 Main Street South, Building #2, Southbury, CT 06488 (tel. 203-264-2006); International Franchise Professionals Group, Inc., 499 Emston Road, Suite B9, Parlin, NJ 08859 (tel. 888-977-IFPG); and persons on the staff of the franchisor (please mark all individuals you have been dealing with):

☐ Rob Totten ☐ ~~Victor Clewes~~ John Michals
☐ Tom Dunn ☐ Jason Sayers ☐ Other (write in) _____

Filta authorizes the state agencies in Exhibit H to receive service of process for Filta in the particular state.

I received a Franchise Disclosure Document dated ~~June 1, 2023~~ April 26, 2024 that included the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement, FiltaBio-Addendum, FiltaBio-6K Addendum | F. Pre-Signing Questionnaire |
| B. Deposit Letter | G. State Franchise Administrators |
| C. Operating Manual | H. Agents for Service of Process |
| D. Filta Franchisees as of 12/31/ 2022 <u>2023</u> and Franchisees Who Exited a Territory in 2022 <u>2023</u> | I. Additional State-Required Information and State Contract Addenda |
| E. Financial Statements | J. Sample Release |

Date Received: _____

Date Received: _____

Print Name

Print Name

Signature

Signature

Address

Address

City State Zip Code

City State Zip Code

Area Code Phone Number

Area Code Phone Number

TO BE RETURNED TO THE FILTA GROUP INC.