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D/B/A Jan-Pro Twin Cities)
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FRANCHISE DISCLOSURE DOCUMENT for Unit Franchises

As a JAN-PRO® Cleaning & Disinfecting™ Unit Franchisee, you will independently own and operate a cleaning and maintenance business that performs commercial, industrial, and institutional cleaning and maintenance services under the service mark JAN-PRO® Cleaning & Disinfecting™ and other trademarks, trade names, service marks, slogans and logos we authorize.

The total investment necessary to begin operation of a Jan-Pro Cleaning & Disinfecting™ unit franchised business is between \$4,4653,590 and \$52,20550,275. This includes between \$2,9251,500 and \$4440,000 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kevin Johnson, KLJ Ventures, Inc. at 33 10th Ave S, Suite 200, Hopkins, MN 55343 and 952-238-1005.

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

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

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

Issuance Date: ~~April 25, 2023~~ May 3, 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 Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only JAN-PRO 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 JAN-Pro franchisee?	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Item 1.

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 Minnesota. 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 Minnesota than in your own state.

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

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

STATE COVER PAGE

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

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

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

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

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN THE STATE OF MINNESOTA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO LITIGATE IN MINNESOTA THAN IN YOUR HOME STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: ~~April 25, 2023~~ May 3, 2024

Table of Contents

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	13
ITEM 2 BUSINESS EXPERIENCE.....	16
ITEM 3 LITIGATION	20
ITEM 4 BANKRUPTCY.....	30
ITEM 5 INITIAL FEES.....	30
ITEM 6 OTHER FEES.....	3634
ITEM 7 ESTIMATED INITIAL INVESTMENT	4340
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	4542
ITEM 9 FRANCHISEE'S OBLIGATIONS	4845
ITEM 10 FINANCING	4946
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND CERTIFICATION	40
ITEM 12 TERRITORY	5451
ITEM 13 TRADEMARKS.....	5552
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	5754
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	5855
ITEM 16 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	5957
ITEM 17 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	49
ITEM 18 PUBLIC FIGURES	52
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	53
ITEM 20 OUTLET AND FRANCHISE INFORMATION	54
ITEM 21 FINANCIAL STATEMENTS	64
ITEM 22 CONTRACTS	7876
ITEM 23 RECEIPTS	LAST PAGE

EXHIBITS:

- EXHIBIT A - Franchise Agreement
- EXHIBIT B - Table of Contents- Operations Manual
- EXHIBIT C - Financial Statements (Regional Master Franchisee and JPI)
- EXHIBIT D - List of Our Current Unit Outlets
- EXHIBIT E - List of Our Former Unit Outlets
- EXHIBIT F - Franchisee Disclosure Questionnaire
- EXHIBIT G – State Effective Dates

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

To simplify the language in this disclosure document, KLJ Ventures, Inc., the franchisor and is referred to in this disclosure document as "**we**", "**us**", and "**our.**" "**You**" and "**your**" mean the person who buys the franchise, the franchisee. If the franchisee is a partnership, corporation, or other entity, "**you**" includes the franchisee's owners, who must agree to be personally bound under the Franchise Agreement.

Our Information

We are a Minnesota corporation that was organized on June 15, 2004. We do business under the name **Jan-Pro Twin Cities**. Our principal business address is 33 10th Ave S., Suite 200, Hopkins, MN 55343. Our agent for service of process is Minnesota Commerce Department and this agent's principal business address is 85 7th Place East, Suite 280, St. Paul, MN 55101-2198.

We are in the business of offering, selling, and supporting Jan-Pro Cleaning & Disinfecting unit franchises ("Franchise(s)" or "Unit Franchises") and we also provide outsourced sales and marketing services, billing and collection services, and customer management services on behalf of unit franchisees for a fee. We do not provide janitorial or cleaning services. We have been offering Unit Franchises since October 1, 2004. Although we are a Jan-Pro regional master franchisee, we have never operated a Franchise. We also have never offered franchises in any other line of business.

Our Parents

We do not have any parents.

Our Affiliates

We do not have any affiliates that offer Unit Franchises or that provide products or services to our Unit Franchises.

Our Predecessor

We have no predecessors.

The Franchises Offered

Jan-Pro Franchising International, Inc. (the "**Master Franchisor**"), has developed a system (the "**System**") to independently own and operate a comprehensive cleaning and maintenance business that performs commercial janitorial and related services under the service mark JAN-PRO® Cleaning & Disinfecting™ and other trademarks, trade names, service marks, slogans and logos that it authorizes (collectively, the "**Proprietary Marks**"). The Master Franchisor has granted us the right to offer and sell Unit Franchises to persons who want to independently own and

operate Jan-Pro Cleaning & Disinfecting™ businesses that service janitorial customers in our designated territory. Our designated territory includes the Minnesota Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington (the “Territory”). Selling and servicing these Unit Franchises and providing outsourced sales and marketing services, billing and collection services and customer management services to our Unit Franchises is our only businesses. Neither we, nor the Master Franchiser, provide janitorial or cleaning services.

Each Unit Franchise is an independently owned and operated business. When you purchase a Franchise from us, you will sign a unit franchise agreement (“Franchise Agreement”). The Franchise Agreement includes the rights and responsibilities you have when operating your Unit Franchise under the Jan-Pro Cleaning & Disinfecting brand. You operate your Unit Franchise as an independent business owner, not as our or anyone else’s employee.

As the owner of your own independent business, you make all decisions on the goals of your business and on how you achieve those goals. You alone choose the details of the day-to-day operations of your Unit Franchise subject to our System brand standards, which are necessary to protect and promote the Jan-Pro® Cleaning & Disinfecting™ brand.

For example, you choose your work hours and what work is done and how it is done (subject to customers’ preferences); you may hire your own employees and you may delegate work to your employees; you independently employ your own employees, and you determine those matters governing the essential terms and conditions of their employment, including hiring, firing, disciplining, setting compensation and benefits, and supervising performance; you furnish your own supplies, equipment, and workplace; and you pay for your own expenses. We do not pay you a wage or salary, and you may suffer losses if you are not successful in your Franchise.

As an independent business owner, you must prepare, file, and pay all federal and state taxes, payments, and tax returns required on all income you earn from your Franchise (including all income, unemployment, and payroll taxes, such as FICA (social security and medicare), FUTA (federal unemployment, and SECA (self-employment contributions) payments). You must also comply with all laws, including, but not limited to, all employment laws.

General Market and Competition

Your market includes commercial customers requiring janitorial or maintenance services. Typical customers are offices, retail stores, automobile dealerships, childcare businesses, churches, fitness centers, medical facilities, etc. The market for commercial janitorial service franchises is well developed. You will compete with individuals and other businesses that offer janitorial and building maintenance services.

Industry Regulations

Some of the laws specific to the commercial cleaning are health and sanitation laws and the Occupational Safety and Health Act (“OSHA”). OSHA regulations require you to comply with Safety Data Sheets (“SDS”) concerning chemicals and waste disposal. There may be other laws applicable

to the franchised business. We strongly recommend that you make additional inquiries about these laws.

Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations. You must also obtain all necessary permits, licenses and approvals to operate your Unit Franchise.

The Master Franchisor's Corporate Information and Business Experience

The Master Franchisor is a Massachusetts corporation formed in April 1995. The Master Franchisor does business as **Jan-Pro -Systems International™**. The Master Franchisor's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. The Master Franchisor has never operated a Jan-Pro unit franchise and it does not offer or sell Unit Franchises such as those that we offer. It has offered and sold Jan-Pro regional development franchises such as ours since 1995. As of September 30, 2022, the Master Franchisor had 103 operating regional development franchises. The Master Franchisor has never operated a regional master franchise, however, in the past, it has owned subsidiaries that have operated businesses similar to the regional master franchise. The Master Franchisor has never offered franchises in any other line of business.

Master Franchisor's Parents, Affiliates and Predecessors

The Master Franchisor is owned by Empower Brands Franchising, LLC formerly known as Lynx Franchising, LLC, ~~which,~~ a Delaware limited liability ~~company~~ company ("Empower Brands"). Empower Brands was ~~formerly~~ known as Lynx Franchising, LLC from April 2019 to January 2023 and before that was known as Premium Franchise Brands, LLC until April 2019. Empower Brands is owned by Lynx-JP Holdings, Inc., a Delaware Corporation ("Lynx-JP Holdings"). Lynx-JP Holdings was formerly known as Jan-Pro Holdings, Inc. and was purchased on December 23, 2020, by MidOcean BCAT Holdings, Inc., a Delaware corporation ("BCAT"). BCAT is owned by Bobcat Holdings Group, LP, a Delaware limited partnership ("Bobcat"). Bobcat is majority owned by MidOcean Associates V, LP ("MidOcean"). Empower Brands, Lynx-JP Holdings, BCAT and Bobcat each have a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MidOcean has a principal business address of 245 Park Avenue, 38th Floor, New York, New York 10167. None of these entities has ever operated a regional franchise development or unit franchise, nor have they offered franchises in this or any other line of business.

Although the Master Franchisor is owned by Empower Brands, it has no parent that shapes its policies or controls franchise sales or operations. It makes its own decisions on policies and franchise sales and operations. The Master Franchisor has no predecessors.

The Master Franchisor's Affiliates

Jan-Pro Enterprises, LLC ("JPE") sells and supports JAN-PRO Franchise Development country master franchises and international regional franchise development franchises that sell franchises and provide support services under the JAN-PRO Cleaning & Disinfecting™ brand for the operation of janitorial and building maintenance service franchises outside of the United States. JPE, with a

principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009 was formed as a Delaware limited liability company on February 15, 2005. JPE has offered JAN-PRO franchises outside of the United States since February 2005 and operates a National Accounts program for the benefit of JAN-PRO Cleaning & Disinfecting franchisees. As of September 30, ~~2022~~2023, there were eight country or international regional developer franchises operating outside of the United States. JPE has never conducted a business of the type that you will operate and has not offered franchises in any other line of business.

PMA Insurance SPC, Cayman ("PMA"), a subsidiary of Lynx-JP Holdings, is a Cayman Island Company formed on December 15, 1999. A segregated portfolio (PMA Insurance SPC, Cayman for and on behalf of JAN-PRO Segregated Portfolio) was created in 2018 to facilitate participation in the reinsurance program by Lynx-JP Holdings. PMA's principal business address is Governors Square, Building 4, 2nd Floor, 23 Lime Tree Bay Avenue, P.O. Box 1051, Grand Cayman, KY1-1102 Cayman Islands. PMA operates a captive worker's compensation insurance program through which franchisees may (but are not required to) participate in the Business Protection Program that is described in Item 6 below. PMA has not operated a business similar to the type described in this disclosure document and has not sold franchises in any line of business.

~~The Intelligent Office System, LLC ("IOS") franchises "Intelligent Office Centers" that operate progressive virtual office and communications solutions businesses, offering a range of vital business services to a mobile and non mobile client base. In December 2018, the IOS system became affiliated with the Master Franchisor through an acquisition. IOS, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, is a Colorado limited liability company formed on March 22, 1999. IOS has offered Intelligent Office franchises since April 1999. As of September 30, 2022, there were 45 franchised Intelligent Office outlets in the United States. IOS has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.~~

~~The Intelligent Office, Inc. ("TIO") operates company owned Intelligent Office Centers. In December 2018, TIO became affiliated with the Master Franchisor through an acquisition. TIO, with a principal business address of 4450 Arapahoe Avenue, Boulder, Colorado 80303, is a Colorado corporation incorporated on April 15, 1996. TIO previously operated three company owned outlets in Colorado, but as of September 30, 2022, TIO no longer operates any company owned outlets. TIO has not conducted a business of the type that you will operate and has not offered franchises in any line of business.~~

~~Intelligent Office of Canada, Inc. ("IOC") franchises "Intelligent Office Centers" in Canada. In December 2018, IOC became affiliated with the Master Franchisor through an acquisition. IOC, with a principal business address of 221 W. Esplanade, Suite 500, North Vancouver, BC V7M 3J3, is a Colorado corporation, incorporated on June 8, 2017. IOC has offered Intelligent Office franchises in Canada since September 2017. As of September 30, 2022, there were 12 franchised Intelligent Office outlets in Canada. IOC has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.~~

~~FRSTeam, LLC (“FRSTeam”) franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with the Master Franchisor through an acquisition. FRSTeam, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, was incorporated in California on September 30, 2005 under the name “FRSTeam Corp.” FRSTeam was converted to a California limited liability company under the name “FRSTeam, LLC” on August 20, 2020. FRSTeam has offered FRSTeam franchises since March 2006. As of September 30, 2022, there were 37 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.~~

~~Custom Commercial Dry Cleaners, LLC (“CCDC”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with the Master Franchisor through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name “Custom Commercial Dry Cleaners, Inc.” CCDC was converted to a limited liability company under the name “Custom Commercial Dry Cleaners, LLC” on August 20, 2020. As of September 30, 2022, CCDC operated ten company owned outlets. CCDC has not conducted a business of the type that you will operate and has not offered franchises in any line of business.~~

~~Strategic Key Group, Inc. d/b/a The Contents Specialist (“SKG”) operates company owned facilities that perform restoration of contents including, but not limited to, artwork, furniture, antique items, documents, firearms and housewares. In July 2021, SKG became affiliated with the Master Franchisor through an acquisition by CCDC. SKG, with a principal business address of 9755 Distribution Avenue, Suite B, San Diego, California 92121, was incorporated as a California Corporation on August 25, 2014. As of September 30, 2022, SKG operated two company owned outlets. SKG has not offered franchises in any line of business.~~

Archadeck Franchisor, LLC (“Archadeck”) is the franchisor of the ARCHADECK® franchise system. ARCHADECK® franchises are businesses offering certain construction sales and services of outdoor living spaces and environments. In September 2021, Archadeck became affiliated with the Master Franchisor through an acquisition. Archadeck, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Archadeck, through its predecessor, Archadeck Franchising Corporation (“AD Corp.”) had offered ARCHADECK® franchises since June 1980. As of September 30, ~~2022~~2023, there were ~~70~~86 ARCHADECK® franchises (~~67~~83 franchises located throughout the United States and 3 franchises located in Canada. Archadeck has not conducted a business of the type that you will operate, and has not offered franchises in any line of business other than described above.

Bumble Roofing Franchisor, LLC (“Bumble”) is the franchisor of the Bumble Roofing franchise system. Bumble franchises are businesses offering roofing installation and repairs for residential and commercial customers. In March 2023, Bumble became affiliated with Empower Brands

through an acquisition. Bumble’s principle business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 0 franchised Bumble outlets. Bumble has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Canopy Franchise Corporation (“Canopy”) is the franchisor of the Canopy franchise system. Canopy franchises are businesses offering environmentally responsible, subscription-based, tech-enabled turf care services, including lawn applications such as turf fertilization, and weed control and prevention. In June 2023, Empower Brands became a majority equity owner in Canopy. Canopy’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 0 franchised Canopy outlets.

Conserva Irrigation Franchisor, LLC (“Conserva”) is the franchisor of the CONSERVA IRRIGATION® franchise system in the United States. CONSERVA IRRIGATION® franchises are businesses offering repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation. In September 2021, Conserva became affiliated with the Master Franchisor through an acquisition. Conserva, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Outdoor Living Brands, Inc. began offering royalty-free pilot licenses for CONSERVA IRRIGATION® businesses in April 2014. All pilot licensees were offered the opportunity to enter into franchise agreements with Conserva’s predecessor, Conserva Irrigation Franchising, LLC (“CILLC”) during 2017. As of September 30, ~~2022~~2023, there were ~~168~~195 CONSERVA IRRIGATION® franchises located throughout the United States. Conserva has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Custom Commercial Dry Cleaners, LLC (“CCDC”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with the Master Franchisor through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name “Custom Commercial Dry Cleaners, Inc.” CCDC was converted to a limited liability company under the name “Custom Commercial Dry Cleaners, LLC” on August 20, 2020. As of September 30, 2023, CCDC Page 7 Jan-Pro 2023 Unit FDD (February 2023Non-SSA) (January 2024) operated eleven company owned outlets. CCDC has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

FRSTeam, LLC (“FRSTeam”) franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with the Master Franchisor through an acquisition. FRSTeam, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, was incorporated in California on September 30, 2005 under the name “FRSTeam Corp.” FRSTeam was converted to a California limited liability company under the name “FRSTeam, LLC” on August 20, 2020. FRSTeam

has offered FRSTeam franchises since March 2006. As of September 30, 2023, there were 49 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

Koala Insulation Franchisor, LLC (“Koala”) is the U.S. franchisor of the KOALA INSULATION® franchise system. Koala franchises are businesses currently specializing in providing insulation evaluation, installation, and certain energy efficiency / indoor air improvements to residential and commercial customers. In April 2023, Koala became affiliated with Empower Brands through an acquisition. Koala, through its predecessor Koala Franchise, LLC (“Koala LLC”), offered KOALA INSULATION franchises from January 2, 2020 to April 2023. As of September 30, 2023, there were 385 Koala franchises located throughout the U.S., and 0 franchises located in Canada. Koala’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. Koala has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Outdoor Lighting Perspectives Franchisor, LLC (“OLP”) is the franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system in the United States. OUTDOOR LIGHTING PERSPECTIVES® franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with the Master Franchisor through an acquisition. OLP, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. OLP, through its predecessor, Outdoor Lighting Perspectives Franchising, Inc. (“OLPFI”), offered OUTDOOR LIGHTING PERSPECTIVES® franchises since March 2005. As of September 30, ~~2022~~2023, there were ~~110~~128 OUTDOOR LIGHTING PERSPECTIVE® franchises, including ~~108~~126 franchises located throughout the United States and two franchises located in Canada. OLP has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Superior Fence & Rail Franchisor, LLC (“Superior”) is the franchisor of the Superior Fence & Rail, Inc.® franchise system. Superior Fence & Rail, Inc.® franchises are businesses offering certain fencing services for residential and commercial customers. In December 2021, Superior became affiliated with the Master Franchisor through an acquisition. Superior, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on December 3, 2021. Superior, through its predecessor, Superior Fence & Rail Franchising, LLC (“Superior Franchising”) had offered Superior Fence & Rail, Inc.® franchises since January 2017. As of September 30, ~~2022~~2023, there were ~~76~~242 Superior Fence & Rail franchises located throughout the United States. Superior has not conducted a business of the type that you will operate, and has not offered franchises in any line of business other than described above.

Superior Fence & Rail of NOFL, LLC (“Superior NOFL”) operates two company owned facilities that perform fencing services under the Superior Fence & Rail, Inc.® brand. In December 2021, Superior NOFL became affiliated with the Master Franchisor through an acquisition. Superior NOFL, with a principal business office of 510 Superior Commerce Point, Oviedo, Florida 32765, is

a Delaware limited liability company formed on December 3, 2021. Superior NOFL has not offered franchises in any line of business.

Wallaby Windows Franchisor, LLC (“Wallaby”) is the U.S. franchisor of the Wallaby Windows® franchise system. Wallaby franchises are businesses currently specializing in providing window installation, replacement, repair and related services. In April 2023, Wallaby became affiliated with Empower Brands through an acquisition. Wallaby, through its predecessor Wallaby Franchise, LLC (“Wallaby LLC”), offered Wallaby Window franchises from October 1, 2022 to April 2023. Wallaby’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 45 Wallaby franchises located throughout the U.S., and 0 franchises located in Canada. Wallaby has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Other Affiliates of Master Franchisor with Franchise Programs

Through control with private equity funds managed by MidOcean Partners, a New York-based private equity firm, we are affiliated with the following franchise programs. None of these affiliates operate a Jan-Pro franchise.

Grease Monkey Franchising, LLC (“GMF”), which operates under the names Grease Monkey Franchising, LLC, Grease Monkey, and FullSpeed Automotive, is a franchisor of automotive quick lube franchises operating under the Grease Monkey® trade name and business system. GMF is a Colorado limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMF became an affiliate through an acquisition. GMF has been offering Grease Monkey franchises since January 2006, and as of September 30, ~~2022~~2023, there were approximately ~~187~~196 franchises operating in the United States and ~~62~~61 international franchises. GMF has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

GMF acquired substantially all of its assets from Grease Monkey International, LLC (“GMI”), which was the franchisor of the Grease Monkey franchise system from approximately September 1978 through March 2006. ~~Until 2022, GMI also offered franchises for Monkey Shine car wash facilities from approximately April 1998 to March 2001. GMI remains~~ remained as the franchisor of all Grease Monkey franchises granted before April 2006 ~~at which time GMI transferred those franchises granted before 2006 to GMF. In the past, GMF, and its predecessor, GMI, offered to franchisees the right to operate a car wash franchise with their Grease Monkey Center. The car wash facility was called “Monkey Shine.” GMF no longer offers the right to operate a Monkey Shine car wash facility in connection with a Grease Monkey Center, although as of September 30, 2023, GMF still has eight franchisee-owned Monkey Shine facilities.~~

GMI is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMI became an affiliate through an acquisition. As of September 30, ~~2022~~2023 GMI operated company-owned units under the following brand names: Grease Monkey, Speedee Oil and Auto, ~~Uncle Ed’s Oil~~, American LubeFast, ~~Super Lube Plus~~AutoLube, Economy Oil Change, ~~Fast Lube Plus, Grease Monkey, Herbert~~

Auto Emissions, Herbert Automotive, Ingleside Auto, Insta-Quick, Kwik Kar, Lambuth's Quick Lube, Master Lube, Minit Man, Mobil 1 Lube-Express, Excel Car Wash, Rocky Mountain Oil-Pioneer Lube & Wash, Premier, Shop N Lube, PioneerSpeedee, Super Lube Plus, Texas Express, Uncle Ed's Oil Shoppes, and Waterfall Car and Wash, Herbert Automotive locations, Kwik Kar, and LubePro. Some of the units are a non-Grease Monkey brand but are substantially similar to the Grease Monkey franchise. GMI has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

GMI Services S de RL de CV ("GMI Mexico") is a subsidiary of GMI. GMI Mexico provides support services to franchisees operating in Mexico. GMI Mexico's principal business address is Calzada del Valle 255, Office 233, San Pedro Garza García, N.L., CP 66220, México. GMI Mexico has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

Speedee Worldwide, LLC ("Speedee") is a franchisor of automotive maintenance and repair services operating under the Speedee® trade name and business system. Speedee is a subsidiary of GMI. Speedee is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, Speedee became an affiliate through an acquisition. Speedee has been franchising since 1986, and as of September 30, ~~2022-2023~~ there were ~~6993~~ franchises operating in the United States and 29 franchises operating internationally. Until January 2017, Speedee also offered co-branding franchises under a separate Franchise Disclosure Document and different franchise agreement with its former parent, Midas International Corporation ("Midas"), for a Midas/Speedee co-branding shop. Speedee also operates 20 Speedee franchises in the United States which are co-branded with Midas, who is not an affiliate. Speedee has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

ITEM 2 BUSINESS EXPERIENCE

Our Business Experience

Our officers and corporate executives are as follows:

Kevin L. Johnson, President

Kevin has been the Owner and President of KLJ Ventures, Inc. d/b/a Jan-Pro Twin Cities since June, 2004. He is based in Hopkins, MN.

Craig Bergman, Director of Franchise Development

Craig has been the Director of Franchise Development of KLJ Ventures, Inc. d/b/a Jan-Pro Twin Cities since July, 2007. He is based in Hopkins, MN.

Jennifer Hughes, Director of Operations

Jennifer has been a Director of Operations for KLJ Ventures, Inc. d/b/a Jan-Pro Twin Cities since November, 2015. Jennifer is based in Hopkins, MN

Michael Rossiter, Field Service ~~Representative~~ Consultant

Michael has been a Field Service ~~Representative~~ Consultant since August, 2020. From October 2018 – August 2020, Michael was the Restaurant Operations Director of Chick-Fil-A, Maple Grove, MN and from January, 2015 – October, 2018, he was an Assistant Concessions Manager of Delaware North, Minneapolis, MN. Michael is based in Hopkins, MN

Nichole Nelson, Field Service ~~Representative~~ Consultant

Nichole has been a Field Service ~~Representative~~ Consultant for KLJ Ventures, Inc. d/b/a Jan-Pro Twin Cities since September 2022. From February 2022 to September 2022, Nichole was a Janitor for Becketwood Cooperative, Minneapolis, MN and from September 2012 to February 2022 was and owner / operator of Superior Interior Cleaning Services. Nichole is based in Hopkins, MN

The Master Franchisor's Business Experience

Brand President, Gary Bauer

From April 13, 2020 to present, Gary has been the Brand President for Jan-Pro Franchising International, Inc. and Jan-Pro Enterprises, LLC. From October 2016 through March 2020 Mr. Bauer served as Operations Manager for Orkin Pest Control. Mr. Bauer served as CEO of BDRY Systems from September 2015 to May 2016. From September 2004 to August 2015, Mr. Bauer served in various senior executive roles for the AmeriSpec, Furniture Medic, ServiceMaster Clean, and ServiceMaster Restore franchise brands including serving as Chief Operations Officer for the ServiceMaster Franchise Group from March 2012 to August 2015. He is based in Alpharetta, GA

Senior Vice President of Operations: ~~Charlie Kerr~~ Paul Scales

~~Charlie Paul~~ has been the Master Franchisor's ~~Senior~~ Vice President of Operations since ~~February 2021~~ July 2023 based in ~~Columbus, Ohio~~. From ~~January~~ February 2020 until ~~February 2021~~, ~~Charlie served as~~ July 2023, Paul was Regional Vice President of ~~KFR United Franchise Group LLC~~ in ~~Denver, Colorado~~ West Palm Beach, Florida. ~~From April 2019 until October 2019, Paul was Regional Vice President of Atalian Global Services in Columbus, Ohio. From October 2017 until April, 2019, Paul was the~~ Prior to that, from January 2014 until December 2019, Charlie served as President of ~~Drama Kids International, Inc. in Fort Meyers, Florida. He is based in Denver, Colorado~~ The Cleaning Pros in Cleveland, Ohio.

Vice President of Training, Technical Development and Sourcing: Neeraj Gupta

Neeraj has been the Master Franchisor's Vice President of Technical Development, Training and Sourcing since September 2020. From October 2016 until August 2020, Neeraj was the Vice President of Excelerate Learning, LLC in Memphis, Tennessee. Prior to that, from June 2001 until September 2016, Neeraj was the Director of Product Research and Development for the ServiceMaster Franchise Group in Memphis, Tennessee. He is based in Memphis, Tennessee.

Vice President of Franchise Development: Joseph Sloyan

~~Joe has been the Master Franchisor's Vice President of Franchise Development since May 2021. From February 1987 until May 2021, Joe served in sales and marketing positions for the ServiceMaster Franchise Service Group in Memphis, Tennessee. Prior to that, from April 1982 until February 1987, Joe served in various regional/district office operational and marketing positions with Orkin Pest Control in Waukegan, Illinois. He is based in Orland Park, Illinois.~~

Vice President of Marketing: Karen Forrest

Karen has been the Master Franchisor's Vice President of Marketing since June 2021. From August 2020 until May 2021, Karen served as an independent Marketing Consultant in Atlanta, Georgia. Prior to that, from September 2017 to August 2020, Karen served as Director of Global Marketing for InterContinental Hotels Group in Atlanta, Georgia. From December 2015 to September 2017, Karen served as Global Director of the IHG Rewards Club of InterContinental Hotels Group in Atlanta, Georgia. She is based in Atlanta, Georgia.

Director of Field Services: David Meyer

Dave has been the Master Franchisor's Director of Field Services since October 2019. Dave was the Master Franchisor's Director of Field Services and International from October 2018 to October 2019. Dave was the Master Franchisor's Director of International/Domestic Field Services from October 2014 To October 2018. From May 2014 to September 2014, David was an interim General Manager for P & D Ventures, Inc., doing business as Jan-Pro of the Greater Bay Area, in Pleasanton, California. Dave is based in Beaverton, Oregon.

Director of Operations for Field Service: Robert Stapleton

Robert has been the Master Franchisor's Director of Field Services since October 2018. Robert was the Master Franchisor's Director of Operations for Field Services from November 2016 to October 2018. From September 2016 to October 2016, Robert worked in new car sales for Bommarito Nissan in St. Louis, Missouri. From August 2013 to September 2016, Robert worked in new car and pre-owned car sales and was the new car internet manager and Assistant Manager at Suntrup Ford in St. Louis, Missouri. Robert is based in St. Louis, Missouri.

Director of Field Services: Aaron Brown

Aaron has been our Director of Field Services since October 2022. From October 2019 until October 2022, Aaron was a Loan Officer with Mr. Cooper in Dallas, Texas. Prior to that from March 2018 until October 2019, Aaron served as Regional Support Specialist with Jani-King International in Addison, Texas. Aaron is currently based out of Frisco, Texas.

Senior Director of Sales: ~~Coleman Hudson~~ Kim Lyznicki

~~Coleman has been the Master Franchisor's Senior Director of Sales since October 2021. From October 2018 to September 2021, Coleman was the Master Franchisor's Director of Field Services and was the Master Franchisor's Director of Field Support from April 2017 To October 2018. From May 2014 to April 2015, Coleman was a Regional Director of Development and then an Executive Director of Corporate Regions for Jani-King International, Inc. in Addison, Texas. From 2010 to April 2014, Coleman was an Undercar District Manager for NAPA Auto Parts in Albuquerque, New Mexico. Coleman is based in Bonham, Texas. Kim has been our Director of Sales since November 2023, based in Palm Coast, FL. From September 2018 until November 2023, Kim held 2 leadership roles : Director of Business Development and US Operations Support with ServiceMaster Clean in Sandy Springs, GA.~~

The Master Franchisor's Parent's Business Experience

Chief Executive Officer: Scott Zide

Mr. Zide has been the Chief Executive Officer of Empower Brands since March 2022. Scott was also the President, COO and a Director of each of Archadeck, Conserva and OLP from September 2021 and the COO of their predecessor, Outdoor Lighting Perspectives Holdings Corporation ("OLPHC"), from January 2007 to September 2011 and President of OLPHC from September 2010 to September 2021. Mr. Zide was also the Chief Operating Office and a Director of Superior Fence from December 2021 to March 2022. From September 2008 to September 2021, Mr. Zide was also the COO of OLPHC's parent, Outdoor Living Brands, Inc., and served as its President from September 2010 to September 2021, in Richmond, Virginia. Mr. Zide also served as the President and Chief Operating Officer of Outdoor Living Brands Supply Corporation from December 2010 to September 2021, and OLP Commercial Services from June 2010 to September 2021, in Richmond, Virginia. Mr. Zide has owned and operated an Outdoor Lighting Perspectives® business in Richmond, Virginia since March 2014. From December 2018 to September 2021, Mr. Zide also served as President, COO, and a Director of CI LLC and as AD Corp.'s COO from September 2009 to September 2021, and as its President and a Director from September 2010 to September 2021. From February 2009 until December 2018, Mr. Zide served as Mosquito Squad Franchising Corporation's COO in Richmond, Virginia and as President and a Director from September 2010 until December 2018. From July 2012 to January 2020, Mr. Zide served as President and Chief Operating Officer of Renew Crew Franchise Corporation in Richmond, Virginia. He is based in Richmond, Virginia.

Senior Vice President and Chief Financial Officer: Michael Borreca

Mr. Borreca has been the Senior Vice President and Chief Financial Officer of Empower Brands since March 2017. From January 2015 to February 2017, Mr. Borreca was the Vice President, Corporate Finance and Treasurer of FOCUS Brands, Inc. in Atlanta, Georgia. From December 2007 to January 2015, Mr. Borreca held various positions with KPMG, LLP in Tampa and Miami, Florida. He is based in Alpharetta, Georgia.

Chief Development Officer: R. Scott Sutton

Mr. Sutton has been the Chief Development Officer of Empower Brands since December 2022. From July 2021 to December 2022, Mr. Sutton was the Chief Growth Officer of Threshold Brands, LLC in Boston, Massachusetts. From August 2010 to July 2021, Mr. Sutton was VP of Business Development at Deluxe Corporation (d/b/a Safeguard Franchise Systems) in Dallas, Texas.

Vice President, Information Technology: Andrew Forrest

Mr. Forrest has been the Master Franchisor's Vice President, Information Technology of Empower Brands since January 2018. Mr. Forrest was the Master Franchisor's Director of Information Technology of Empower Brands from January 2017 to January 2018. From April 2016 to December 2016, Mr. Forrest was unemployed as he waited for his U.S. work permit to issue. During this time, he obtained a CAPM (Certified Associate Project Manager) certification, and a CSM (Certified Scrum Master) certification. From September 2009 to March 2016, Mr. Forrest worked for Abbey Protection Group in London, England, first as a Development Manager and then as Head of IT. Mr. Forrest is based in Alpharetta, Georgia.

General Counsel: Sanjay B. Malhotra

Mr. Malhotra has serviced as Vice President, General Counsel for Empower Brands and its affiliates since August 2022. Mr. Malhotra is based in Richmond, Virginia. From June 2019 to August 2021, Mr. Malhotra was the Chief Legal Officer of Paris Baguette Don Doux and is US and Canadian affiliates headquartered in Moonachie, New Jersey. From December 2014 to October 2018, Mr. Malhotra was the Global General Counsel of Le Pain Quotidien based in New York, NY and Brussels, Belgium.

**ITEM 3
LITIGATION**

Our Litigation Disclosures

No litigation must be disclosed by us in this Item.

The Master Franchisor's Litigation Disclosures

Pending Actions of the Master Franchisor

Employee Misclassification in Federal Court

Roman, Vazquez and Aguilar, and all others similarly situated v. Jan-Pro Franchising International, Inc. (Case No. 3:16-cv-05961, United States District Court, Northern District of California). On November 3, 2016, the Court accepted a transfer of this case from the Massachusetts District Court, where the franchisees in Massachusetts had already lost their case (as they also had in Georgia state court). The Plaintiffs were Unit Franchisees of certain of the Defendant's Regional Franchise Developers. The Defendant had no contracts or relationship with the Plaintiffs and never dealt with the Plaintiffs in their franchise purchases or their business operations. On January 26, 2017, the Plaintiffs filed a Second Amended Complaint. The Plaintiffs alleged that the Defendant was liable for the actions of a few of the Defendant's Regional Franchise Developers who were alleged to have engaged in unfair and deceptive business practices. The Plaintiffs also alleged that they were the Defendant's direct employees, were misclassified as independent contractor franchisees rather than as employees, and that they were denied wages and/or other employee benefits. The Plaintiffs' claims also were based on theories of quantum meruit and unjust enrichment. The Plaintiffs sought certification as a class action, damages attributable to the Defendant's alleged statutory and common law violations, statutory enhancement of damages, declaratory and injunctive relief against the Defendant, and any other relief to which they might have been entitled.

The Defendant filed a Motion for Summary Judgment on February 16, 2017, and both parties briefed this Motion. Oral argument on this Motion was held on May 4, 2017 and on May 24, 2017, the Court issued its Decision, granting the Defendant's Motion for Summary Judgment and holding that the Plaintiffs were not the Defendant's employees. On July 20, 2017, the Court ordered the Plaintiffs to pay the Defendant a portion of the Defendant's costs.

On May 25, 2017, the Plaintiffs appealed this loss to the U.S. Court of Appeals for the Ninth Circuit. Both parties completed briefing of the issues in January 2018 and the Court scheduled oral arguments for December 18, 2018. On May 2, 2019, the 9th Circuit issued its opinion, reversing and remanding the case back to the U.S. District Court, holding that the new ABC test* could be applied to the Plaintiffs' ten-year old claims. The District Court will have to analyze the applicability of California's new ABC test*¹ for employee status against the facts in the Defendant's case. On May 31, 2019, the Defendant filed a Petition in the 9th Circuit requesting the entire Court to review the 9th Circuit's decision. On July 22, 2019, however, the Ninth Circuit granted a panel rehearing; withdrew the court's previously-published opinion; and declared its intention to file "[a] revised disposition and an order certifying to the California Supreme Court the question of whether [Dynamex] applies retroactively." Thereafter, the court reissued its opinion and certified the question of retroactively applying the ABC test to the California Supreme Court. On October 8, 2019, the Defendant filed a Petition for rehearing by the panel or en banc of the 9th Circuit's reissued opinion. On November 7, 2019, the 9th Circuit denied the Defendant's petition for a panel rehearing or rehearing en banc. The Supreme Court accepted the certification to

answer the retroactivity question on November 20, 2019. The Plaintiffs' opening brief was submitted to the California Supreme Court on January 22, 2020. On March 17, 2020, the Defendant submitted two 28j letters to the Ninth Circuit Court of Appeals asking them to decertify the question of retroactivity to the Supreme Court, or order supplemental briefing. The Defendant submitted its reply brief on May 27, 2020 to the California Supreme Court arguing against retroactivity and asking for the Supreme Court to decertify the retroactivity question. The California Supreme Court held a hearing on November 3, 2020, and issued a decision on January 14, 2021, holding that the ABC test announced in Dynamex could apply retroactively, but declined to state whether the ABC test applied in a franchise context, a threshold issue that will be the subject of additional proceedings in this matter. On February 2, 2021, the Ninth Circuit reissued its prior opinion and remanded the case to the California Northern District Court. On January 21, 2022, plaintiffs filed a motion for summary judgment and a motion for class certification. On August 2, 2022, the Northern District Court of California granted plaintiffs motion for class certification and summary judgment as to (1) failure to pay minimum wage for mandatory training, (2) failure to reimburse for expenses incurred for (a) required uniforms and (b) necessary cleaning supplies and equipment, and (3) unlawful deductions of (a) management fees and (b) sales and marketing fees for the following group: all unit franchisees who signed a franchise agreement with a master franchisee in the state of California and who performed cleaning services for defendant from December 12, 2004, to the latest date on which a named plaintiff terminated employment.

On August 17, 2022, Jan-Pro petitioned the Ninth Circuit Court of Appeals pursuant to Rule 23(f) of the Federal Rules of Civil Procedure seeking permission to appeal the District Court's decision holding that JPI had waived its right to arbitrate as to unnamed class members and that Plaintiffs' claims for management and sales-and-marketing fees are encompassed by certain California wage orders. On November 10, 2022, the Ninth Circuit denied Jan-Pro's Rule 23(f) petition. ~~Trial and pretrial conferences are expected to be set for later in 2023.~~

On October 31, 2023, the parties entered into a settlement agreement, subject to the approval of the Court, whereby Jan-Pro agreed to pay thirty million dollars (\$30,000,000) to resolve all individual and class wide claims in exchange for releases from all plaintiffs, class members, and putative class members. There was no admission of liability by Jan-Pro and the settlement was reached solely to compromise highly disputed claims and end 15 years of litigation. The class period includes all claims from December 12, 2004 through date of preliminary approval of the settlement by the Court. On December 5, 2023, the Court granted Plaintiffs' Motion for Preliminary Approval. Pursuant to the Court's December 5, 2023 Order, class members have until February 23, 2024 to file objections or opt-out of the settlement and Plaintiffs' counsel must file a motion for final approval no later than February 29, 2024. A final fairness hearing is scheduled for March 14, 2024.

~~Employee Misclassification Case in Washington, DC Superior Court~~

~~District of Columbia v. Nabicorp Enterprises, Inc. and JAN-PRO Franchising International, Inc. (Case Number 2022 CA 003128 B, Superior Court of the District of Columbia, Civil Division).~~ On July 13, 2022, the Office of the Attorney General ("OAG") for the District of Columbia filed a

lawsuit alleging that Nabicorp Enterprises, Inc. (“Nabicorp”), a Regional Franchise Developer for the Washington DC and surrounding Maryland and Virginia territory, misclassified its Unit Franchisees who reside in or do a substantial amount of work in the District of Columbia as independent businesses rather than as employees. The OAG alleges that JAN-PRO Franchising International, Inc. (“JPI”) is a joint employer of Nabicorp’s Unit Franchisees. The OAG alleges violations for unlawful deductions and failure to keep records under the Wage Payment and Collection Law and failing to provide sick leave under the Sick and Safe Leave Act (“SSLA”). The OAG seeks declaratory relief on the status of Unit Franchisees and injunctive relief on future misclassification as well as damages for unlawful wage deductions, damages and punitive damages under the SSLA and reinstatement of paid sick leave, statutory penalties and costs and fees. The case is in active discovery.

Prior Actions

Employee Misclassification Case in Massachusetts State Court

Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the above federal case attempted to add two additional plaintiffs to the federal case in 2012. After receiving a preliminary indication in December 2013 from the judge that he would not allow additional plaintiffs to be added, the attorney then sued in the Massachusetts state court on December 18, 2013. The Plaintiffs were Massachusetts Unit Franchisees of certain of the Defendant’s regional franchise developers. The Plaintiffs allege that they were the Defendant’s direct employees and were denied wages and/or other employee benefits. The Plaintiffs’ claims were based on theories of misclassification as independent contractors and wage act violations. The Plaintiffs sought certification as a class action, damages attributable to alleged statutory law violations, statutory enhancement of damages, injunctive relief, and any other relief to which they might be entitled.

The Defendant was served with this action on January 14, 2014. On August 4, 2015, the Defendant filed a Motion to Compel Arbitration based on a recent ruling by the Massachusetts Supreme Judicial Court in an unrelated case. On February 25, 2016, a new plaintiff, Barros, was added to the case. On May 7, 2016, the judge granted the Defendant’s Motion and dismissed this action and stated that Brandao should have filed an arbitration action and Lima should have filed suit in New Hampshire. Brandao and Barros then filed separate arbitration actions, which are described in the next subsection. Lima has not refiled in New Hampshire.

Further Proceedings for Barros

Barros then filed a Motion to Correct the Judgment as the Judgment did not specifically address his claims. On August 24, 2018, the Superior Court ruled that Barros should be compelled to arbitration. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

Further Proceedings for Brandao

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court rather than arbitration, claiming that he could not afford to pay the American Arbitration Association deposit. The Defendant opposed this motion.

On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

Employee Misclassification Arbitration Proceeding

Claudio Brandao v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-954). On July 28, 2016, Brandao, a plaintiff in the above action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. An arbitrator was selected.

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court (described above) rather than arbitration, claiming that he cannot afford to pay the American Arbitration Association deposit. The Defendant has opposed this motion. On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

Tony Barros v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-0958). On July 28, 2016, Barros, a plaintiff in the above Massachusetts state court action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. In November 2018, the Defendant informed the American Arbitration Association that Barros had signed a release of claims and the American Arbitration Association should not go forward without resolving whether Barros even has a right to go forward due to the release he signed. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

Other than the actions described above, no litigation must be disclosed in this Item for the Master Franchisor.

ITEM 4 BANKRUPTCY

No bankruptcies must be disclosed in this Item for us or the Master Franchisor.

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you sign your Franchise Agreement, you must pay us an initial franchise fee (the “**Initial Franchise Fee**”). This fee is \$1,500 if you elect not to purchase an Initial Plan from us and to only pursue “Self-Acquired Accounts” after you sign your Franchise Agreement. Self-Acquired Accounts are customer accounts we have not offered to you, or that you procured without our assistance, but that you are servicing under the Proprietary Marks. At our discretion, we may offer you Additional Accounts after you have fulfilled all obligations specified in Section 1.2.2 of your Franchise Agreement.

If you elect to purchase an Initial Plan from us, the Initial Franchise Fee, ranges from \$~~2,925~~3,600 (if 10% discount is applied) to \$~~44,000~~40,000, depending on the Account Gross Billings of the Initial Plan you purchase. The Initial Plans are described below. If you pay the Initial Franchise Fee in full when you sign the Franchise Agreement (without financing), we will discount the Initial Franchise Fee (ranging from \$~~3,250~~4,000 - \$~~44,000~~40,000) by 10%.

We may, at our option, finance a portion of the Initial Franchise Fee to help you purchase your Franchise. If we do so, you must make a down payment of \$1,250 to \$~~36,500~~32,500, depending on the Initial Plan you choose, when you sign the Franchise Agreement. You must pay the balance—ranging from \$~~2,000~~2,750 to \$7,500—in equal monthly installments over the time that we establish before you sign your Franchise Agreement. You must pay interest on this balance at an annual rate of 10%. You must sign a Promissory Note to evidence your obligation to repay us these amounts. The form of Promissory Note is attached to the Franchise Agreement. All your owners must guarantee payment of the Promissory Note. The form of Guaranty is attached to the Franchise Agreement.

Initial Plans

We offer ~~19~~14 Franchise plans (each, an “Initial Plan”). Each Initial Plan represents the purchase of contracts totaling a different amount of “Account Gross Billings”. “Account Gross Billings” are the total estimated annual revenues from any Accounts you purchase from us and service.

FRANCHISE PLAN	ACCOUNT GROSS BILLINGS ¹	TOTAL FEE	DOWN PAYMENT	AMOUNT FINANCED	FULL CASH PAYMENTS ²	MONTHLY PAYMENTS ³
FP-5	Accounts totaling \$5,000* per year	\$3250	\$1250	\$2000	\$2925	\$64.53
FP-8	Accounts totaling \$8,000* per year	4500	2500	2000	4050	64.53
FP-11	Accounts totaling \$11,000* per year	6000	3000	3000	5400	96.80
FP-14	Accounts totaling \$14,000* per year	7000	3750	3250	6300	104.87
FP-17	Accounts totaling \$17,000* per year	8000	4000	4000	7200	129.07
FP-20	Accounts totaling \$20,000* per year	9000	5000	4000	8100	129.07
FP-25	Accounts totaling \$25,000* per year	10700	5700	5000	9630	161.34
FP-30	Accounts totaling \$30,000* per year	11850	6850	5000	10665	161.34
FP-35	Accounts totaling \$35,000* per year	13000	8000	5000	11700	161.34
FP-40	Accounts totaling \$40,000* per year	14000	9000	5000	12600	161.34
FP-50	Accounts totaling \$50,000* per year	16000	11000	5000	14400	161.34
FP-60	Accounts totaling \$60,000* per year	18000	13000	5000	16200	161.34
FP-75	Accounts totaling \$75,000* per year	21000	16000	5000	18900	161.34
FP-85	Accounts totaling \$85,000* per year	22950	17950	5000	20655	161.34

¹ The actual Gross Billings you get under your Initial Plan depend on many variables, including satisfying your Customers and retaining your Accounts, and whether or not you accept Accounts offered to you (and do not stop servicing your Accounts), and which Accounts are counted in the fulfillment of your Initial Plan. The Account Gross Billing figures used for our various Initial Plans must not be considered as actual or potential sales, costs, income or profits you will realize—your actual sales, costs, income or profits will vary. We do not guarantee that you will realize or maintain these Account Gross Billing figures because it is impossible for us to do so with any degree of certainty.

² “Full Cash Payments” reflects a 10% discount.

³ “Monthly Payments” include interest at 10% a year.

FRANCHISE PLAN	ACCOUNT GROSS BILLINGS ¹	TOTAL FEE	DOWN PAYMENT	AMOUNT FINANCED	FULL CASH PAYMENTS ²	MONTHLY PAYMENTS ³
FP-100	Accounts totaling \$100,000* per year	26000	21000	5000	23400	161.34
FP-125	Accounts totaling \$125,000* per year	31000	23500	7500	27900	242.00
FP-150	Accounts totaling \$150,000* per year	36000	28500	7500	32400	242.00
FP-175	Accounts totaling \$175,000* per year	40000	32500	7500	36000	242.00
FP-200	Accounts totaling \$200,000* per year	44000	36500	7500	39600	242.00

Initial Plan	Account Gross Billings(1)	Total Fee	If You Pay All Cash(2)	If You Finance the Initial Franchise Fee		
				Down Payment	Amount Financed	Monthly Payments(3)
<u>FP-6</u>	<u>Accounts totaling \$6,000 per year</u>	<u>\$4,000</u>	<u>\$3,600</u>	<u>\$1,250</u>	<u>\$2,750</u>	<u>\$88.74</u>
<u>FP-9</u>	<u>Accounts totaling \$9,000 per year</u>	<u>\$5,750</u>	<u>\$5,175</u>	<u>\$2,750</u>	<u>\$3,000</u>	<u>\$96.80</u>
<u>FP-12</u>	<u>Accounts totaling \$12,000 per year</u>	<u>\$7,000</u>	<u>\$6,300</u>	<u>\$4,000</u>	<u>\$3,000</u>	<u>\$96.80</u>
<u>FP-18</u>	<u>Accounts totaling \$18,000 per year</u>	<u>\$9,000</u>	<u>\$8,100</u>	<u>\$5,000</u>	<u>\$4,000</u>	<u>\$129.07</u>

1 The actual Gross Billings you receive under your Initial Plan depend on many variables, including satisfying your customers and retaining your Accounts, and whether or not you accept Accounts offered to you (and do not stop servicing your Accounts), and which Accounts are counted in the fulfillment of your Initial Plan. The Account Gross Billing figures used for our various Initial Plans must not be considered as actual or potential sales, costs, income or profits you will realize; your actual sales, costs, income or profits will vary. We do not guarantee that you will realize or maintain these Account Gross Billing figures because it is impossible for us to do so with any degree of certainty.

2 This amount shows a 10% discount.

3 "Monthly Payments" include interest at 10% annually. The length of time for these payments is based on a 36 month amortization.

FRANCHISE PLAN	ACCOUNT GROSS BILLINGS ¹	TOTAL FEE	DOWN PAYMENT ¹	AMOUNT FINANCED	FULL CASH PAYMENTS ²	MONTHLY PAYMENTS ³
<u>FP-24</u>	<u>Accounts totaling \$24,000 per year</u>	<u>\$11,000</u>	<u>\$9,900</u>	<u>\$6,000</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-30</u>	<u>Accounts totaling \$30,000 per year</u>	<u>\$12,000</u>	<u>\$10,800</u>	<u>\$7,000</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-36</u>	<u>Accounts totaling \$36,000 per year</u>	<u>\$13,500</u>	<u>\$12,150</u>	<u>\$8,500</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-48</u>	<u>Accounts totaling \$48,000 per year</u>	<u>\$16,000</u>	<u>\$14,400</u>	<u>\$11,000</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-60</u>	<u>Accounts totaling \$60,000 per year</u>	<u>\$20,000</u>	<u>\$18,000</u>	<u>\$15,000</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-72</u>	<u>Accounts totaling \$72,000 per year</u>	<u>\$23,000</u>	<u>\$20,700</u>	<u>\$18,000</u>	<u>\$5,000</u>	<u>\$161.34</u>
<u>FP-96</u>	<u>Accounts totaling \$96,000 per year</u>	<u>\$26,000</u>	<u>\$23,400</u>	<u>\$20,000</u>	<u>\$6,000</u>	<u>\$193.60</u>
<u>FP-120</u>	<u>Accounts totaling \$120,000 per year</u>	<u>\$31,000</u>	<u>\$27,900</u>	<u>\$25,000</u>	<u>\$ 6,000</u>	<u>\$193.60</u>
<u>FP-150</u>	<u>Accounts totaling \$150,000 per year</u>	<u>\$36,000</u>	<u>\$32,400</u>	<u>\$23,500</u>	<u>\$7,500</u>	<u>\$242.00</u>
<u>FP-180</u>	<u>Accounts totaling \$180,000 per year</u>	<u>\$40,000</u>	<u>\$36,000</u>	<u>\$32,500</u>	<u>\$7,500</u>	<u>\$242.00</u>

Your Account Gross Billings do not reflect the costs of sales and operating expenses that must be deducted from Account Gross billings to get your net revenue or profit.

Once you ~~accept purchase~~ an Account contract, you will sign as a party to the contract, and the Account contract remains your property unless repossessed pursuant to the Unit Franchise Agreement ~~we transfer ownership of the Account to you, and the Account remains your property unless transferred pursuant to the Franchise Agreement or Agreement~~ or by operation of the terms of the Account contract. An Account contract will be repossessed if: (i) the Account requests in writing that it be serviced by another JAN-PRO Cleaning & Disinfecting franchisee; (ii) you request to stop servicing the Account; (iii) your Franchise Agreement is terminated; (iv) you otherwise stop being a Jan-Pro franchisee. ~~immediately transferred if the customer requests either verbally or in writing that its service contract be terminated or serviced by another franchisee; you sell Jan-Pro cleaning or similar supplies to Jan-Pro customers without our consent or provide services to Jan-Pro customers outside of your Franchise Agreement; your Franchise Agreement is terminated; you otherwise stop being a Jan-Pro franchisee; or you no longer want to service a customer.~~

You will review each new Account contract we offer to you, and decide for yourself whether or not you will accept that Account contract under your Initial Plan. If you reject an Account contract we offer under your Initial Plan, we will have a reasonable time to offer you a replacement Account contract, which may take longer than our original time commitment to you.

If, within the first 12 months after you accept an Account contract, the Account contract is terminated for any reason other than your documented Misconduct (as defined in Section 1.2.3 of the Franchise Agreement), or if you stop servicing an Account contract because the Account does not make a payment (a "Terminated Account"), we will, within a reasonable time, offer a replacement contract(s) as follows:

- We can offer replacement Account contract(s) that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends at 12 months from the Terminated Account's Start Date; or
- We can offer replacement Account contract(s) that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account That was a replacement account. In this case, our replacement obligation ends 12 months from the replacement Account Start Date).

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account contract offered has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Item 6) for the excess.

For example, if a terminated Account's Account Gross billings is \$1,000 per month (\$12,000 per year), and you provided services for 7 months before the Account terminates, you have received Account value of \$7,000. We will replace the Account with Accounts that provide the remaining \$5,000 in Account Gross Billings during the 12 months after you start servicing the new Account.

If a customer terminates your services at any time after one year from the date you begin providing services for that customer, we are not obligated to refund any portion of the Initial Franchise Fee or replace that Account, no matter what the reason for termination.

Our Time ~~Te~~-to Fulfill The Initial Plan

Under the Franchise Agreement, we generally have 120 business days after your Start Date to offer you Account contracts with the required Account Gross Billings. However, if your Initial Plan is over \$~~35,000~~36,000 in Account Gross Billings, we have 120 business days, plus an additional 30 business days for each \$15,000 of Account Gross Billings, or portion of that amount, over \$~~35,000~~36,000 of Account Gross Billings. These time periods will be extended if you lose an Account (other than for your Misconduct) or we discontinue your services to an Account because we determine that you need additional certification or if you default under your Franchise Agreement. See Section 1.2 of the Franchise Agreement for more information.

Refunds of Initial Franchise Fee

If we fail to offer you initial Account contracts with the Account Gross Billings required under your Franchise Agreement within the agreed on time, we will reduce the Initial Franchise Fee by the Adjustment Amount.

The “**Adjustment Amount**” is the difference between the Initial Franchise Fee for the Initial Plan you purchased and the Initial Franchise Fee for the Initial Plan we actually offered. We will apply the Adjustment Amount first to reduce any amounts you owe us (including any amount due under a Promissory Note) and any remaining amount will be refunded to you. Other than this, the Initial Franchise Fee is not refundable for any reason.

If the Initial Plan we offer to you is not one of the standard Initial Plans, we use a formula to determine the Adjustment Amount. For example, if you purchase a FP-~~2018~~ (\$~~20,000~~18,000 of estimated Account Gross Billings per year), the Initial Franchise Fee is \$9,000. If we offer you Accounts with Account Gross Billings that only total \$16,200 per year (which is between the FP-~~1718~~ and FP-~~1412~~, the marginal rate (“**Marginal Rate**”) between the FP-~~1718~~ and the FP-~~1412~~ is 33.33%. Here is the calculation:

- The difference between the Account Gross Billings for FP-~~1718~~ and FP-~~1412~~ is \$~~36,000~~.
- The difference between the Initial Franchise Fees for FP-~~1718~~ and FP-~~1412~~ is \$~~89,000~~ - \$7,000 = \$~~12,000~~;
- The Marginal Rates is calculated as \$~~12,000~~ divided by \$~~36,000~~ = 33.33%
- The Initial Franchise Fee for the actual Accounts offered to you would be:
 - The FP-~~1412~~ Initial Franchise Fee of \$7,000
 - PLUS the amount above \$~~1412,000~~ in Account Gross Billings of \$~~24,200~~ (\$16,200 - \$~~1412,000~~), multiplied by the Marginal Rate of 33.33% = \$~~7331,400~~

- The Initial Franchise Fee of the Initial Plan we offered would therefore be \$7,000 + ~~\$7331,400~~ = ~~\$7,7338,400~~. Your refund would be \$9,000 - ~~\$7,7338,400~~ = ~~\$1,267600~~. If you financed your Initial Franchise Fee, the refund amount will be deducted first from any remaining balance under your Promissory Note.

Your “Start Date” is the date on which your business entity that is the Unit Franchisee has: 1) obtained all licenses and permits required by law to operate your Franchise; 2) obtained the initial equipment and supplies described in Item 7 (the “Initial Equipment Package”); 3) obtained the required insurance; 4) successfully completed our Certification Program (defined in Item 11); 5) fulfilled any other reasonable conditions that we require.

Initial Equipment Package

Before the Start Date, and within a reasonable time after you have completed our Initial Certification Program, you must ~~get~~ purchase the Initial Equipment Package. You must purchase the Initial Equipment Package from us for an estimated \$1,2502,000 plus any applicable sales tax or from a third party or parties at the market price.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	10% of your Gross Billings for the previous month	Monthly	“Gross Billings” means the total revenues due from all Accounts for services you provided under Marks. See Section 5.1.1 of the Franchise Agreement for more information on what Gross Billings includes.
Support Fee	5% of your Gross Billings for the previous month	Monthly	
Administrative Fee for Special Services	10% of your Special Services Billings for the previous month.	Monthly	“Special Services Billings” means the Gross Billings for Special Services. “Special Services” are special or isolated cleaning services performed under one-time non-recurring contracts that you accept. These services may include carpet cleaning and extraction, floor stripping and refinishing, disinfecting services, initial cleanings, window washing and the like. Amounts due from customers for Special Services are included in your Gross Billings; they are, however, separately reported and invoiced in most cases.
Negotiation Service Charge	The first month’s Gross Billings under a Negotiated Contract	3 equal installments, the first of which is due when the first payment under the	You must pay us a “ <u>Negotiation Fee</u> ” if you request that we help you bid and negotiate a cleaning service contract (“ <u>Negotiated Contract</u> ”). Assistance may include coaching and support with how to scope a project, how to estimate time to complete the scope of

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
		Negotiated Contract is received.	work, market pricing strategy, marketing materials, contract term negotiation, and other support at your request.
Resolution Assistance and Service Charge	\$50 for the Resolution Assistance Service Charge ("Resolution Assistance Fee") per Complaint; plus reimbursement of the cost of the other party to perform the services; plus 20% of the cost of our service fee ("Service Fee") for our administrative services.	When Complaint is made or you violate policies and procedures	A "Complaint" is a customer complaint to which you did not respond within the time stated in that customer's service contract with you or the Jan-Pro Cleaning and Disinfecting customer warranty or service programs. If you fail to respond to the Account Complaint within that period, we may have to make arrangements with another service provider to correct the problem -to return the facility to brand standards. We may charge a Service Charge in addition to the payment of the alternate service provider at their standard rates that we make on your behalf.
Advertising Fee	Up to 1% of Gross Billings	Monthly	We have the right to implement a system-wide advertising and promotion fund.
National Accounts Support Charge	2% of Gross Billings from National Accounts for the previous month	Monthly	A "National Account" is a national or regional account that we got from the Master Franchisor's affiliate. This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts.
Technology Fee	Then-current fee (Up to \$60)	Monthly	You must pay us a Technology Fee of no more than \$60 per month for use of our approved business management software.
Substitution Fee	<u>An amount equal to the cost of the other party to perform the services, plus a fee of 20% of the cost for our administrative services for the Service Fee</u> The customer's payments for the substituted services	You do not pay us these fees; the customer pays us.	We may assist you by providing substitute contractors to perform your janitorial services. If our substitute contractors perform these services, you will not get any payments from the customer for these services.
Renewal Fee	\$750	Before the start of the renewal term.	2.2.6. You must pay us a Renewal Fee for renewing your Franchise Agreement.
<u>Business</u> Transfer Fee	The greater of: \$1,500 or 8% of your total Gross Billings for the 12 full calendar months before the transfer	Before the transfer	If you transfer your Franchise, you must pay us a Transfer Fee. If we require the transferee to enter a new Franchise Agreement, the transferee will not pay any initial franchise fee.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
<u>Uncollected</u> Advances	Amount of the uncollected Advance	90 days after Account is invoiced	Our payments to you under Section 7.3 of the Franchise Agreement are advances (" Advances ") to the extent that your customers have not actually paid. If, after 90 days from the date an Account is invoiced, the customer has not paid, you must reimburse us the amount of the uncollected Advances and our related fees (<u>unless you have enrolled in the Advance Assurance Program under the Support Services Agreement</u>). We will not charge interest on Advances, unless you don't repay them on time. We will not make Advances to you for your Special Services Billings.
Advance Assurance Fee	2% of Gross Billings for the previous month	Monthly	We may offer you the option to pay us an " <u>Advance Assurance Fee</u> " instead of repaying uncollected Advances. If you choose to pay this fee, you must pay the Assurance Fee for the remainder of the Initial Term, or until we discontinue the Advance Assurance Fee program. <u>By participating in the Advance Assurance Program, if, after 90 days from the date an Account is invoiced, the customer has not paid, we will waive reimbursement of the invoice, up to 3 times per Account. We may discontinue the Advance Assurance Program upon 30 days' written notice.</u>
Key Return Fee	\$500 for each day that you do not return customer keys	On demand	When your Franchise Agreement expires or terminates, you must immediately give us or the customer (as each customer decides) all keys, security passes, security codes, and any other means of access to your customers' premises. You also must do this if you stop servicing any Customer.
Additional Persons Certification Fee	The then-current fee (currently \$250.00 per additional person) for attendance at the Certification Program.	Before attendance	All of your managers must attend our Certification Program (defined in Item 11). You must pay the costs your manager incurs in attending the Training Program. We may charge a reasonable fee after we have provided the Training Program for 4 of your representatives.
Interest	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law	On demand	If you don't pay us on time, interest accrues from the due date until the amount is paid in full.
Business Protection Program	Amount of the premium, fees payable to us for administering program, and other	On demand	We may allow you to participate in a group insurance plan (the " Business Protection Program ") that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. If

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	related and incidental costs		we do, and you elect to participate in the Program, you must pay us these amounts.
Insurance Review	Then current fee (Currently \$50 per year per policy)	On demand	If you choose to obtain your insurance outside of the Business Protection Program, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third party insurance provider. We do not charge this fee under the Business Protection Program because the insurance provider does this for us.
Insurance Administrative Fee	Then current fee (Currently \$50 per month, per policy)	On demand	We may charge an administrative fee of up to \$50 per month, per policy, to cover the cost of verifying your insurance coverage, and the cost of handling any insurance certificates and claims submitted with a third-party provider.
Default Collection Expenses	Our actual costs	On demand	If we hire an attorney or other professionals because you don't pay us or you don't send in required reports, information or supporting records, or you otherwise breach your Franchise Agreement, you must pay us these amounts.
Indemnification	All amounts we have to pay	On demand	If we or the Master Franchisor has to pay any amounts because of something you did, you must pay us back. Examples covered by this indemnity include claims relating to: your or your employee's car accident; you being determined to be our employee by any federal or state agency; and your failing to act as an independent business owner or failing to pay any income, unemployment, or payroll tax or file any return relating to being an independent business owner.
Reimbursement for Performing Your Obligations	Amount we pay, plus interest at the Contract Interest Rate beginning on the 10th day after we request reimbursement	On demand	If you breach your Franchise Agreement, we have the right (but not the duty) to perform your obligations for you. If we do, you must pay us back.
Lost / Replacement Manual Fee	\$200 for each replaced Manual	Before we provide you with the replacement Manual	If you lose any of the Manuals (even if stolen or destroyed), we will loan you a replacement copy of each Manual.
Collection Costs	Our out-of-pocket costs (including, legal fees and court costs)	On demand	If any of your customers do not pay, we may hire attorneys, file suit, or take any other actions we consider appropriate to collect amounts due, at your expense.
Insurance	The cost of the insurance, plus interest at the Contract Interest Rate, plus a	On demand	If you do not get and keep the insurance required by you Franchise Agreement, we have the right (but not the duty) to get that insurance for you. If we do, you must pay us these amounts.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	reasonable fee for our expenses.		
Testing Fee	The reasonable cost of the inspection and the actual cost of the testing, plus our then-current per diem charges for our personnel	On demand	If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that do not comply with our specifications, you must pay us this amount for inspecting and testing.
Liquidated Damages	The total of all Royalty Fees and Support Fees for the lost Customers for 12 months.	On demand	If you violate Section 17.1.1 of the Franchise Agreement, you must pay to us a lump sum payment (as liquidated damages for causing the loss of Customers and not as a penalty).

All fees in the above chart are imposed by and paid to us. All fees are nonrefundable.

Billing and Collections

Pursuant to the Franchise Agreement, we offer the following services that we may perform on your behalf:

- a. invoice and collect from your Accounts; and
- b. accept and process payments from customers.

~~We~~You authorize us to collect the money due on Accounts and deduct, and pay ourselves Royalty Fees, Support Fees, Collection Costs, Advertising Fees, and any other money then due to us (including under any Promissory Note). On the last business day of each month, we pay you the net amount billed to your recurring Accounts the previous month (after deducting the amounts described in the prior sentence). We will include payment for your net amount invoiced for your Special Services Billings only once the customer has paid.

Additional Accounts

After you sign a Franchise Agreement, we provide sales and marketing services for you on a commission basis relating to additional Accounts (not included in the original Initial Plan) that we may offer to you ("**Additional Accounts**"). You may review each Additional Account and decide whether you wish to take it. To get Additional Accounts, you must pay us a sales and marketing commission (the "**Sales and Marketing Fee**"). For the value of the services we provide in the acquisition and negotiation of the Account on your behalf. The Sales and Marketing Fee for each Additional Account is determined by your total Annualized Billings, as follows:

If your Annualized Billings are less than \$~~2060~~,000, the Sales and Marketing Fee is ~~54~~ times the Monthly Account Gross Billings.

If your Annualized Billings are \$~~2060~~,000 or more, the Sales and Marketing Fee is ~~43~~ times the Monthly Account Gross Billings.

"Annualized Billings" means an amount equal to the product of 12 times your total Gross Billings for the month before the month in which you are acquiring the Additional Accounts. **"Monthly Account Gross Billings"** for an Additional Account equals the Annualized Billings for that Account divided by 12.

Payment for Additional Accounts

When you accept an Additional Account, you may pay us the Sales and Marketing Fee as follows:

- You may pay the entire Sales and Marketing Fee in cash prior to or at the time you accept the Additional Accounts and receive a 10% discount on the Sales and Marketing Fee.
- You may pay the Sales and Marketing Fee in four (4) or fewer equal monthly installments. We will deduct those installments (and any other amounts you owe us) from the first four (4) payments we collect for you from your Accounts. If those first 4 or fewer collected payments are not sufficient to fully pay the Sales and Marketing Fee (and those other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.
- You may finance the Sales and Marketing Fee by making a down payment and financing the balance of the Sales and Marketing Fee. Under this loan option, you will sign the Promissory Note attached to the Franchise Agreement and all your beneficial and legal owners must guarantee all your obligations under the Promissory Note and must sign a Guaranty in the form attached to the Franchise Agreement.

The Promissory Note will have an original principal amount equal to the outstanding balance of the Sales and Marketing Fee and annual interest on the unpaid principal amount at the rate of 10%. Installments of principal and interest are due monthly after the month you begin servicing the Additional Account(s).

Loss of Additional Accounts

If any Additional Accounts are terminated within the Replacement Obligation Period (defined below), for any reason other than your documented Misconduct, we will replace the terminated Additional Account within a reasonable time as stated in your Franchise Agreement. The "Replacement Obligation Period" is:

- Twelve (12) months from the date you begin servicing the Additional Accounts if you pay the entire Sales and Marketing Fee in cash as provided in Section 4.4.1 of the Unit Franchise Agreement or pay the Sales and Marketing Fee in four (4) or fewer consecutive equal monthly installments as provided in Section 4.4.2 of the Unit Franchise Agreement; or
- Six (6) months from the date you begin servicing the Additional Accounts if you pay the Sales and Marketing Fee in any other manner.

If an Additional Account is terminated after the Replacement Obligation Period expires, we are not required to replace it for any reason.

Cooperatives

There are no cooperatives in which you must or may participate; however, we may negotiate with some suppliers for you, at your request.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Type Of Expenditures	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$2,925 <u>1,500</u>	\$440,000	Pay in Full or Installments	When you sign your Franchise Agreement	Us
Travel And Living Expenses While Attending Certification Program(1)	\$50	\$300	As Arranged	During Certification Program	Hotels, Parking facilities, Gas stations
Office and Related Expenses (2)	\$150	\$550	Pay in Full	As Incurred	Vendors
Vehicle (3)	\$0	\$500	If Needed	As Incurred	Third Party
Initial Equipment and Supplies Package (4)	\$1,250 <u>1,500</u>	\$1,500 <u>2,000</u>	Pay in Full	Before Opening	Us or Third Party
Real Estate (5)	\$0	\$550	As Incurred	As Incurred	Landlord
Floor Buffing Machine (6)	\$25	\$900	Lease or Pay in Full	As Incurred	Vendor
Carpet Cleaning Machine (7)	\$25	\$12,500	Lease or Pay in Full	As Incurred	Vendor
EnviroShield Sprayer	\$25	\$600	Lease or Pay in Full	As Incurred	Vendor
Insurance (8)	\$15	\$325	Pay Installments	As Incurred	Insurance Company
Legal & Organization Costs (9)	\$150	\$21,000	Pay in Full	Before Opening	Government Agencies and Attorneys
Mediation/Arbitration Waiver Fee (10)	\$0	\$500	Lump Sum	When you sign your Franchise Agreement	Us
Additional Funds for 3 Months (11)	\$150	\$550	As Incurred	As Incurred	Employees, government agencies, insurance company, third parties
Total Initial Investment	\$4,765 <u>3,590</u>	\$52,205 <u>50,275</u>			

- (1) Travel and Living Expenses While Attending Certification Program. This estimate includes only local travel between your home and a local commercial site where the Certification Program is presented.
- (2) Office and Related Expenses. This item covers additional phone costs, office/administrative supplies, uniforms and sometimes, additional janitorial supplies.
- (3) Vehicle. You need a vehicle for transportation to and from the customer facilities you service. The monthly cost will vary based on the make, model, and condition of the vehicle, financing arrangements, area in which the vehicle will be used, and the like.
- (4) Initial Equipment Package. You must purchase the Initial Equipment Package items, which may be purchased from us for \$950 plus any applicable sales tax or from a third party. The required Initial Equipment Package includes:

* Uniforms:	*Chemicals:
2 Collared Shirts	1 1.5L Crew Restroom & Scale Remover
*Equipment:	1 32 oz. Accumix Prominence Heavy Duty Floor Cleaner
3 32oz Spray Bottles with Triggers	1 1.5L Alpha-HP Multi-Surface Disinfectant Cleaner
1 Sponge With White Pad	1 Can Stainless Steel Polish
1 Toilet Swab w/Cone & Holder	
11" Putty Knife	
1 Deck Brush & Pole	
1 Dust Pan	*Safety:
1 Angle Broom	1 Wet Floor Sign
1 Looped Microfiber Mop	1 Box Latex or Vinyl Gloves
1 60" Wet Mop Handle	1 Pair Safety Glasses
1 10 qt Gray Bucket	1 Measuring Cup
1 Set 44 Gallon Barrel w/Dolly & Caddy Bag	Appropriate Labels for Spray Bottles
1 Pro Team Back Pack Vacuum	Appropriate Safety Data Sheets ("SDS")
1 Glass Squeegee	1 RTD Unit
22 Micro Fiber Cloths	
1 High Duster and Pole	
3 18" MicroFiber Floor Cloth Complete With Handle & Pad Holder	
1 Grout Brush	

- (5) Real Estate. Typically you use your residence as an office and storage facility for your Franchise. You can, however, rent storage space costing about \$40 - \$75 per month. You also can rent a 10' x 12' office, unfurnished, for about \$120 - \$260 per month, or furnished at about \$210 - \$475 per month. These costs vary depending on your location and general availability of office space.
- (6) Floor Buffing Machine. You may lease this machine for \$25 - \$50 per day. The machine, if purchased, will cost about \$500 - \$900.
- (7) Carpet Cleaning Machine. You may want to get carpet-cleaning equipment for carpet-cleaning requests. The cost to purchase this equipment may range from \$500 - \$1,500, depending on the supplier, the type of equipment, and whether it is used or new. You also may lease this equipment at a cost of \$25 - \$50 per day, depending on these same factors.
- (8) Insurance. See Item 8 for the required insurance.
- (9) Legal and Organizational Costs. You must get business licenses and permits from various state and local agencies. The costs vary and can range from \$25 to \$800 for each item. Additional fees to prepare and file for these items can range from \$700 to \$1,000. The higher end of the estimate assumes that you will form an entity to operate your Franchise which is now required.
- (10) Additional Funds (3 Months). This is only an estimate of the expenses for your initial start-up phase. The additional funds you will need to operate during this phase include payroll costs, rent, utilities, and transportation costs to service your customers. These estimates include no salary or allowance for you; any royalty fees, advertising contributions, or any other amounts you must pay us; or any additional supplies you may need after your initial inventory is consumed. We cannot guarantee you will not have additional expenses starting your business. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Franchise, how much you follow our methods and procedures; your management skill, experience, and business ability; local economic conditions; the local market for Jan-Pro cleaning and maintenance services; the prevailing wage rate, and other factors. By providing these estimates of your costs, we are not making any representation that you will have any level of sales. The estimates are of your expenses only and reflect no offsetting sales revenue you may earn from operations to pay those expenses.

We relied on our experience in supporting unit franchises that provide cleaning and maintenance services to compile these estimates. Review these figures carefully with a business advisor before deciding to purchase the franchise. Except as stated in Item 10, we do not offer direct or indirect financing to franchisees for any items.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchasing Requirements

You are not required to buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Unit Franchise directly from us or our affiliates. However, you must buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Franchise under our written requirements. These requirements include standards for quality, safety, OSHA compliance, cleaning efficiency and economy, and any other standards we think appropriate for the Franchise. We are an approved supplier for many items you must buy or lease for the operation of your Franchise.

Purchases fFrom Approved Suppliers

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Unit Franchise only from manufacturers and suppliers that we approve in writing. We will provide you with a list of approved and designated suppliers for supplies and equipment. We have the right to require you at any time to purchase other products and/or services only from suppliers that we approve.

~~We are an approved supplier for many items you must buy or lease for the operation of your Franchise.~~ We may designate ourselves, or an affiliate, as an exclusive or nonexclusive supplier of any of the products or services used to operate your Franchise, and may make a profit supplying these products and services to you. Currently, none of our officers owns an interest in a required supplier.

Approval of Alternative Suppliers

If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that does not comply with our specifications, you must submit a written request for our approval, or request the proposed supplier itself to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. For products involving new specifications, we may likewise require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the brand standard audit and the actual cost of the testing.

We may, at our option, re-inspect any approved supplier's facilities and products and continue to sample the products at the supplier's expense. We may revoke approval on the supplier's failure to continue to meet our specifications. We also may require as a condition to our approval, that the supplier present satisfactory evidence of insurance, such as product-liability insurance, protecting us and you against all claims arising from the use of the supplied item(s)

within the System. We will exercise reasonable efforts to approve or disapprove your proposal within 30 days after we receive your written request for approval.

Authorized manufacturers and suppliers must demonstrate, to our continuing satisfaction, that they possess, among other things: the ability to meet our reasonable standards and specifications; and adequate quality controls and capacity to supply your needs promptly and reliably. When considering whether to approve suppliers for the System, we may consider any other relevant factors, including any factors relating to the price and quality of the products or services and the supplier's reliability. We may approve a single supplier for any brand and may approve a supplier only as to a certain brand or brands. We may concentrate purchases with one or more suppliers to obtain the lowest prices or the best advertising support or services for any group of franchised businesses. We may condition our approval of a supplier the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases. Our approval may be provisional, pending our further evaluation of the supplier. We may revoke our authorization at any time in writing.

Purchases In Accordance With Our Specifications

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only in accordance with our specifications. For example, you must purchase or lease certain equipment, supplies and insurance and computer hardware and software for your Franchise in accordance with our specifications.

Specifications that we have formulated for these items are in our Manual. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any product or service we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any product or service meets our specifications then in effect. We may perform tests to determine if any equipment or products meet our specifications. We will charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or brand standard audit.

Insurance

You must have the types and amounts of insurance we require. This insurance is in addition to any other insurance you must have by law or otherwise. At a minimum, these policies include:

- janitorial bonding of at least \$50,000, and includes a non-conviction clause;
- workers' compensation insurance as required by law for you and all of your employees with a minimum coverage of \$1,000,000, or statutory limits, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance account;

- comprehensive general liability insurance covering property damage, loss and personal injury of at least \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and
- ~~automobile~~Automobile liability with a minimum coverage of \$1,000,000, personal injury and property damage insurance.

These policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or better, and, to the extent permitted by law, must name us and the Master Franchisor as additional insureds. We can adjust the amounts of insurance required under these policies and require different or additional kinds of insurance, including excess liability insurance. We may do this to protect against inflation, new risks, changes in law or standards of liability, greater damage awards, or other relevant changes in circumstances.

If you choose to obtain your insurance outside of the Business Protection Program, described below, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third-party insurance provider. This fee is currently \$50 per month. We do not charge this fee under the Program because the insurance provider does this for us.

The Business Protection Program

We may allow you to participate in a group insurance plan (the "**Business Protection Program**") that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds.

Initial Equipment and Supplies Package

You must get the Initial Equipment Package, which is described in Item 7. You may purchase these items from us or a third party if they meet with our specifications, within a reasonable time after you complete our Certification Program.

Revenues Derived from Required Purchases and Leases

In our fiscal year ending ~~2022~~2023, our revenues from the sale of equipment, chemicals, supplies, insurance and uniforms to franchisees was ~~\$83,635,700,710~~ or ~~725.7%~~ of our total revenues.

In the fiscal year ending September 30, ~~2022~~2023, the Master Franchisor received ~~\$186,863,313,012~~ in revenue for licensing the software, ~~and \$56,598 in revenue for including~~ Web-hosting and e-mail services to regional franchises. The Master Franchisor also received rebates from several suppliers who provide regional franchisees and unit franchisees with marketing materials, paper products, cleaning chemicals and cleaning equipment. In the fiscal year ending September 30, ~~2022~~2023, these rebates totaled ~~\$190,162,218,370~~ (~~\$27,080,261,85~~ for cleaning chemicals; ~~\$48,378,52,284~~ for cleaning equipment; ~~\$59,711,90,989~~ for paper products; ~~\$12,050 for Systino~~ and ~~\$42,943,45,912~~ for other). These amounts total ~~\$432,624,531,382~~ or ~~1.61.9%~~ of ~~Master Franchisor's affiliate's~~ our total revenue of ~~\$4,800,000~~27,521,925.

During the Master Franchisor’s last fiscal year ended September 30, ~~2022~~2023, the Master Franchisor’s self-insured workers’ compensation captive affiliate, PMA, derived revenue of \$~~4,800,000~~4,922,291 from regional franchisee and unit franchisee purchases of services and/or products. This revenue totals ~~100~~76% of the Master Franchisor’s affiliate’s total revenues of \$~~4,800,000~~6,484,501.

The cost of all goods and services purchased under our specifications will range from 2% to 25% of your total purchases in establishing the business and a range from 2% to 10% of your total purchases during the operation of your Franchise. The range is based on the Initial Plan you purchase and estimated Gross Billing.

No Supplier Rebates

We receive no rebates or discounts because of franchisee purchases.

No Purchasing or Distribution Cooperatives

No purchasing or distribution cooperatives exist. We do not undertake to negotiate purchase arrangements (including price terms) with suppliers.

No Material Benefits for Use of Approved Sources

We do not provide material benefits to you based on your use of designated or approved sources.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not applicable	Items 11 and 12
b. Pre-opening purchases/leases	Sections 8.5.1 and 9.1	Items 5, 7, 8, and 11
c. Site development and other preopening requirements	Not applicable	Not applicable
d. Initial and ongoing certification	Sections 7.1 and 8.1	Items 6, 7, and 11
e. Opening	Not applicable	Items 7 and 11
f. Fees	Sections 2.2, 3.1, 4.1, 5.1, 5.4, 7.3, 7.4, 7.5, 7.6, 7.7, 8.1, 14.4, 16.2, 18.4.	Items 5, 6, and 7
g. Compliance with standards and policies/operating manuals	Sections 1.1, and 12.1, 12.2	Items 8 and 11
h. Trademarks and proprietary information	Article 11 and Section 12.3	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.8	Item 16

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
j. Warranty and customer service requirements	Section 8.8 and Section 9.1	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Section 8.5	Item 8
m. Maintenance, appearance and remodeling	Not applicable	Not applicable
n. Insurance	Article 14	Items 6, 7, and 8
o. Advertising	Section 7.6 and Article 11	Items 6, 7, and 11
p. Indemnification	Section 19.3	Item 6
q. Owner's participation/management/staffing	Section 7.7 and 8.7	Item 15
r. Records/reports	Article 10	Not applicable
s. Brand standard audits/audits	Section 10.3 and Article 13	Item 6
t. Transfer	Article 18	Items 6 and 17
u. Renewal	Section 2.2	Items 6 and 17
v. Post-termination obligations	Article 16	Item 17
w. Non-competition covenants	Article 17	Item 17
x. Dispute resolution	Article 20 and 22.10 and 22.14	Item 17
y. Other	Not applicable	Not applicable

ITEM 10 FINANCING

We may finance a portion of the Initial Franchise Fee for qualified franchisees. We also may finance a portion of the Sales and Marketing Fee if we offer you and you accept Additional Accounts. Financing may also ~~is~~be available for equipment leases. We offer no other financing.

We may finance between ~~\$2,000~~\$2,750 and \$7,500 of your Initial Franchise Fee depending on the Initial Plan you buy. We also may finance a portion of any Sales and Marketing Fee. We may finance up to 75% of the purchase price for certain equipment you buy from us for 12 to 36 months. In each case, you must sign a Promissory Note in the form attached to the Franchise Agreement for the amount financed. This amount must be paid in not more than 36 equal monthly installments with interest at 10% per year on Franchise Fees or Sales and Marketing Fees and up to 15% per year on equipment and supplies.

Your obligations under the Promissory Note are secured by security interest in all your assets that you use in your Franchised Business. These assets include all equipment, inventory, agreements, contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your Franchised Business. You may pay the Promissory Note early with no prepayment penalty. All your owners must sign the Guaranty attached to the Unit Franchise Agreement. Under this Guaranty, your owners guarantee that you will perform your obligations under the Promissory Note.

If you default under the Promissory Note:

- the entire amount left on the Promissory Note becomes immediately due;

- you must pay court costs and legal fees we pay to collect the amounts you owe (even if we don't sue you);
- you must pay interest at the lesser of (i) 18% a year or (ii) the maximum legal rate on the remaining principal balance, and all accrued interest; and
- we may terminate your Franchise Agreement.

Under the Promissory Note, you waive the following defenses and legal rights: valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest; and your right to a jury trial.

The Promissory Note permits us to assign it, but it is not our practice or current intention to sell, assign, or discount all or any part of any Promissory Note to a third party.

Neither we nor any affiliate receives any consideration for placing financing with any third-party lender.

JAN PRO Veterans Preference Program

To provide support to past veterans and current veterans being released from active service, we offer all qualifying veterans financing of 50% of the Initial Franchise Fee for all Initial Plans FP-20 and above. We will provide this financing for 24 months, at no interest. You must sign a Promissory Note in the form attached to the Franchise Agreement for the amount financed. A summary of the other terms of the Promissory Note and Guaranty you must sign is disclosed above. To qualify for this program, you must be a veteran who has received an honorable discharge from the U.S. Military, and, you must give us a copy of your Form DD 214 showing your status as a veteran.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND CERTIFICATION

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

Pre-Opening Obligations

Before you open your Unit Franchise, we (or our designee(s)) will provide the following assistance and services to you:

- 1. We will offer you an Initial Plan that consists of offering you one or more Accounts for customers in the Territory. These accounts are estimated to generate a certain dollar amount of Account Gross Billings. (Franchise Agreement, Section 1.2)
- 2. We will provide up to four (4) people with a comprehensive initial instructional program at no charge (the "Certification Program"). (Franchise Agreement, Section 7.1)
- 3. We will provide you access to each volume of the Jan-Pro operating manuals (the "Operations Manual") (with periodic revisions as required). Our customary practice is to allow you to access the Operations Manual at or shortly before the initial Certification Program. (Franchise Agreement, Section 12.2) The Operations Manual's table of contents

is attached as Exhibit B. The total number of pages of the Operations Manual is ___pages (subject to change).

- 4. We will sell to you the Initial Equipment Package. The fee in Item 5 will apply. (Franchise Agreement, Section 8.5.1).
- 5. We will provide you with a list of approved suppliers and / or manufacturers and approved equipment, chemicals, and supplies during initial certification. (Franchise Agreement, Section 8.5).

Post-Opening Obligations

During the operation of your Unit Franchise, we (or our designee(s)) will provide the following assistance and services to you:

- 1. We will invoice Accounts monthly (unless a service contract requires a different procedure or we consider a different interval appropriate). We will collect the money due on Accounts and deduct, and pay our self, Royalty Fees, Support Fees, Collection Costs, Advertising Fees, supply costs, service fees, insurance amounts, and any other money then due to us (including money due under any Promissory Note). (Franchise Agreement, Section 7.2)
- 2. On the last day of each month, we will advance you the net amount billed to your recurring Accounts the previous month (after deducting the amounts described in the prior sentence). We will include payment for your net amount invoiced for your Special Services Billings only once the customer has paid. (Franchise Agreement, Section 7.3)
- 3. We will assist you with your Account relations. You are responsible for ensuring service is provided by you or your staff as scheduled for all of your customers and finding a replacement certified Jan-Pro Franchisee if you cannot service your customers. We may assist you by locating contractors to perform janitorial services if you cannot. If substitute franchisees perform these services, you will be deemed to have directed us to divert any revenue you would have received for these services to the substitute contractor and you are not entitled to any payments from the customer for those services as they are paid to the substitute. (Franchise Agreement, Section 7.6)
- 4. We will help you bid and negotiate cleaning service contracts if you request. You pay us the Negotiation Fee for helping you. (Franchise Agreement, Section 5.2.1)
- 5. We may provide additional personal consultations if we can reasonably accommodate your request to do so. We may periodically introduce new methods and materials through personal consultation, group seminars, and other programs. There are no costs to you for personal consultations and group seminars. ~~We~~At your request, we may consult with you on business and operational problems and analyze sales, marketing and financial data. (Franchise Agreement, Section 7.1). ~~We may provide this instruction in any manner we consider appropriate, including mail and telephone. At all times, you remain responsible for the day-to-day operations including, but not limited to, all employment decisions involving your franchise, such as hiring, firing, disciplinary, setting compensation and benefits, and supervising performance.~~

- 6. Generally promote our franchisees through advertising and public relations campaigns.
(Section 7.6)

Advertising

Advertising Fund

We currently have no national or regional advertising fund or regional advertising cooperative for unit franchisees. We do however, have the right to implement and administer an advertising fund (the “Fund”) to solicit Customers and for the overall benefit of the System. If implemented, the Fund will be for the benefit of the entire System (including the Master Franchisor, Regional Franchise Developers, and unit franchisees). We will have the exclusive right to maintain, operate, and administer the Fund. All our franchisees will contribute the Fund. We will determine the amount of the Advertising Fee, but it will not be more than 1.0% of Gross Billings. Each unit franchisee’s contributions will generally be the same, but we may make temporary or permanent changes based on a particular franchisee’s unique situation.

We will use the Fund for national, regional and local advertising programs that may include the use and production of print, on-line Internet advertising and electronic media. We can manage the activities of the Fund directly, and can use the services of advertising and public relations agencies to assist us in these activities.

We may use the contributions to the Fund to meet the costs of conducting local, regional, or national advertising and promotional activities (including advertising campaigns, test marketing, marketing surveys, public-relations activities, developing and producing advertising and marketing materials, in any media, including print and electronic, and developing and operating Web sites) that we consider beneficial to the System. We may charge the Fund fees at reasonable market rates for advertising, marketing, and promotional services we provide.

We have no obligation to make expenditures for you that are equivalent or proportionate to your contributions or to ensure that any franchisee benefits directly or pro rata from advertising or promotion conducted with the contributions. If any money is left in the Fund at the end of the year, the money is spent in the next year.

We will provide you with a summary of the expenditures of the Fund during the previous fiscal year annually on your reasonable request. The Fund’s financial statements are not audited.

Your Local Advertising

You are not required to conduct any local advertising. You may not use the Proprietary Marks or any similar names for any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written consent. You may not register any domain name containing the Proprietary Marks or any similar names to establish, operate, or participate in a Web site on which these words appear.

Computer Systems

We may require you to purchase and use a business management software platform that is web-based. For example, the Master Franchisor owns a proprietary web-based system, called JanHubSM that you may use to manage your Customer information, invoicing, and other business

management. To use the business management software platform, you need not purchase or use an electronic cash register or computer system. You will need a device, such as a smart phone, from which you can access the internet. We estimate that the initial cost to acquire access to JanHubSM System is \$250. We estimate you may need to spend \$180 - 300 per year for an ongoing license fee and third-party computer-related support.

Location of Your Franchised Business

You are solely responsible for selecting the site from which you operate your Franchise. Most Unit Franchisees operate their Franchise from their homes.

Time Between Signing the Unit Franchise Agreement and Opening the Franchise

The typical time between you signing your Franchise Agreement and opening of your Franchise is about 45 days, depending on when the initial Certification Program is scheduled and completed and the needs of your Accounts.

Certification Program and Advanced Instruction

We will provide the Certification Program for up to 4 approved people for no charge, but may charge a reasonable fee for additional people that attend the Certification Program. You must pay for all costs your representatives incur in attending the Certification Program, including meals, travel and salary. The Certification Program includes video, classroom, and on-site expert consultation.

You must attend, or cause one of your managerial personnel (satisfactory to us) to attend and successfully complete our Certification Program and any other seminars, sessions, programs, consultations, and advanced instructional modules we deem necessary. The current "Advanced Certification Modules" are:

- Team Cleaning;
- Medical Certification;
- Business Management;
- Advanced Floor Cleaning and Carpet Cleaning; and,
- Advanced Customer Service
- Restroom Deep Cleaning

If we determine that you or your manager have failed to attend or satisfactorily complete the Certification Program or any other instruction we may, at your expense (including our current standard re-Certification Fee), require you (or your Manager) to attend an additional Certification Program, or terminate your Franchise Agreement without further liability to you. We may conduct the initial Certification Program and any other certification when and at locations that we reasonably determine. You must attend at those times and locations.

Certification Program

SUBJECT	HOURS OF CLASSROOM INSTRUCTION	HOURS OF ON-THE-JOB INSTRUCTION	LOCATION WHERE INSTRUCTION HELD
<u>The JAN-PRO Story, Starting Your Business Brand Standards and Procedures</u>	3-4	0	Existing Office Location
Customer Service; <u>Brand Standards; Industry Best Practices; Managing your Employees and Accounts</u>	3	0-3	Existing Office Location
Business Instruction	3	0-4	Existing Office Location
Technical Procedures Instruction	36	3-40	Existing Office Location
<u>Business Owner Resources; Safety; Franchisee Forms; Test and Review</u>	3	1-40	Existing Office Location

Your instructional materials for the Certification Program include the Operations Manual and video presentations. Initial certification is conducted at our office and / or one of the customer's offices in the Territory. We schedule the initial Certification Program on an as-needed basis. Instructors have a minimum of 3 months prior instruction and operations experience in the subjects covered above.

ITEM 12 TERRITORY

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

The Master Franchisor has granted us the right to grant Unit Franchises to persons who want to independently own and operate businesses that provide janitorial and related services to customers in our Territory. We grant you the right to use the System to operate a Unit Franchise in our Territory.

We will offer you (but you are not required to purchase) an Initial Plan, which consists of Accounts for customers in our Territory. You may not provide janitorial and related services under the Proprietary Marks outside of our Territory. We grant you the nonexclusive right to use **Jan-Pro**[®] and the other Proprietary Marks. We reserve, among other things, the right to use and grant others the right to use the Proprietary Marks.

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to get additional Unit Franchises.

You may not use other channels of distribution, such as the Internet, telemarketing, or other direct marketing, to make sales outside of the Territory under the Proprietary Marks.

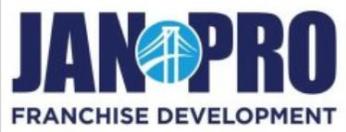
Neither we nor the Master Franchisor or any of our respective affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that sells or will sell goods or services similar to those that you will offer.

**ITEM 13
TRADEMARKS**

We grant you the right to operate your Unit Franchise under the names “JAN-PRO”, “JAN-PRO CLEANING SYSTEMS” and “JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS.”

The Master Franchisor has registered the following Proprietary Marks on the United States Patent and Trademark Office (“USPTO”) principal register:

Mark	Registration Number	Registration Date
JAN-PRO	1,791,912	September 7, 1993
JAN-PRO TRACKER	3,336,856	November 13, 2007
JAN-PRO SIGNATURE CLEAN	3,345,781	November 27, 2007
JAN-PRO TECHNICS	3,353,962	December 11, 2007
JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS	3529952	November 11, 2008
ENVIROSHIELD	3,902,223	January 4, 2011
	5,616,505	November 27, 2018
MedMetrix	4,529,294	May 13, 2014

Mark	Registration Number	Filing Date
	6,687,729	March 29, 2022
	6,687,727	March 29, 2022

All required affidavits and renewals have been filed. There are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There is no pending interference, opposition or cancellation proceedings, nor any pending material litigation involving Proprietary Marks. There are no decided infringement, cancellation or opposition proceedings in which the Master Franchisor unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

Agreements

You get the right to use the Proprietary Marks from us under your Franchise Agreement. We get the right to use, and to give you the right to use, the Proprietary Marks under our Regional Master Franchise Agreement with the Master Franchisor. We signed our Regional Master Franchise Agreements on June 15, 2004 for Carver, Hennepin, Scott and the western half of Anoka counties and on May 18, 2007 for Dakota, Ramsey, Washington and the eastern half of Anoka counties. The Regional Master Franchise Agreements have an initial 15-year term and two 15-year renewal terms or perpetual 10 year renewal terms. The Master Franchisor cannot terminate the Regional Master Franchise Agreement unless we default. If our Regional Master Franchise Agreement is terminated, the Master Franchisor has the right, but not the obligation, to assume our unit franchise agreements. The Franchise Agreement does not provide a right to terminate if our Regional Master Franchise Agreement is terminated. Other than our Regional Master Franchise Agreement, there are no agreements that significantly limit our right to use or license the use of the Proprietary Marks in a manner material to you.

Protection of Rights

You must immediately tell us if you think anyone is using the Proprietary Marks without our permission. You also must immediately tell us if anyone tells you that you or we do not have the right to use the Proprietary Marks. We and the Master Franchisor will determine what action, if any, we or the Master Franchisor will take against the unauthorized user or challenger. If we determine that you have used the Proprietary Marks in accordance with your Franchise Agreement and have complied with your obligations under your Franchise Agreement, we will pay to defend you, including, the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with your Franchise Agreement, or have not otherwise complied with your obligations, such as using the Proprietary Marks to service Customers outside of your Franchise Agreement, you must pay for your own defense, including the cost of any judgment or settlement.

If any litigation arises from your use of the Proprietary Marks, you must sign all documents and perform all acts we believe necessary to conduct a defense, including becoming a party to any litigation. Except to the extent that the litigation results from your use of the Proprietary Marks in breach of your Franchise Agreement, we will reimburse you for your out-of-pocket costs to perform these acts.

If, at any time, we believe that you should modify or discontinue the use of any of the Proprietary Marks or use one or more additional or substitute names or marks—for reasons including the rejection of any pending application for registration or revocation of any existing registration of

any of the Proprietary Marks, or the superior rights of senior users—you must do so at your sole expense within 30 days after our request.

Superior Rights and Infringing Uses

Neither we nor the Master Franchisor has actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in our Territory.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

Various certification, certification, management and other materials that the Master Franchisor has created are and will be protected under the U.S. Copyright Act, whether or not the Master Franchisor has filed for registrations. You may use the copyrighted materials during the term of your Franchise Agreement, in a manner consistent with the Master Franchisor's ownership rights, solely to operate your Franchise.

There are no pending copyright applications for the Master Franchisor's copyrighted materials. There are no effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that relate to their use by our franchisees.

All of the provisions in Item 13 under the headings "Agreements" and "Protection of Rights" also apply to copyrights.

We do not know of any superior rights in or any infringing uses of the Master Franchisor's copyrighted materials that could materially affect your use of the copyrighted materials in our Territory.

Proprietary Information

We have a proprietary, copyrighted Operations Manual for unit franchisees we received from the Master Franchisor, and copyrighted materials that include guidelines, standards and policies for the operation of your business. Item 11 describes the Operations Manual and the manner in which you may use it. All documents provided to you, including the Operations Manual, are for your exclusive use during the term of your Franchise, and may not be reproduced, lent or shown to any person outside the Jan-Pro system.

You must promptly tell us when you learn about unauthorized use of our or the Master Franchisor's proprietary or confidential information. We are not obligated to take any action but

will respond to this unauthorized use only as we think appropriate. We will not indemnify you for losses you incur as a result of claims brought by a third party for your use of this information.

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

We require that you have at least one person actively involved in the management of the Franchise who may be the owner an entity-franchise or a manager you have selected (or who has been selected by the owner of an entity-franchisee). Your manager must have completed the Initial Training Program and other required programs to our satisfaction.

Your Manager and managerial employees must sign our form of confidentiality and non-competition agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You must not deviate from our specifications for the approved services and products without our written consent; and must discontinue offering any services or products we disapprove in writing. We may change the services and products we approve or authorize. There are no limits on our right to make these changes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP		
Provision	Section In Franchise Or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 2.2	You may renew your Franchise for 2 additional 5-year periods if you satisfy the conditions in the Franchise Agreement.
c. Requirements for you to renew or extend	Section 2.2	You must satisfy all the following conditions: You notify us of your intention to renew at least 6 months (and not more than 12 months) before expiration; You have complied with your obligations under the Franchise Agreement or resolved any breaches to our satisfaction;; You pay us everything you owe us; You sign our then-current form of Franchise Agreement; you comply with our then-current qualification and instruction requirements; you pay us a Renewal Fee; and you sign a general release .
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Article 15	We can terminate your Franchise only if you default under your Franchise Agreement.
g. "Cause" defined-- curable defaults	Sections 15.2 and 15.3	You have 30 days after notice to cure all defaults in Section 15.3 of the Franchise Agreement. Some of the defaults in Section 15.2 are curable. For example, you have 10 days after delivery of a Notice of Default to cure monetary defaults.
h. "Cause" defined - non curable defaults	Sections 15.1 and 15.2	Non-curable defaults include: bankruptcy, insolvency, appointment of a receiver, and any other defaults in Section 15.1. Some of the defaults in Section 15.2 cannot be cured, such as breaching the confidentiality and non-competition covenants, misusing the Proprietary Marks and transferring your rights in the Franchise Agreement without our consent.

THE FRANCHISE RELATIONSHIP		
Provision	Section In Franchise Or Other Agreement	Summary
i. Your obligations on termination / nonrenewal	Article 16	You must stop operations and use of the Proprietary Marks and intellectual property; return customer keys; pay amounts due us; and return loaned materials and Confidential Information.
j. Assignment of contract by us	Section 18.1	No restrictions on our right to assign.
k. "Transfer" by you-defined	Sections 18.2	<p>A transfer includes selling, assigning, conveying, or otherwise disposing of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, your Franchise Agreement or any direct or indirect interest in the Unit Franchise Agreement.</p> <p>A transfer of 25% or more of voting or ownership interests—individually or in total, directly or indirectly—is considered a transfer of an interest in your Franchise Agreement, so is a transfer of all or substantially all your assets used to operate your Franchise.</p>
l. Our approval of your transfer	Section 18.2	You may not transfer without our consent.
m. Conditions for our approval of transfer	Section 18.4	<ul style="list-style-type: none"> • you offer us our right of first refusal and we do not exercise that right; • you pay us everything you owe us; • you are not in default of your Franchise Agreement or any other agreement; • you sign a general release of all claims against us and the Master Franchisor; • the transferee enters an assumption agreement, in form and substance satisfactory to us, under which it assumes all of your obligations; or, if we request, the transferee signs our new form of Franchise Agreement; • if the transferee is an entity, its owners must sign our current standard form of personal guaranty; • you pay us a Transfer Fee; • the transferee demonstrates that it (and/or its owners) has the business and personal skills, reputation, and financial capacity we require; • the transferee satisfactorily completes our application procedures for new franchisees; • the transferee demonstrates that it has properly assumed, and will be able to comply with, all of its obligations;

THE FRANCHISE RELATIONSHIP		
Provision	Section In Franchise Or Other Agreement	Summary
		<ul style="list-style-type: none"> the transferee (or its owners if it is an entity) completes the initial training program then in effect for new franchisees at its' expense; we are reasonably satisfied that the proposed sale terms and other factors involved in the transfer do not materially impair or interfere with the transferee's ability to assume and carry out its obligations effectively—we, however, have no duty to consider those factors; and you and the transferee timely satisfy any other conditions we reasonably impose.
n. Our right of first refusal to acquire your business	None	None
o. Our option to purchase your business	None	None
p. Your death or disability	Sections 18.5 and 18.6	<p>If an Owner:</p> <ul style="list-style-type: none"> dies; or is disabled from any cause and, as a result, for a continuous period of more than 3 months, is unable to perform his or her duties under the Franchise Agreement; then <p>within 30 days, you (or your legal representative) must hire and maintain a replacement satisfactory to us to perform your obligations.</p> <p>Within 6 months of the death or permanent disability of any Covered Owner, that individual's estate or his or her representative must transfer his or her interests in the unit franchisee (or in any of the franchisee's owners) or in the Franchise Agreement. No transfer fee is due in this case.</p>

THE FRANCHISE RELATIONSHIP		
Provision	Section In Franchise Or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 17.1	<p>You may not solicit or influence any of your customers (or customers serviced in the previous 12 months) to stop being serviced in that capacity or to be serviced by you or any third party in any other manner.</p> <p><u>You may not solicit or influence: (i) any of your customers to stop being serviced in that capacity or to be serviced by you or any third party in any other manner; (ii) any of our Business Affiliates (as define below) to terminate or modify his, her or its business relationship with us or to compete against us. You may not interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our or any of our franchisees' businesses.</u></p> <p><u>A "Business Affiliate" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, Initial Accounts or Additional Accounts.</u></p>
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	The obligation stated in (q) above also applies for the 12-months after the expiration or termination of your Franchise Agreement.
s. Modification of the agreement	Article 12 and 22.3	<p>Your Franchise Agreement may not be modified without your and our consent, except:</p> <ol style="list-style-type: none"> 1. the Manuals; 2. We may modify the System; and 3. A court or arbitrator may modify a provision of the Franchise Agreement under applicable law.
t. Integration/merger clause	Section 22.17	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable 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	Article 20	Many disputes must be mediated or arbitrated in the county in which our principal office is then located.
v. Choice of forum	Section 22.10	Subject to mediation and arbitration requirements, litigation must be brought in state or federal court in the state and county where our principal office is then located.

THE FRANCHISE RELATIONSHIP		
Provision	Section In Franchise Or Other Agreement	Summary
w. Choice of law	Section 22.14	Except to the extent the Lanham Act or Federal Arbitration Act governs, the laws of the state where our principal office is located when you sign your Franchise Agreement.

Some states may have laws or court decisions that may supersede the Franchise Agreement concerning your relationship with us including area of termination and renewal. A provision in your franchise agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq.*

**ITEM 18
PUBLIC FIGURES**

We use no public figure to promote our Franchise, but may do so in the future.

**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.

Your Initial Franchise Fee is based on the Initial Plan you ~~want~~choose (if any). The Initial Plan comprises our offering a stated volume of Accounts for customers in our Territory. These accounts are estimated to generate a stated amount of Account Gross Billings. For example, a FP-~~1718~~ Initial Plan means \$~~17,000~~18,000 in yearly Account Gross Billings.

The Account Gross Billings you want for your Franchise should not, however, be considered as the actual income or profit you will realize. **Some Unit Franchisees have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.** We do not

represent, warrant, or guaranty that any Accounts will be profitable or that the Account Gross Billings that Accounts are initially estimated or represented below to generate, will be the actual Gross Billings you realize from those Accounts. The yearly Account Gross Billings you actually achieve are affected by many factors such as: the Account Gross Billings being offered in installments during the stated time period; your rejecting, stopping service to or losing an Account; and the interval of time before any required replacement Account is offered. The quality of the services you perform and the efficiency with which you perform them also will affect your actual Account Gross Billings.

We reviewed our compliance with Franchise Agreements on the amount, timeliness, and refund requirements for Account Gross Billings offered to our unit franchisees. We reviewed all Franchise sales made during our last completed fiscal year, and determined whether, as of our last fiscal year end, Account Gross Billings had been offered in compliance with the Franchise Agreement.

During our fiscal year ending December 31, ~~2022~~2023, we sold ~~2950~~ unit franchises. Of those sold, as of the close of the fiscal year: (a) unit franchisees either had their Initial Plans timely filled or had accepted our performance in ~~2332~~ cases; (b) we and the unit franchisee made a mutually acceptable adjustment to the Initial Plans, such as by our recalculation of the Initial Franchise Fee or an extension of time to offer Accounts or replacement Accounts, in ~~10~~ cases; (c) the time for us to offer initial Accounts under Initial Plans had not expired in ~~518~~ cases; (d) we did not fulfill our obligations to fulfill the Initial Plans terminated in 0 cases; and (e) our obligations to fulfill Initial Plans terminated in 0 case because the Franchise Agreement was terminated.

Therefore, we complied with the amount, timeliness, and account substitution requirements for Account Gross Billings offered to our unit franchisees in 100% of the cases. Substantiation of the data used in preparing these statistics will be provided on request.

Other than this financial performance representation, we make no financial performance representations. We also do not authorize our employees or representatives to make any other 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, report it to our management by contacting Kevin Johnson, KLJ Ventures, Inc., 33 10th Ave S., Suite 200, Hopkins, MN 55343 and 952-238-1005, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Outlet Statistics for Our Unit Franchisee in the Territory

TABLE 1 SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020-2021 TO 2022 2023				
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
FRANCHISED	2020 2021	187 184	184 176	-38

TABLE 1 SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020-2021 TO 2022 2023				
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
	2021 2022	184 176	176 160	-8 16
	2022 2023	176 160	160 180	-16 +20
COMPANY-OWNED	2020 2021	0	0	0
	2021 2022	0	0	0
	2022 2023	0	0	0
TOTAL OUTLETS	2020 2021	187 184	184 176	-3 -8
	2021 2022	184 176	176 160	-8 16
	2022 2023	176 160	160 180	-16 +20

TABLE 2 TRANSFER OF OUTLETS FROM UNIT FRANCHISEES TO NEW OWNERS (OTHER THAN KLJ VENTURES) FOR THE YEARS 2020 TO 2022		
STATE	YEAR	NUMBER OF TRANSFERS
Minnesota	2020 2021	4
	2021 2022	4 7
	2022 2023	7 1
TOTAL OUTLETS	2020 2021	4
	2021 2022	4 7
	2022 2023	7 1

TABLE 3								
STATUS OF UNIT FRANCHISE OUTLETS								
FOR YEARS 2020-2021 TO 2022 2023								
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
Minnesota	2020 2021	187 184	24 16	4 0	0	0	23 34	184 176
	2021 2022	184 176	26 21	0 4	0	0	34 33	176 160
	2022 2023	176 160	24 51	4 0	0 1	0	33 30	160 180
TOTAL	2020 2021	187 184	24 16	4 0	0	0	23 34	184 176
	2021 2022	184 176	26 21	0	0	0	34 33	176 160
	2022 2023	176 160	24 50	4 0	0	0	-33 30	160 180

TABLE 4							
STATUS OF COMPANY-OWNED OUTLETS							
FOR YEARS 2020-2021 TO 2022 2023							
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
Minnesota	2019 2021	0	0	0	0	0	0
	2020 2022	0	0	0	0	0	0
	2021 2023	0	0	0	0	0	0
TOTAL	2019 2021	0	0	0	0	0	0
	2020 2022	0	0	0	0	0	0
	2021 2023	0	0	0	0	0	0

TABLE 5 PROJECTED OPENINGS AS OF DECEMBER 31, 2022 2023			
STATE	UNIT FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED ⁷	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Minnesota	57	2430	0
TOTAL	57	2430	0

A list of the names, addresses and telephone numbers of our current franchisees is attached as Exhibit D.

A list of the names, addresses and telephone numbers of our franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this franchise disclosure document, is attached as Exhibit E.

If you buy the Franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the System.

Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to maintain all information that the former franchisee has about us confidential. We have not entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.

Sometimes current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but know that not all franchisees can communicate with you.

Trademark-Specific Franchisee Organizations

There are no trademark-specific unit-franchisee organizations.

The Master Franchisor's Outlet Statistics For Regional Master Franchisees

⁷ This column represents the number of unit franchise agreements signed in the previous year when an outlet has not yet been opened.

Table No. 1
System Wide Outlet Summary
For Years ~~2020~~ ~~2021~~ To ~~2022~~ ~~2023~~

Outlet Type	Year	Outlets At The Start Of The Year	Outlets At The End Of The Year	Net Change
Franchised	2020 2021	75338768	80109547	477779
	2021 2022	80109547	86029949	592402
	2022 2023	80629949	907610476	474527
Company-Owned	2020 2021	1	1	0
	2021 2022	1	1	0
	2022 2023	1	1	0
Total Outlets	2020 2021	75348769	80119548	477779
	2021 2022	80119548	86039950	592402
	2022 2023	86039950	907710477	474527

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS SEPTEMBER 30, ~~2020~~2021 TO SEPTEMBER 30, ~~2022~~2023

STATE	YEAR	NUMBER OF TRANSFERS
ARIZONA	2020 2021	4 6
	2021 2022	4 5
	2022 2023	5 87
CALIFORNIA	2021 2020	15 5
	2022 2021	4 2
	2023 2022	2
COLORADO	2021 2020	0 2
	2022 2021	1 0
	2023 2022	0 1
FLORIDA	2021 2020	5 10
	2022 2021	10 12
	2023 2022	12 9
GEORGIA	2021 2020	9 7
	2022 2021	7 6
	2023 2022	6 7
IDAHO	2021 2020	0
	2022 2021	0
	2023 2022	1
ILLINOIS	2021 2020	0 2
	2022 2021	0 2
	2023 2022	2 1
INDIANA	2021 2020	0 2
	2022 2021	2 0
	2023 2022	0
KANSAS	2021 2020	1 0
	2022 2021	0
	2023 2022	0
KENTUCKY	2021 2020	0 2
	2022 2021	0 2
	2023 2022	2 4
LOUISIANA	2021 2020	0
	2022 2021	0 2
	2023 2022	2 1
MARYLAND	2021 2020	1 0
	2022 2021	0
	2023 2022	0 2
MASSACHUSETTS	2021 2020	0
	2022 2021	0 1
	2023 2022	1 0
MICHIGAN	2021 2020	0

STATE	YEAR	NUMBER OF TRANSFERS
	2022 2021	0 1
	2023 2022	1 1
MINNESOTA	2021 2020	4
	2022 2021	4
	2023 2022	41
MISSISSIPPI	2021 2020	0
	2022 2021	0 1
	2023 2022	1 0
MISSOURI	2021 2020	3
	2022 2021	3 1
	2023 2022	1 3
NEVADA	2021 2020	14
	2022 2021	42
	2023 2022	21
<u>NEW HAMPSHIRE</u>	2021	0
	2022	0
	2023	1
NEW JERSEY	2021 2020	0 3
	2022 2021	0 5
	2023 2022	5 1
NEW YORK	2021 2020	0 1
	2022 2021	1 6
	2023 2022	6 1
NORTH CAROLINA	2021 2020	0 4
	2022 2021	4 3
	2023 2022	3 1
OHIO	2021 2020	0 3
	2022 2021	2 1
	2023 2022	1 0
OKLAHOMA	2021 2020	3 6
	2022 2021	6 4
	2023 2022	4 3
OREGON	2021 2020	5 1
	2022 2021	1 0
	2023 2022	0
PENNSYLVANIA	2021 2020	3 0
	2022 2021	0 1
	2023 2022	1 4
SOUTH CAROLINA	2021 2020	0 2
	2022 2021	2 0
	2023 2022	0
TENNESSEE	2021 2020	1 0
	2022 2021	0
	2023 2022	0
TEXAS	2021 2020	1 0

STATE	YEAR	NUMBER OF TRANSFERS
	2022 <u>2021</u>	0 <u>1</u>
	2023 <u>2022</u>	1 <u>2</u>
UTAH	2021 <u>2020</u>	0 <u>2</u>
	2022 <u>2021</u>	0 <u>1</u>
	2023 <u>2022</u>	1 <u>0</u>
VIRGINIA	2021 <u>2020</u>	0 <u>1</u>
	2022 <u>2021</u>	1 <u>4</u>
	2023 <u>2022</u>	4 <u>1</u>
WASHINGTON	2021 <u>2020</u>	1 <u>4</u>
	2022 <u>2021</u>	3 <u>2</u>
	2023 <u>2022</u>	2 <u>1</u>
WISCONSIN	2021 <u>2020</u>	0 <u>2</u>
	2022 <u>2021</u>	2 <u>1</u>
	2023 <u>2022</u>	1 <u>1</u>
TOTALS	2021 <u>2020</u>	5 <u>7</u> 5
	2022 <u>2021</u>	6 <u>1</u> 7 <u>0</u>
	2023 <u>2022</u>	7 <u>1</u> 1 <u>3</u> 7

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS SEPTEMBER 30, ~~2020~~ 2021 TO SEPTEMBER 30, ~~2022~~ 2023

State	Year	Outlets At Start Of Year	Outlets Opened	Termination	Non-Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End Of The Year
Alabama	2021 2020	<u>376</u>	<u>022</u>	<u>00</u>	<u>03</u>	<u>00</u>	<u>18</u>	<u>287</u>
	2022 2021	<u>287</u>	<u>13524</u>	<u>00</u>	<u>02</u>	<u>00</u>	<u>5045</u>	<u>8794</u>
	2023 2022	<u>8794</u>	<u>74434</u>	<u>00</u>	<u>12</u>	<u>00</u>	<u>950</u>	<u>151478</u>
Alaska	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Arizona	2021 2020	<u>187179</u>	<u>2015</u>	<u>4910</u>	<u>0</u>	<u>1</u>	<u>405</u>	<u>477178</u>
	2022 2021	<u>177178</u>	<u>1539</u>	<u>406</u>	<u>04</u>	<u>42</u>	<u>514</u>	<u>476191</u>
	2023 2022	<u>176191</u>	<u>3970</u>	<u>611</u>	<u>42</u>	<u>26</u>	<u>140</u>	<u>489242</u>
Arkansas	2021 2020	<u>9273</u>	<u>4726</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>127</u>	<u>12792</u>
	2022 2021	<u>12792</u>	<u>4947</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>3242</u>	<u>144127</u>
	2023 2022	<u>144127</u>	<u>3749</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>2332</u>	<u>158144</u>
California	2021 2020	<u>635800</u>	<u>14723</u>	<u>3625</u>	<u>00</u>	<u>1144</u>	<u>1539</u>	<u>720745</u>
	2022 2021	<u>720745</u>	<u>4730</u>	<u>2235</u>	<u>00</u>	<u>144</u>	<u>1847</u>	<u>726742</u>
	2023 2022	<u>726742</u>	<u>3048</u>	<u>2422</u>	<u>00</u>	<u>14</u>	<u>847</u>	<u>723720</u>
Colorado	2021 2020	<u>257248</u>	<u>3134</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>2222</u>	<u>266257</u>
	2022 2021	<u>266257</u>	<u>4234</u>	<u>00</u>	<u>10</u>	<u>00</u>	<u>2422</u>	<u>283266</u>
	2023 2022	<u>283266</u>	<u>3642</u>	<u>00</u>	<u>24</u>	<u>00</u>	<u>2824</u>	<u>289283</u>
Connecticut	2021 2020	<u>148443</u>	<u>2444</u>	<u>116</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>161448</u>
	2022 2021	<u>161448</u>	<u>2224</u>	<u>248</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>181454</u>
	2023 2022	<u>181454</u>	<u>2322</u>	<u>02</u>	<u>00</u>	<u>00</u>	<u>20</u>	<u>202474</u>
Delaware	2021 2020	<u>3724</u>	<u>1924</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>135</u>	<u>4237</u>
	2022 2021	<u>4237</u>	<u>1047</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>108</u>	<u>4245</u>
	2023 2022	<u>4245</u>	<u>1440</u>	<u>00</u>	<u>00</u>	<u>20</u>	<u>040</u>	<u>5445</u>
District of Columbia	2021 2020	<u>2624</u>	<u>03</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>04</u>	<u>2626</u>
	2022 2021	<u>2626</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>2626</u>
	2023 2022	<u>2626</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>144</u>	<u>1226</u>
Florida	2021 2020	<u>736682</u>	<u>197443</u>	<u>142</u>	<u>80</u>	<u>14</u>	<u>6953</u>	<u>841736</u>
	2022 2021	<u>841736</u>	<u>136499</u>	<u>1744</u>	<u>88</u>	<u>34</u>	<u>3969</u>	<u>910843</u>
	2023 2022	<u>910843</u>	<u>139436</u>	<u>2847</u>	<u>18</u>	<u>93</u>	<u>5837</u>	<u>953944</u>
Georgia	2021 2020	<u>596544</u>	<u>119488</u>	<u>1546</u>	<u>89</u>	<u>00</u>	<u>55405</u>	<u>637602</u>
	2022 2021	<u>637602</u>	<u>113448</u>	<u>845</u>	<u>88</u>	<u>00</u>	<u>5355</u>	<u>681642</u>
	2023 2022	<u>681642</u>	<u>160442</u>	<u>38</u>	<u>328</u>	<u>00</u>	<u>6153</u>	<u>745685</u>
Hawaii	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Idaho	2021 2020	<u>1744</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>24</u>	<u>1547</u>
	2022 2021	<u>1547</u>	<u>20</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>22</u>	<u>1545</u>
	2023 2022	<u>1545</u>	<u>12</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>12</u>	<u>1445</u>
Illinois	2021 2020	<u>20842</u>	<u>364</u>	<u>124</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>23145</u>
	2022 2021	<u>23145</u>	<u>168</u>	<u>10</u>	<u>60</u>	<u>00</u>	<u>484</u>	<u>19222</u>
	2023 2022	<u>19222</u>	<u>3144</u>	<u>44</u>	<u>06</u>	<u>00</u>	<u>147</u>	<u>21848</u>
Indiana	2021 2020	<u>9363</u>	<u>1229</u>	<u>124</u>	<u>00</u>	<u>00</u>	<u>68</u>	<u>8783</u>
	2022 2021	<u>8783</u>	<u>1543</u>	<u>1044</u>	<u>10</u>	<u>00</u>	<u>26</u>	<u>8979</u>
	2023 2022	<u>8979</u>	<u>1245</u>	<u>940</u>	<u>04</u>	<u>00</u>	<u>32</u>	<u>8984</u>

State	Year	Outlets At Start Of Year	Outlets Opened	Termination	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
<u>Iowa</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Kansas	2021 <u>2020</u>	40 <u>31</u>	59 <u>59</u>	40 <u>40</u>	00 <u>00</u>	00 <u>00</u>	30 <u>30</u>	3840 <u>3840</u>
	2022 <u>2021</u>	3840 <u>3840</u>	135 <u>135</u>	14 <u>14</u>	00 <u>00</u>	00 <u>00</u>	03 <u>03</u>	5038 <u>5038</u>
	2023 <u>2022</u>	5038 <u>5038</u>	1013 <u>1013</u>	41 <u>41</u>	00 <u>00</u>	00 <u>00</u>	10 <u>10</u>	5550 <u>5550</u>
Kentucky	2021 <u>2020</u>	5548 <u>5548</u>	910 <u>910</u>	33 <u>33</u>	00 <u>00</u>	00 <u>00</u>	32 <u>32</u>	5853 <u>5853</u>
	2022 <u>2021</u>	5853 <u>5853</u>	96 <u>96</u>	23 <u>23</u>	00 <u>00</u>	00 <u>00</u>	83 <u>83</u>	5753 <u>5753</u>
	2023 <u>2022</u>	5753 <u>5753</u>	49 <u>49</u>	12 <u>12</u>	00 <u>00</u>	00 <u>00</u>	68 <u>68</u>	5452 <u>5452</u>
Louisiana	2021 <u>2020</u>	2121 <u>171</u>	6974 <u>6974</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	2833 <u>2833</u>	2532 <u>12</u>
	2022 <u>2021</u>	2532 <u>12</u>	3769 <u>3769</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	3628 <u>3628</u>	2542 <u>53</u>
	2023 <u>2022</u>	2542 <u>53</u>	2337 <u>2337</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	3636 <u>3636</u>	2412 <u>54</u>
<u>Maine</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Maryland	2021 <u>2020</u>	0189 <u>0189</u>	040 <u>040</u>	04 <u>04</u>	00 <u>00</u>	00 <u>00</u>	043 <u>043</u>	0182 <u>0182</u>
	2022 <u>2021</u>	0182 <u>0182</u>	022 <u>022</u>	06 <u>06</u>	00 <u>00</u>	00 <u>00</u>	05 <u>05</u>	0193 <u>0193</u>
	2023 <u>2022</u>	0193 <u>0193</u>	09 <u>09</u>	01 <u>01</u>	00 <u>00</u>	00 <u>00</u>	08 <u>08</u>	0193 <u>0193</u>
Massachusetts	2021 <u>2020</u>	1823 <u>1</u>	225 <u>225</u>	61 <u>61</u>	00 <u>00</u>	00 <u>00</u>	51 <u>51</u>	19334 <u>19334</u>
	2022 <u>2021</u>	19334 <u>19334</u>	959 <u>959</u>	11 <u>11</u>	00 <u>00</u>	00 <u>00</u>	88 <u>88</u>	19384 <u>19384</u>
	2023 <u>2022</u>	19384 <u>19384</u>	1617 <u>1617</u>	01 <u>01</u>	00 <u>00</u>	00 <u>00</u>	164 <u>164</u>	19396 <u>19396</u>
Michigan	2021 <u>2020</u>	3489 <u>3489</u>	5975 <u>5975</u>	128 <u>128</u>	00 <u>00</u>	01 <u>01</u>	45 <u>45</u>	88130 <u>88130</u>
	2022 <u>2021</u>	88130 <u>88130</u>	1882 <u>1882</u>	126 <u>126</u>	00 <u>00</u>	00 <u>00</u>	37 <u>37</u>	102179 <u>102179</u>
	2023 <u>2022</u>	102179 <u>102179</u>	880 <u>880</u>	134 <u>134</u>	00 <u>00</u>	00 <u>00</u>	81 <u>81</u>	101224 <u>101224</u>
Minnesota	2021 <u>2020</u>	130187 <u>130187</u>	8221 <u>8221</u>	261 <u>261</u>	00 <u>00</u>	00 <u>00</u>	1923 <u>1923</u>	167184 <u>167184</u>
	2022 <u>2021</u>	167184 <u>167184</u>	8026 <u>8026</u>	340 <u>340</u>	00 <u>00</u>	00 <u>00</u>	1534 <u>1534</u>	198176 <u>198176</u>
	2023 <u>2022</u>	198176 <u>198176</u>	6421 <u>6421</u>	134 <u>134</u>	00 <u>00</u>	00 <u>00</u>	3533 <u>3533</u>	214160 <u>214160</u>
Mississippi	2021 <u>2020</u>	142120 <u>142120</u>	3128 <u>3128</u>	02 <u>02</u>	00 <u>00</u>	00 <u>00</u>	184 <u>184</u>	155142 <u>155142</u>
	2022 <u>2021</u>	155142 <u>155142</u>	2331 <u>2331</u>	00 <u>00</u>	10 <u>10</u>	00 <u>00</u>	618 <u>618</u>	171155 <u>171155</u>
	2023 <u>2022</u>	171155 <u>171155</u>	1823 <u>1823</u>	00 <u>00</u>	01 <u>01</u>	00 <u>00</u>	26 <u>26</u>	187171 <u>187171</u>
Missouri	2021 <u>2020</u>	169165 <u>169165</u>	4037 <u>4037</u>	1414 <u>1414</u>	10 <u>10</u>	00 <u>00</u>	1919 <u>1919</u>	175169 <u>175169</u>
	2022 <u>2021</u>	175169 <u>175169</u>	2840 <u>2840</u>	914 <u>914</u>	11 <u>11</u>	00 <u>00</u>	1819 <u>1819</u>	175175 <u>175175</u>
	2023 <u>2022</u>	175175 <u>175175</u>	3428 <u>3428</u>	99 <u>99</u>	01 <u>01</u>	00 <u>00</u>	1618 <u>1618</u>	184175 <u>184175</u>
<u>Montana</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nebraska	2021 <u>2020</u>	2425 <u>2425</u>	15 <u>15</u>	16 <u>16</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	2424 <u>2424</u>
	2022 <u>2021</u>	2424 <u>2424</u>	21 <u>21</u>	21 <u>21</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	2424 <u>2424</u>
	2023 <u>2022</u>	2424 <u>2424</u>	32 <u>32</u>	12 <u>12</u>	00 <u>00</u>	00 <u>00</u>	00 <u>00</u>	2624 <u>2624</u>
Nevada	2021 <u>2020</u>	138132 <u>138132</u>	2717 <u>2717</u>	1110 <u>1110</u>	21 <u>21</u>	10 <u>10</u>	00 <u>00</u>	151138 <u>151138</u>
	2022 <u>2021</u>	151138 <u>151138</u>	2027 <u>2027</u>	811 <u>811</u>	32 <u>32</u>	21 <u>21</u>	00 <u>00</u>	158151 <u>158151</u>
	2023 <u>2022</u>	158151 <u>158151</u>	1920 <u>1920</u>	68 <u>68</u>	23 <u>23</u>	02 <u>02</u>	20 <u>20</u>	167158 <u>167158</u>
New Hampshire	2021 <u>2020</u>	3534 <u>3534</u>	14 <u>14</u>	00 <u>00</u>	00 <u>00</u>	30 <u>30</u>	00 <u>00</u>	3338 <u>3338</u>
	2022 <u>2021</u>	3338 <u>3338</u>	75 <u>75</u>	00 <u>00</u>	00 <u>00</u>	02 <u>02</u>	00 <u>00</u>	4041 <u>4041</u>
	2023 <u>2022</u>	4041 <u>4041</u>	45 <u>45</u>	00 <u>00</u>	00 <u>00</u>	21 <u>21</u>	00 <u>00</u>	4245 <u>4245</u>
New Jersey	2021 <u>2020</u>	340355 <u>340355</u>	5866 <u>5866</u>	72 <u>72</u>	12 <u>12</u>	01 <u>01</u>	1856 <u>1856</u>	372340 <u>372340</u>
	2022 <u>2021</u>	372340 <u>372340</u>	6560 <u>6560</u>	47 <u>47</u>	21 <u>21</u>	20 <u>20</u>	5714 <u>5714</u>	372378 <u>372378</u>
	2023 <u>2022</u>	372378 <u>372378</u>	5265 <u>5265</u>	94 <u>94</u>	02 <u>02</u>	32 <u>32</u>	657 <u>657</u>	406378 <u>406378</u>
<u>New Mexico</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
New York	2021 <u>2020</u>	0298 <u>0298</u>	043 <u>043</u>	014 <u>014</u>	00 <u>00</u>	00 <u>00</u>	016 <u>016</u>	0311 <u>0311</u>

State	Year	Outlets At Start Of Year	Outlets Opened	Termination	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
	2022 2021	0 311	0 54	0 16	0 0	0 0	0 18	0 331
	2023 2022	0 331	0 115	0 36	0 0	0 0	0 3	0 407
	2021 2020	108 462	15 467	11 18	0 8	0 0	5 18	24 685
North Carolina	2022 2021	24 685	11 575	3 67	0 9	0 0	3 9	32 535
	2023 2022	32 535	7 541	2 54	4 7	0 0	5 848	31 0517
<u>North Dakota</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Ohio	2021 2020	37 4220	9 948	3 220	2 0	0 0	7 618	3 63230
	2022 2021	36 3230	6 052	1 419	1 0	0 0	3 919	3 69244
	2023 2022	36 9244	4 755	4 718	0 1	0 0	9 40	3 60240
Oklahoma	2021 2020	18 9184	3 740	1 37	1 0	2 2	1 826	1 92189
	2022 2021	19 2189	2 937	1 213	0 1	0 2	2 318	1 86192
	2023 2022	18 6192	2 528	5 12	0 0	0 0	1 917	1 87191
Oregon	2021 2020	15 2148	1 618	3 514	0 0	0 0	0 0	1 33152
	2022 2021	13 3152	3 016	2 435	0 0	0 0	0 0	1 39133
	2023 2022	13 9133	4 330	1 524	0 0	0 0	0 0	1 67139
Pennsylvania	2021 2020	33 3277	7 090	6 0	0 5	0 0	4 329	3 54333
	2022 2021	35 4333	3 670	6 6	1 0	0 0	4 943	3 34354
	2023 2022	33 4354	5 936	4 6	1 1	0 0	3 349	3 55334
<u>Puerto Rico</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Rhode Island	2021 2020	2 731	7 2	0 0	0 0	0 0	6 6	2 827
	2022 2021	2 827	3 9	1 0	0 0	0 0	3 1	2 735
	2023 2022	2 735	6 2	0 1	0 0	0 0	1 2	3 234
South Carolina	2021 2020	30 6269	4 663	1 125	5 7	0 0	4 3	3 32297
	2022 2021	33 2297	3 646	9 11	3 5	0 0	8 4	3 48323
	2023 2022	34 8323	2 836	9 9	1 3	0 0	1 18	3 55339
<u>South Dakota</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Tennessee	2021 2020	28 1265	5 867	1 516	0 0	0 0	2 936	2 95280
	2022 2021	29 5280	6 367	2 013	7 0	0 0	2 929	3 02305
	2023 2022	30 2305	5 958	2 622	9 7	0 0	2 29	3 24305
Texas	2021 2020	41 6381	8 084	5 4	7 10	4 5	2 230	4 58416
	2022 2021	4 58416	5 080	1 15	1 17	8 4	1 722	4 61458
	2023 2022	4 61458	8 8111	1 11	1 312	6 8	3 618	4 93520
Utah	2021 2020	7 664	2 017	0 0	0 0	0 0	1 15	8 576
	2022 2021	8 576	1 420	0 0	0 0	0 0	8 9	9 187
	2023 2022	9 187	9 14	0 0	0 0	2 0	5 8	9 393
<u>Vermont</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Virginia	2021 2020	22 3225	3 131	1 4	2 0	0 0	1 029	2 41223
	2022 2021	24 1223	2 826	0 1	0 2	0 0	2 515	2 44231
	2023 2022	24 4231	2 528	3 0	1 0	0 0	1 325	2 52234
Washington	2021 2020	21 0123	1 610	1 610	1 2	0 0	1 25	1 97116
	2022 2021	1 97116	2 66	7 16	3 1	0 0	2 23	1 91102
	2023 2022	1 91102	2 126	1 17	2 3	0 0	4 22	1 9596
<u>West Virginia</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets At Start Of Year	Outlets Opened	Termination	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Wisconsin	2021 <u>2020</u>	167 <u>142</u>	25 <u>35</u>	13	00	01	176	174 <u>167</u>
	2022 <u>2021</u>	174 <u>167</u>	52 <u>25</u>	191	00	00	017	207 <u>174</u>
	2023 <u>2022</u>	207 <u>174</u>	43 <u>59</u>	221 <u>9</u>	00	00	00	228 <u>214</u>
Wyoming	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2021 <u>2020</u>	805 <u>975</u> 33	181 <u>015</u> 01	347 <u>276</u>	47 <u>47</u>	23 <u>29</u>	614 <u>672</u>	883 <u>880</u> 10
	2022 <u>2021</u>	883 <u>880</u> 10	154 <u>215</u> 39	304 <u>320</u>	68 <u>47</u>	18 <u>22</u>	751 <u>558</u>	932 <u>786</u> 02
	2023 <u>2022</u>	932 <u>786</u> 02	151 <u>815</u> 92	294 <u>301</u>	76 <u>69</u>	31 <u>19</u>	672 <u>729</u>	977 <u>490</u> 76

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS SEPTEMBER 30, ~~2020-2021~~ TO SEPTEMBER 30, ~~2021-2023~~

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
Connecticut	2020-2021	1	0	0	0	0	1
	2021-2022	1	0	0	0	0	1
	2022-2023	1	0	0	0	0	1
Total	2020-2021	1	0	0	0	0	1
	2021-2022	1	0	0	0	0	1
	2022-2023	1	0	0	0	0	1

TABLE NO. 5
PROJECTED OPENINGS AS OF SEPTEMBER 30, ~~2022-2023~~ FOR SEPTEMBER 30, ~~2023-2024~~

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets In Next Fiscal Year
Alabama	40	2102	0
Alaska	0	0	0
Arizona	02	055	00
Arkansas	00	3540	00
California	52	7269	00
Colorado	14	4345	00
Connecticut	00	3230	00
Delaware	64	2015	00
District of Columbia	02	05	00
Florida	3519	166132	00
Georgia	520	119129	00
Hawaii	00	00	00
Idaho	00	22	00
Illinois	2226	4545	00
Indiana	43	2324	00
Iowa	00	00	00
Kansas	51	1412	00
Kentucky	11	1115	00
Louisiana	2219	3040	00

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets In Next Fiscal Year
Maine	<u>00</u>	<u>00</u>	<u>00</u>
Maryland	<u>156</u>	<u>8035</u>	<u>00</u>
Massachusetts	<u>20</u>	<u>1220</u>	<u>00</u>
Michigan	<u>1820</u>	<u>8775</u>	<u>00</u>
Minnesota	<u>78</u>	<u>2424</u>	<u>00</u>
Mississippi	<u>12</u>	<u>529</u>	<u>00</u>
Missouri	<u>46</u>	<u>4443</u>	<u>00</u>
Montana	<u>00</u>	<u>00</u>	<u>00</u>
Nebraska	<u>02</u>	<u>1540</u>	<u>00</u>
Nevada	<u>35</u>	<u>2530</u>	<u>00</u>
New Hampshire	<u>10</u>	<u>126</u>	<u>00</u>
New Jersey	<u>1640</u>	<u>6260</u>	<u>00</u>
New Mexico	<u>00</u>	<u>00</u>	<u>00</u>
New York	<u>10</u>	<u>5229</u>	<u>00</u>
North Carolina	<u>644</u>	<u>10072</u>	<u>00</u>
North Dakota	<u>00</u>	<u>00</u>	<u>00</u>
Ohio	<u>123</u>	<u>9093</u>	<u>00</u>
Oklahoma	<u>10</u>	<u>3630</u>	<u>00</u>
Oregon	<u>116</u>	<u>3530</u>	<u>00</u>
Pennsylvania	<u>138</u>	<u>9283</u>	<u>00</u>
Puerto Rico	<u>00</u>	<u>50</u>	<u>00</u>
Rhode Island	<u>14</u>	<u>56</u>	<u>00</u>
South Carolina	<u>18</u>	<u>6965</u>	<u>00</u>
South Dakota	<u>00</u>	<u>00</u>	<u>00</u>
Tennessee	<u>183</u>	<u>8080</u>	<u>00</u>
Texas	<u>65</u>	<u>98420</u>	<u>00</u>
Utah	<u>25</u>	<u>1220</u>	<u>00</u>
Vermont	<u>00</u>	<u>00</u>	<u>00</u>
Virginia	<u>744</u>	<u>6037</u>	<u>00</u>
Washington	<u>73</u>	<u>640</u>	<u>00</u>
West Virginia	<u>00</u>	<u>00</u>	<u>00</u>
Wisconsin	<u>116</u>	<u>5764</u>	<u>00</u>
Wyoming	<u>00</u>	<u>00</u>	<u>00</u>
Total	<u>314216</u>	<u>18774728</u>	<u>00</u>

**ITEM 21
FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit C are our audited financial statements for our fiscal years ending December, ~~2020~~2021, December ~~2021~~2022, and December, ~~2022~~2023.

Also attached as Exhibit C are the Master Franchisor's audited financial statements for the Master Franchisor's fiscal years ending September 30, ~~2020~~2021; September 30, ~~2021~~2022, and September 30, ~~2022~~2023.

ITEM 22 CONTRACTS

The Franchise Agreement is attached to this disclosure document as Exhibit A. The Franchise Agreement includes the following exhibits:

- Exhibit A Promissory Note
- Exhibit B Guaranty
- Exhibit C Independent Contractor Acknowledgement

ITEM 23 RECEIPTS

The last 2 pages of this disclosure document (following the exhibits and attachments) is a document for you to acknowledge only that you received a copy of this disclosure document (one copy for you and one to be signed and returned to us).

Exhibit A to the Franchise Disclosure Document
FRANCHISE AGREEMENT



UNIT FRANCHISE AGREEMENT

with

[INSERT FRANCHISEE'S NAME]

SUMMARY PAGE

1. Effective Date: _____
2. Franchisee's Name: _____
3. Franchisee's Type of Entity and State of Organization (*if applicable*): _____
4. Ownership of Franchisee:

If Franchisee is an Entity, the following persons are all of the owners of a legal and/or beneficial interest in Franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____ %
_____	_____ %
_____	_____ %

5. Territory (See Section 1.1):

Minnesota Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington

6. Initial Plan (See Section 1.2). We must offer you Initial Plan Accounts estimated to generate \$_____ of annual Account Gross Billings. Account Gross Billings must be offered to you within ____ business days after the Start Date. This is called your "Initial Plan".
7. Initial Franchise Fee (See Section 3.1): The Initial Franchise Fee is \$_____. You will pay \$_____ by certified or cashier's check; and \$_____ if any portion of the Initial Franchise Fee is to be financed under the terms of the attached Promissory Note.
8. Business Protection Program (See Section 14.4). You elect to participate in, the Business Protection Program. The current cost of this insurance is 6.9%. We may raise this cost to cover increased costs in administering the Program. We may discontinue this program on prior written notice to you.
9. Advance Assurance Fee (See Section 7.5). You elect to participate in, the Advance Assurance Program. You will pay an additional fee of 2% of monthly Gross Billings for the Term or until we discontinue the Advance Assurance program.

10. Addresses for Notices (See Section 22.5):

Ours

KLJ Ventures, Inc.
33 10th Ave S, Suite 200
Hopkins, MN 55343

Yours

Initials: _____ (Us) _____ (You)

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. GRANT OF FRANCHISE	2
2. INITIAL AND RENEWAL TERMS	4
3. INITIAL FRANCHISE FEE	5
4. ADDITIONAL CUSTOMER ACCOUNTS	6
5. CONTINUING FEES.	7
6. SECURITY AGREEMENT	9
7. OUR BUSINESS AND MANAGEMENT SERVICES	9
8. OPERATING STANDARDS	12
9. CUSTOMER SERVICE STANDARDS	15
10. ACCOUNTING AND RECORDS	<u>1645</u>
11. PROPRIETARY MARKS	<u>1746</u>
12. OPERATION MANUALS AND OTHER CONFIDENTIAL INFORMATION.....	18
13. BRAND STANDARD AUDITS	19
14. INSURANCE	19
15. DEFAULT AND TERMINATION.....	<u>2120</u>
16. OBLIGATIONS UPON EXPIRATION OR TERMINATION.....	<u>2322</u>
17. <u>NON-SOLICITATION AND NONCOMPETITION</u>	24
18. TRANSFER OF INTEREST	<u>2625</u>
19. INDEPENDENT BUSINESS OWNER AND INDEMNIFICATION.....	<u>2827</u>
20. <u>MEDIATION, AND ARBITRATION, AND EQUITABLE RELIEF</u>	29
21. ACKNOWLEDGMENTS AND REPRESENTATIONS	<u>3532</u>
22. GENERAL PROVISIONS	<u>3532</u>

Exhibits

Exhibit A	Promissory Note and Guaranty
Exhibit B	Independent Contractor Acknowledgment

UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement (the “**Agreement**”) is made as of the Effective Date between KLJ Ventures, Inc. (doing business as JAN-PRO TWIN CITIES), a Minnesota corporation having its principal place of business at 33 10th Ave S., Suite 200, Hopkins, MN 55343 (“**we**” “**us**” “**our**”), and the person or corporation, partnership or limited liability company (an “**Entity**”) identified on the Summary Page as Franchisee (“**you**” or “**your**”).

- A. We are the Regional Franchise Developer under a REGIONAL FRANCHISE DEVELOPMENT AGREEMENT with Jan-Pro Franchising International, Inc. (the “**JPI**”) within the Territory.
- B. We grant and support unit franchises for independent businesses that offer janitorial and related services (the “Franchise”) under the JAN-PRO Cleaning & Disinfecting system to specifications and operating procedures (the “System”), and the service mark JAN-PRO Cleaning & Disinfecting® (the “Marks”).
- C. You want to buy a Franchise from us to operate our business under the System and the Marks.
- D. We accept you as a franchisee under the terms of this Agreement.

You and we agree:

1. GRANT OF FRANCHISE

- 1.1. We grant you a Franchise to use the System and the Marks under the terms of this Agreement. Your Franchise will provide janitorial and related services for one or more customer accounts that you own in the Territory (“Accounts”). Accounts include Additional Accounts as defined in Section 4.1, Supplemental Accounts as defined in Section 5.1.1, and Negotiated Contracts as defined in Section 5.2.1. You agree to operate your Franchise under this Agreement. You agree that you will not perform janitorial and related services under the Marks either outside of the Territory or outside of this Franchise Agreement.
- 1.2. For your Initial Plan, you have contracted with us for the purchase of one or more Accounts in the Territory (“Initial Plan Accounts”) that are estimated to generate the Account Gross Billings that are stated on the Summary Page. We will offer these Initial Plan Accounts within the number of business days stated on the Summary Page after the Start Date to fulfill your purchase of Accounts as part of your Initial Plan.
 - 1.2.1. “**Account Gross Billings**” are the total estimated annual service revenues from any Account or Accounts we offer to you.
 - 1.2.2. The “**Start Date**” is the date on which you have: (a) obtained all licenses and permits required by law to operate your Franchise; (b) created a legal business entity as required by this Agreement; (c) assigned this Agreement to that business entity (and each owner of the business entity has signed the Guaranty Agreement); (d) obtained your initial equipment and

supplies; (e) obtained the required insurance (described in Article 14); (f) successfully completed our Certification Program (defined in Section 7.1); and, (g) fulfilled any other reasonable conditions that we require. We will not offer you Accounts until you complete these items.

1.2.3 We may extend the time within which we must offer the Initial Plan if:

1.2.3.1. any of your Accounts cancels because of your Misconduct (as defined below). We may require you to prove that you understand the brand standards which are set forth in the System's procedures and requirements, either by completing our workshop or by other reasonable means. In this case, the time for us to offer the Initial Plan is extended until you prove your understanding to our satisfaction.

1.2.3.2. you default under any term of this Agreement or any other agreement with us. In this case, the time for us to offer the Initial Plan is extended until you cure your defaults to our reasonable satisfaction.

"Misconduct" means any conduct by you or your employees or contractors that damages the goodwill of the brand, including, but not limited to: resulting in faulty workmanship, fraud, theft, dishonesty, providing services in a manner reasonably unsatisfactory to one or more of your customers, engaging in unlawful activity on a customer's premises, bringing non-employees (or non-contractors) onto your customers' premises (including children), or otherwise defaulting under this Agreement or the service contract with your customer.

We do not represent or guaranty that any Accounts will be profitable or that the Account Gross Billings initially estimated will be the actual Gross Billings you get receive. You agree that the profitability of your Franchise depends on many factors, such as the efficiency and skill of your work force and your business ability to manage your expenses and day-to-day operations.

1.3. When you accept an Account, you own that Account. Your Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract. You may review each Account offered and choose whether you want that Account. You may reject any Account or stop servicing any Account. If you reject an Account offered under your Initial Plan, or stop servicing an Account offered under your Initial Plan because the customer does not pay, we will replace the value of that Account within a reasonable time.

1.4. If, within the first year after you accept an Account, the Account is terminated for other than your documented Misconduct, or if you stop servicing your customer due to the customer's nonpayment (a "**Terminated Account**"), we will not refund the Initial Franchise Fee (as defined below in Section 3) you paid, but we will within a reasonable time period, offer a replacement Account(s) as follows:

1.4.1. We can offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends at 12 months from *the Terminated Account's Start Date*; or

1.4.2. We can offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends 12 months from the *replacement Account Start Date*.

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account offered under Section 1.4 has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Article 4) for the excess as provided in Article 4.

1.5 If a customer terminates your services at any time after one year from the date you begin providing services for that Account, we are not obligated to refund any portion of the Initial Franchise Fee or to replace that Account for any reason.

1.5.1.6 If you have elected *not* to contract with us for the purchase of one or more Accounts in the Territory, you must contract with and begin servicing at least one Self-Acquired Account within 120 business days after the Start Date. "**Self-Acquired Accounts**" are customer accounts we have not offered to you, or that you procured without our assistance, but that you are servicing under the Proprietary Marks. The Self-Acquired Accounts will remain your property unless repossessed or transferred under this Agreement or by operation of the terms of the Self-Acquired Account contract.

2. INITIAL AND RENEWAL TERMS

Term of Agreement: This Agreement is:

____ Initial Term

____ Renewal Term No. ____

2.1. The initial term of this Agreement (the "**Initial Term**") expires five years after the Effective Date. "**Term**" means the Initial Term and any Renewal Term.

2.2. You may renew your franchise two times for five years each (each, a "**Renewal Term**"). You may do so only by satisfying all the following conditions:

- 2.2.1. You deliver written notice to us at least 6 months—but no more than 12 months—before the Term expires;
 - 2.2.2. You have been in compliance with this Agreement, the Operations Manuals (as defined in Section 12.1) and all other agreements between you and us or our affiliates, or if any defaults have occurred, the defaults have been resolved to our satisfaction;
 - 2.2.3. You pay all money you owe to us and our affiliates (including under any Promissory Note or other indebtedness);
 - 2.2.4. You sign our new form of unit franchise agreement and all related agreements for the Renewal Term, and this new unit franchise agreement may have materially different terms and conditions such as, a greater Royalty Fee (as defined below in Article 5), Support Fee (as defined below in Article 5), Advertising Fee (as defined below in Article 5), Administrative Fee (as defined below in Article 5), Negotiation Fee (as defined below in Article 5), etc. from this Agreement;
 - 2.2.5. You meet our then-current requirements for new franchisees, and you attend, or have at least one of your officers or managerial people attend, any required orientation, workshop, or similar class;
 - 2.2.6. You pay us a Renewal Fee of \$750 (the “**Renewal Fee**”); and
 - 2.2.7. You sign a general release (in form and substance satisfactory to us and JPI) of all claims against us, our affiliates and the JPI, and our and their respective officers, directors, owners, agents and employees.
- 2.3 At the end of the second Renewal Term, we may elect to offer a successor franchise agreement. The successor franchise agreement is not a renewal and may (and probably will) differ materially from this Agreement in financial and other ways and terms.

3. INITIAL FRANCHISE FEE

- 3.1. When you sign this Agreement, you must pay us the initial franchise fee stated on the Summary Page (the “Initial Franchise Fee”). If any portion of the Initial Franchise Fee is financed, you must sign a Promissory Note (the “Promissory Note”) and all of your owners must sign a Guaranty (the “Guaranty”).
- 3.2. Except as provided in this Section, the Initial Franchise Fee is never refunded. If we don’t offer you Accounts with Account Gross Billings required by Section 1.2 within the time provided, we will reduce your Initial Franchise Fee by an amount equal to the “Adjustment Amount.” We will apply the Adjustment Amount first to reduce any amounts you owe us (including under a Promissory Note) and any remaining amount will be refunded to you. The “**Adjustment Amount**” is the difference between your Initial Franchise Fee and what the Initial Franchise Fee is

for the Accounts we actually offered. If the Initial Plan we offered differs from a standard Initial Plan we offer, we will use a marginal rate calculation to determine that Initial Franchise Fee. We will deduct all amounts you owe us (including under a Promissory Note) from any refund.

4. ADDITIONAL CUSTOMER ACCOUNTS

- 4.1. We provide sales and marketing services for you on a commission basis for any Additional Accounts offered to you as set forth in this section. We may offer Additional Customer Accounts (not included in the Initial Plan) to you ("**Additional Accounts**"). You can review any proposed Additional Account and choose whether you want it. If you want the Additional Account, you will pay us a sales and marketing commission/fee (the "**Sales and Marketing Fee**") for the value of the services we provide in the acquisition and negotiation of the Account on your behalf. When you accept an Additional Account, you own that Additional Account. Your Additional Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract.
- 4.2. The Sales and Marketing Fee for an Additional Account is determined by your Annualized Billings. "**Annualized Billings**" means 12 times your Gross Billings (as defined below in Section 5) for the month before the month in which you are acquiring the Additional Account.
 - 4.2.1. If your Annualized Billings are less than ~~\$20,000~~\$60,000, the Sales and Marketing Fee is ~~five-four (54)~~ times the Additional Accounts Monthly Account Gross Billings.
 - 4.2.2. If your Annualized Billings are ~~\$20,000~~\$60,000 or more, the Sales and Marketing Fee is ~~four-three (43)~~ times the Additional Accounts Monthly Account Gross Billings.
- 4.3. You pay us the Sales and Marketing Fee under any method below you choose:
 - 4.3.1. You may pay the entire Sales and Marketing Fee -and get a 10% Discount on the fee.
 - 4.3.2. You may pay the Sales and Marketing Fee in 4 or fewer equal monthly installments by having us deduct those installments (in addition to any other amounts you then owe us) from the next 4 or fewer payments we collect for you from all your Accounts. If the next 4 collected payments are not enough to fully pay the Sales and Marketing Fee (and the other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.

- 4.3.3. You may finance the Sales and Marketing Fee by making a down payment and finance the balance of the Sales and Marketing Fee-. Under this loan option, you will sign the Promissory Note and all your beneficial and legal owners must sign the Guaranty.
- 4.4. If any Additional Accounts become Terminated Accounts during the Replacement Obligation Period, (defined below) for any reason other than your documented Misconduct, we will replace the Terminated Account with an Additional Account(s) within a reasonable time.
 - 4.4.1. The "**Replacement Obligation Period**" is 12 months from when you start providing services for the Additional Account if you paid the Sales and Marketing Fee in cash or in 4 or fewer equal monthly installments; or 6 months if you pay the Sales and Marketing Fee in any other manner.
 - 4.4.1.1 If we offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account, the Replacement Obligation Period continues to run from the Terminated Account's Start Date; or
 - 4.4.1.2. If we offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account, the Replacement Obligation Period begins again from the replacement Account's Start Date.
 - 4.4.2. If any replacement Account offered under this Section becomes a Terminated Account during the Replacement Obligation Period, we will offer to replace the Terminated Account by offering Account(s) for the remaining obligation period consistent with this Section.
 - 4.4.3. If an Additional Account is terminated after the Replacement Obligation Period expires, we do not have to replace it, no matter what the reason for termination.

5. CONTINUING FEES.

- 5.1 You will pay us the following monthly, nonrefundable continuing fees throughout the Initial Term:
 - 5.1.1. A royalty fee of 10% of your Gross Billings for the previous month (the "**Royalty Fee**"). "**Gross Billings**" means the total revenues due from each Account (including Additional Accounts, Supplemental Accounts and Negotiated Contracts) for all services you provide under the Marks. "**Supplemental Accounts**" are customer accounts we have not offered to you, or that you procured without our assistance, but that you are

servicing under the Marks. The Supplemental Accounts will remain your property unless repossessed under this Agreement or by operation of the terms of the Account contract.

- 5.1.2. A support fee of 5% of your Gross Billings for the previous month (the "**Support Fee**").
 - 5.1.3. An additional administrative fee (the "**Administrative Fee**") of 10% of Gross Billings for Special Services (as defined below). ("Special Services Billings") for the previous month. "**Special Services**" are special or isolated cleaning services performed under one-time nonrecurring contracts that you accept. These services may include for example, carpet cleaning and extraction, floor stripping, and refinishing disinfection services, or initial cleaning. Amounts due from your customers for Special Services are included in Gross Billings; they are, however, separately reported and invoiced.
 - 5.1.4. A contribution ("Advertising Fee") to the advertising fund (the "Fund") in an amount we periodically determine in our sole discretion; provided, however, we will not require Advertising Fees that exceed 1.0% of Gross Billings.
- 5.2. You must pay us the following nonrefundable fees, as incurred, throughout the Initial Term:
- 5.2.1. You may purchase from us bidding and negotiation assistance services relating to a cleaning service contract (a "**Negotiated Contract**"). You will pay us a negotiation fee (the "**Negotiation Fee**") of the first month's Gross Billings for each Negotiated Contract (in lieu of a Sales and Marketing Fee). You will pay the Negotiation Fee in 3 equal installments, the first of which is due when the first payment under the Negotiated Contract is received. The Negotiated Contracts remain your property unless repossessed or transferred under this Agreement or by operation of the terms of the Negotiated Contract. Since a -Sales and Marketing Fee is not paid on a Negotiated Contract, we have no obligation to replace a Negotiated Contract.
 - 5.2.2. You will pay us a \$50 ~~Resolution Assistance and Service Charge~~**Complaint or Standards Violation Fee** (the "**Resolution Assistance and Service Charge**~~Complaint or Standards Violation Fee~~") for each Complaint, to compensate us for our administrative cost of responding to the Complaint to prevent loss of goodwill of the Marks. A "Complaint" is a customer complaint to which you did not respond within the time stated in the customer's service contract or the Jan-Pro Cleaning & Disinfecting customer warranty or service programs. If we have to contract with someone else to correct your Complaint, you also will pay us a service fee

(the “**Service Fee**”) to compensate us equal to the cost of the other party to perform the services plus a fee of 20% of the cost of our administrative services.

5.2.3. You will pay us a monthly National Account support fee of 2% of Gross Billings from National Accounts for the previous month (the “**National Account Support Fee**”). This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts. A “**National Account**” is a national or regional account referred from the JPI’s affiliate.

- 5.3. You may deduct no amount (whether for reduction, setoff, defense or counterclaim) from any payment you owe to us.
- 5.4. We can apply any payments you make in any way we choose, including to any past due indebtedness you owe us.
- 5.5. If you are late on any payment you owe us, we will charge you interest at the lesser of: (i) 18% per annum; or (ii) the maximum rate allowed by applicable law (the “Contract Interest Rate”). Interest accrues from the due date until the amount is paid in full.

6. SECURITY AGREEMENT

As security for all your monetary and other obligations to us or our affiliates under this Agreement or any other agreement (including under any Promissory Note you sign), you grant to us (and to JPI for indemnity obligations of which JPI is a third-party beneficiary under this Agreement) a first-priority security interest in all your assets used in your Franchised Business. These assets include all equipment, inventory, agreements, contracts, and all other property you now own or later acquire used in your Franchised Business. You will sign all documents needed to prove security interests granted in this Agreement.

7. OUR BUSINESS AND MANAGEMENT SERVICES

- 7.1. To maintain the uniformity of the System and protect the integrity of the Marks, you must operate your Franchise according to the System’s policies, procedures, and operational standards. We will provide you with a comprehensive initial Certification program on the Jan-Pro Cleaning & Disinfecting brand standards (the “**Certification Program**”). We will provide this program for up to four approved people without charge. We may charge a reasonable amount for the additional people that attend the Certification Program. The Certification Program includes video, classroom, and on-site expert consultation. You may request our additional assistance, which we may provide if we can reasonably accommodate you request. We may introduce new methods and materials through personal consultation, group seminars, advanced Certification modules, and other programs. There are no costs to you for personal consultations and group seminars or for mandatory additional instruction. ~~We~~At your request, we may consult with you on business and operational problems and ~~help assist~~ you ~~analyze~~with analyzing your revenues and financial data. ~~At all times, you remain~~

responsible for the day-to-day operations, including but not limited to all employment decisions involving your franchise, such as hiring, firing, disciplining, setting compensation and benefits, and supervising performance.

- 7.2. Pursuant to this Agreement, you hereby purchase from us billing and payment processing services for your Accounts. We will invoice your Accounts monthly unless your customer requests an alternate arrangement. We will use commercially reasonable efforts to collect the money due on Accounts and may engage attorneys, file litigation, or take any other actions we consider appropriate to collect and enforce payment from Accounts. From the amount we collect, we will you authorize us to deduct, and pay our self the fees due under this Agreement, Collection Costs, and any other amount you owe us under this Agreement or any other agreement (including money due under any Promissory Note). **“Collection Costs”** means our out-of-pocket costs (including, attorneys’ and paralegals’ fees, court costs and all other expenses) incurred to collect and enforce payments due under Accounts.
- 7.3. On the last day of each month (or the next business day if it’s a holiday or weekend), we will pay you the net amount invoiced to your recurring Accounts the previous month (after deducting the amounts described in the previous Section), even if your customer has not yet paid. We will include payment for your net amount invoiced for your Special Services Billings only once the customer has paid. We also will provide you with a monthly report showing the amounts invoiced to each Account, and a full list of the amounts and types of all deductions.
- 7.4. If your customers have not made payment, our payments to you under Section 7.3 are advances (“Advances”). If, after 90 days from the date an Account is invoiced, we have not collected the entire amount due from that Account, you must repay us the uncollected Advances plus our related fees. We will not charge interest on Advances, unless you fail to repay them under this Section, in which case interest accrues at the Contract Interest Rate from the date you must repay the Advance until paid. We will not make Advances to you for your Special Services Billings. We are not obligated to make Advances for any Account that we believe is a bad risk or for deductions taken by your customer related to claims they may have against you. In this case, we will notify you, and if you choose to continue servicing that Account, we will pay you for that Account only when it pays for services rendered.
- 7.5. We may offer you the option to pay us an Advance Assurance Fee (as defined below). If you pay this fee, you will not repay us for any Advances under Section 7.4 (the “Advance Assurance Program”). If you exercise this option, you will pay the Advance Assurance Fee for the remainder of the Term, or until we discontinue the Advance Assurance Program. We may discontinue the Advance Assurance Program by providing you with written notice 30 days before the last day of the program is in effect. In this event, coverage will apply to all amounts on which an

Advance Assurance Fee was paid. The “**Advance Assurance Fee**” is 2% of monthly Gross Billings. The Advance Assurance Program does not apply to exclusions from Advances set forth in Section 7.4.

7.6. We reserve the right to implement and administer and advertising fund (the “Fund”) for the purpose of promoting the System. The Fund is for the benefit of all franchisees. We have the exclusive right to maintain, operate, and administer the Fund. “**Advertising Fees**” as used in this Section refers to those contributions you make under Section 5.1.4, and you are not conferred any rights or benefits under this Agreement regarding the amounts paid into the Fund by other franchisees and other parties.

7.6.1. We will deposit Advertising Fees into the Fund. We may use the Advertising Fees to meet the costs of conducting local, regional, or national advertising and promotional activities (including advertising campaigns, test marketing, marketing surveys, public-relations activities, developing and producing advertising and marketing materials, in any media, including print and electronic, and developing and operating Web sites) that we consider beneficial to the System. We may charge the Fund fees at reasonable market rates for advertising, marketing, and promotional services that our employees provide in lieu of engaging third-party agencies to provide these services.

7.6.2. In our sole discretion, we may make, or refrain from making, any expenditures for advertising and promotional activities. Without limiting the generality of the foregoing, in any calendar year, we may spend more or less than that year's aggregate Advertising Fees to the Fund. We may have the Fund borrow from us or other lenders to cover any Fund deficits. We may have the Fund invest any surplus for the Fund's future use. Before the Fund's other assets may be spent, any interest earned on Advertising Fees must pay costs directly related to the Fund's advertising efforts.

7.6.3. We retain sole discretion over the concepts and materials and all other matters relating to advertising, public relations, marketing, market research, and promotional campaigns. The Advertising Fees are intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System as a whole. In administering the Fund, we need not make expenditures for you that are equivalent or proportionate to your Advertising Fees or to ensure that any franchisee benefits directly or pro rata from advertising or promotion conducted with the Advertising Fees.

- 7.6.4. The Advertising Fees are not our asset. With respect to maintaining, operating, or administering the Fund, we are not a trustee or fiduciary and, except as provided in this Section, we assume no other direct or indirect liability or obligation to you.
- 7.6.5. At any time, we may stop collecting and disbursing Advertising Fees and terminate the Fund. If we do so, we must disburse the remaining funds for the purposes authorized under this Agreement.
- 7.7. We will assist you in maintaining good relations with your customers. However, you remain responsible for ensuring service is provided by you or your staff as scheduled for all of your customers and finding your replacement certified Jan-Pro Franchisee if you cannot service your customers. If you cannot service one or more of your customers due to adverse circumstances, you may ask us to assist you by locating a substitute service provider to service the customer. If we do this, you will be deemed to have directed us to divert any revenue you would have received for these services to the substitute service provider and you will not receive payments for the services the substitute service provider performed. In addition to the payment of the alternate service provider at their standard service rates that we make on your behalf, we may charge you a fee of 20% of the cost for our administrative services. You will not receive a refund of any fees previously paid to us for these services.
- 7.8. You, as an independent operator of your Franchise, must and do control your day-to-day business activities and make strategic, operational, managerial, and other business decisions as you see fit, as long as you comply with this Agreement and act in a way consistent with the System and in a manner that preserves the integrity of the Proprietary Marks in order to protect the goodwill of the brand. You have discretion over aspects of your franchised business such as:
- 7.8.1. staffing decisions, supervision, and other issues related to your staff;
- 7.8.2. scheduling (however you should confer with your customers about customer preferences);
- 7.8.3. which Accounts you wish to accept, own and service; and
- 7.8.4. your strategy and method of business expansion, and negotiation and acquisition of Additional Accounts or Supplemental Accounts.

8. OPERATING STANDARDS

- 8.1. You acknowledge that the goodwill associated with the Marks and the success of franchises in the System depends on a consistently high standard of excellence in

cleaning, disinfection, sanitization (commercial and residential), maintenance services, and customer service, and uniform practices across franchises. You desire to benefit from this goodwill and the industry expertise inherent in the System's methods and practices. Therefore, you will attend, or cause at least one of your managerial personnel (satisfactory to us) to attend, and successfully complete the Certification Program, and any other seminars, sessions, programs, consultations and advanced instructional modules we deem necessary. If we, in our sole judgment, determine that you have failed to adequately familiarize yourself with the System, including your satisfactory participation in the Certification Program and other required instruction on the System and its methods, we may, at your expense (including our then standard consultation or Certification Fees), require you to retake the program, or we may terminate this Agreement. We will conduct all these programs and seminars at the times and locations we reasonably determine.

- 8.2. You have sole responsibility to hire and maintain your staff of qualified and competent employees. You are solely responsible for all your hiring decisions and for all obligations arising from your relationship with your employees, ~~even if you use sample employment policies, procedures, or examples that we make available for your optional use. You.~~ If required by your customer, you must obtain-perform background checks meeting the Jan-Pro Cleaning & Disinfecting specifications before allowing any employee or make other requested assurances to customers as to your employees and their eligibility to perform work for a customer (e.g., compliance with a drug and alcohol policy), and you must certify to us and to the customer that any employees permitted on any your customer's premises have successfully completed the background check or otherwise satisfied all lawful customer requirements. You also must obtain from each of your employees a signed statement, in a form that we approve, in which the employee acknowledges that you are their employer, not us or JPI. You must devote your best efforts to managing and operating your Franchise to protect the goodwill associated with the Proprietary Marks.
- 8.3. You are responsible for keeping your agreed schedule with your customers, notifying your customers before any scheduled services you will miss, and scheduling a substitute certified franchisee if the customer requests in order to protect the goodwill of the brand.
- 8.4. You are responsible for all keys and other methods of access your customer's premises and for exercising reasonable security procedures and observing all security procedures that your customers require.
- 8.5. To ensure that you deliver high quality cleaning, maintenance, disinfection, sanitization (commercial and residential), and other services in a manner consistent with the goodwill associated with the Proprietary Marks, you will purchase or lease equipment, chemicals, supplies, inventory, and any other

products and services used to operate the Franchise only under our written specifications. We may alter these specifications in writing.

- 8.5.1. You must, before the Start Date, get the initial equipment and supplies (the “**Initial Equipment Package**”) we require to conduct your Franchise and serve your Accounts according to the System and at the high level of quality necessary to protect the Proprietary Marks. You must purchase your Initial Equipment Package from us or an approved third party within a reasonable time after you complete the Certification Program.
- 8.5.2. You must, at your expense, thereafter replace equipment and supplies from approved suppliers, as needed to deliver quality of service necessary to protect the Proprietary Marks.
- 8.6. If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that does not comply with our specifications, you must submit to us a written request for our approval, or request the proposed supplier itself to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. In the case of products involving new specifications, we may likewise require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may, at our option, re-inspect any approved supplier’s facilities and products and continue to sample the products at the supplier's expense, and revoke approval if the supplier fails to continue to meet our specifications. We may require as a condition to our approval, that the supplier present satisfactory evidence of insurance, such as product-liability insurance, protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System.
- 8.7. You must comply with all federal, state, and local laws and regulations that apply to your Franchise (such as OSHA and employment laws), and maintain all permits, licenses, or certificates needed to operate your Franchise. You have 2 days to forward us any inspection reports, warnings, or ratings that any governmental agency issues that indicate that you did not comply with a law or regulation.
- 8.8. You represent and warrant that you are either a corporation or limited liability company, duly incorporated or formed, validly existing and in good standing under local law. You must remain a corporation or limited liability company, as applicable, in good standing under local law for the entire Term of this Agreement.

Prior to beginning operation, you must: (i) obtain a valid federal employer identification number for your business entity; (ii) deliver proof of a valid and active business checking account with a reputable banking institution in your franchisee business's entity name.

- 8.9. You are an independently owned and operated business and may manage your Franchise and its day-to-day operations as you want, as long as you comply with this Agreement. You must have at least one person actively involved in the management of your Franchise. This person must be you or be a manager you select and classify as an employee. This person must have successfully completed the Certification Program and other required programs.
- 8.10. As a condition of providing services under the Proprietary Marks and to comply with brand standards regarding service offerings, you must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You may not provide any services or products under the Proprietary Marks we have not approved (or for which we have revoked our approval). You must comply with all System customer warranty programs and customer service programs we maintain.

9. CUSTOMER SERVICE STANDARDS

- 9.1. You must, at your expense, provide all labor, materials, tools, supplies and equipment to service the Customer Accounts, including the janitorial services called for in the service agreement with your customers. You must perform all services in a good and workmanlike manner in compliance with the high standards associated with the Marks.
- 9.2. Your ownership of an Account ~~will~~ may be immediately ~~be~~ repossessed, or immediately transfer to a designated provider if any of the following occurs:
 - 9.2.1. any documented Misconduct involving the Account;
 - 9.2.2. we receive the customer's verbal or written request that its Account be transferred to a different franchisee;
 - 9.2.3. you sell cleaning or similar supplies to a customer outside of this Agreement, service the customer in a capacity other than as our System franchisee (except as permitted under this Agreement), or fail to notify us of all services performed for your customer as required in this Agreement; or
 - 9.2.4. this Agreement is terminated, you violate this Agreement or any other agreement with us, you stop being our franchisee or otherwise no longer want to service the customer.

If you believe that an Account was repossessed or transferred unfairly, you may submit to us a written request that we consider special circumstances. We will consider your request in good faith. You will receive no refund or reduction of any fees already paid for a revoked Account.

10. ACCOUNTING AND RECORDS

- 10.1. You must maintain complete and accurate books and records for your Franchise's operations. These books and records must contain only information relating to your Franchise. Your books and records must be kept for at least 3 years (including after this Agreement expires or is terminated) from the dates they were prepared.
- 10.2. By the 10th day of each month, you must submit to us accurate records reflecting the previous month's entire Gross Billings and all other information we require. These records must be on our form. You will provide us with copies of your federal and state income tax returns relating to your Franchise's operations (and hereby waive, the extent permitted by applicable law, any right to object to disclosure of any tax returns). You must also provide to us, upon request, information you used to prepare such tax returns. The financial statements and other periodic reports you must provide to us under this Agreement must segregate the Franchise's operations income and related expenses from those of any other business you conduct.
- 10.3. Before you may begin operating your business, you must deliver to us the items described below:
 - 10.3.1. Certificates of insurance or comparable evidence of coverage are required by this Agreement,
 - 10.3.2. A copy of your business license and any mandatory business registrations (and you must ensure that a current business license and/or registration is on file with us at all times during the term of this Agreement), and
 - 10.3.3. A copy of your articles of organization/incorporation as filed with the state or your operating agreement (whichever is applicable) and the related state issued entity/file number and your federal employer identification number.
- 10.4. During the Term and for three years after the expiration or termination of this Agreement, and at our expense, we and our representatives may, at any reasonable time on prior written notice to you, examine and copy your books and records (including tax returns and information used to prepare tax returns as noted in Section 10.2, you hereby waiving any applicable privilege that would excuse you from providing such information to us). For purposes of this examination, books and records excludes your employment records for your

employees. It is your exclusive responsibility to maintain all employment records in compliance with state and federal law. You agree to maintain all employment records for at least seven years.

11. PROPRIETARY MARKS

- 11.1. You may use the Proprietary Marks only as permitted in this Agreement. We keep the right to use and grant others the right to use the Marks. All rights not granted to you in this Agreement concerning the Proprietary Marks remain ours.
- 11.2. You may use the Proprietary Marks only under our standards and specifications. You must:
 - 11.2.1. use the Proprietary Marks only to operate your Franchise. You may not use the Proprietary Marks for any other purpose. You may not use the Proprietary Marks or any reproduction or imitation of the Proprietary Marks in any way likely to cause confusion, mistake or deception or create the appearance that any non-authorized service or product is provided by or endorsed by us or JPI.
 - 11.2.2. use the Proprietary Marks as the only trademark identifications for your Franchise, (and not use the Proprietary Marks in connection with any other cleaning, disinfecting, or other business that you may own or operate), and prominently display the Proprietary Marks on or with all materials we designate and only as we authorize.
 - 11.2.3. not use the Proprietary Marks as security for your obligation or indebtedness.
 - 11.2.4. identify yourself as an independent franchisee and owner and operator of the Franchise when using the Proprietary Marks.
 - 11.2.5. sign all documents we request to protect the Proprietary Marks or to maintain their continued validity and enforceability as trademarks.
 - 11.2.6. not use the Proprietary Marks as part of your Entity name.
 - 11.2.7. not use the Proprietary Marks or any similar names in any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written approval.
 - 11.2.8. not register any domain name containing the Proprietary Marks or any similar names.
 - 11.2.9. not use or attempt to register any other trademarks, service marks, or other commercial symbols that are the same as or similar to any of the Proprietary Marks.
 - 11.2.10. comply with our instructions on filing and maintaining any required fictitious, trade, or assumed-name registrations for the JAN-PRO Cleaning & Disinfecting trade name, and sign all documents we or our

counsel deems reasonably necessary to get protection for the Proprietary Marks and JPI's interest in the Proprietary Marks.

- 11.2.11. not use our name, logo, or your trade name on your paystubs, paychecks, checks to your employees, your HR manuals, employment applications, etc. You must only include your legal name on these documents.
- 11.3. You must immediately notify us of any suspected unauthorized use of, or any challenge to the validity or ownership of the Proprietary Marks, or our right to license or use the Proprietary Marks, or your right to use the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with this Agreement, we will pay the cost of this defense, including the cost of any judgment or settlement. If we reasonably determine that you have not used the marks in accordance with this Agreement and that your misuse is a factor in the third-party claim, suit or demand, you must pay the cost of this defense, including the cost of any judgment or settlement. In any litigation involving your use of the Proprietary Marks, you must sign all documents and perform all acts we believe advisable to conduct the defense, including becoming a nominal party to any legal action. Except when litigation results from your use of the Proprietary Marks in a manner inconsistent with this Agreement, we will reimburse you for your out-of-pocket litigation costs to perform these acts.
- 11.4. Any use of the Proprietary Marks outside this Agreement infringes our and JPI's rights in the Proprietary Marks. Both during and after the Term, you will not, directly or indirectly, infringe or contest or aid in contesting the validity of, or our or JPI's right to the Proprietary Marks, or take any other action to damage these rights.
- 11.5. If, in our sole discretion, we think it advisable to modify or stop the use of any Proprietary Mark or use one or more additional or substitute names or marks, you will do so at your sole expense within 30 days of our request.
- 11.6. Except as granted in this Agreement, you have no ownership or other rights in the Proprietary Marks. All goodwill associated with the Franchise inures exclusively to JPI's benefit and is JPI's exclusive property.

12. OPERATION MANUALS AND OTHER CONFIDENTIAL INFORMATION

- 12.1. To protect our and JPI's reputation and goodwill, and to maintain uniform standards of operation under the Proprietary Marks, you must conduct your Franchise as stated in the System manuals (collectively, with all other written specifications, standards, and requirements we distribute and as we modify, replace and/or supplement, the "**Operation Manuals**"). While you may determine how to best operate your business, as long as your operation complies with this Agreement and ensures the protection of the Proprietary Marks, the

Operation Manuals offer a guide for operating within the System and include recommended methods of operation that comply with this Agreement.

- 12.2. We will loan you one copy of the Operation Manuals (with periodic updates). If any dispute arises on the contents of the Operation Manuals, the terms in our master copy of the Operation Manuals are controlling. You must report the theft, loss, or destruction of the Operation Manuals, or any portion thereof, immediately to us. We will then loan a replacement copy to you for \$200 for each replaced Operation Manual. A partial loss or failure to update any Operation Manual is considered a complete loss.
- 12.3. You must treat and maintain the Confidential Information as our confidential information and trade secrets. "**Confidential Information**" means any knowledge, know-how, technologies, processes, techniques, and any other information not generally known by, or readily available to the general public, or that we designate as confidential, proprietary, or trade secrets. Confidential Information includes information relating to customers, Accounts, and the Operation Manuals. Without our prior written consent, you will not copy, record, or otherwise reproduce any Confidential Information. You must strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" to perform their jobs. You must require all persons to whom you grant access to the Operations Manuals or any other Confidential Information to sign a form of confidentiality agreement that we reasonably approve. You must immediately give us copies of these signed confidentiality agreements.

13. BRAND STANDARD AUDITS

To ensure the integrity of the Proprietary Marks and protect JPI's goodwill, you will permit JPI, us, and our respective representatives to enter your office or other business premises, and the locations where you perform services for your customers to conduct brand standard audits and to observe your business activities. On notice from us or JPI, and without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies found during any brand standard audit that, in our or JPI's judgment, may diminish the value of, or otherwise endanger the Proprietary Marks or JPI's goodwill.

14. INSURANCE

- 14.1. You must maintain the types and amounts of insurance we may require. This insurance is in addition to any other insurance that is required by law. The policies we require must be written by an insurance company reasonably satisfactory to us with an A.M. Best rating of "A" or better, and, to the extent permitted by law, must name us and the JPI as additional insureds. At a minimum, these policies must include:
 - 14.1.1. janitorial bonding of \$50,000;
 - 14.1.2. workers' compensation insurance for you and all of your employees with a minimum coverage of the greater of \$500,000 or the minimum state law

coverage, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance account; and

14.1.3. comprehensive liability insurance covering property damage, loss and personal injury of \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and automobile liability of \$1,000,000, personal injury and property damage insurance; this comprehensive liability insurance may not have an exclusion for property in your care, custody, or control.

We may change the amounts of coverage required under this Agreement and require different or additional kinds of insurance, including excess liability insurance to reflect inflation, new risks, changes in laws or standards, or other relevant changes.

14.2. Before your Start Date, you must provide us with a certificate of insurance showing that you have the insurance required in this Agreement, and (promptly after it is obtained) and additional insurance we may subsequently require. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to non-renewal, or materially altered without at least 30 days' (10 days for non-payment of premiums) prior written notice to us. On our request each year, you must send us a certificate of insurance showing compliance with Section 14.1. We may charge an administrative fee of up to \$50 per month to cover the cost of verifying your insurance coverage, and the cost of handling any insurance claims submitted with a third-party provider.

~~14.3. If you ever don't have the required insurance, we have the right (but not the duty) to immediately get this insurance for you. If we do, you must pay us for the cost of the insurance, plus interest at the Contract Interest Rate. You must immediately pay us these charges.~~

~~14.4.~~14.3. We may allow you to participate in a group insurance plan (the "**Business Protection Program**") that provides general liability insurance, workers' compensation insurance (where available) and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. The cost of the Business Protection Program may include, in addition to the premiums, fees payable to us for administering the Program. The current fee is stated on the Summary Page and is subject to change in our discretion.

~~14.5.~~14.4. If you choose to obtain your insurance outside of the Business Protection Program, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third-party insurance provider. This fee is currently \$50 per month, subject to change. We do not charge this fee under the Business Protection Program because the insurance provider provides this service to us.

15. DEFAULT AND TERMINATION

- 15.1. If any of the following occurs, we may immediately terminate this Agreement without notice to you or an opportunity to cure: you become insolvent or file for bankruptcy. You must notify us within three days of any of the events in this Section.
- 15.2. If any of the following events occurs, we may—by written notice but without providing you with any further opportunity to cure—immediately terminate this Agreement:
 - 15.2.1. your owner(s) fails to attend and successfully complete, or cause at least one of your managerial personnel, satisfactory to us, to attend and successfully complete the Certification Program within 180 days of the Effective Date, or any other program required under Section 7.1;
 - 15.2.2. you fail to pay us or our affiliate any amount you owe us under this Agreement or any other agreement (including under any Promissory Note within 10 days after we deliver a Notice of Default (as defined below);
 - 15.2.3. you fail to pay any third-party supplier or creditor any amount due within 10 days after we deliver a Notice of Default, unless you notify us there is a good-faith dispute over the amount due and take immediate action to resolve that dispute;
 - 15.2.4. you or any of your owners make any material misrepresentation in getting the Franchise, including in any franchise application submitted to us;
 - 15.2.5. you abandon your Franchise or, for more than 7 consecutive days or 14 days in any 12-month period, you fail to conduct the Franchise (including failing to service any customer for this period);
 - 15.2.6. a serious or imminent threat or danger to public health or safety results from operating your Franchise and the threat or danger remains uncorrected for 24 hours after we or any governmental authority delivers written notice of it to you;
 - 15.2.7. you do not comply with any part of this Agreement, or the Operation Manuals, including any safety, sanitation, or environmental concerns or violate any health, safety, or sanitation law, ordinance, or regulation that may harm the goodwill of the Marks, and do not correct the failure or refusal within 3 days after we or any governmental authority delivers written notice to you;
 - 15.2.8. you, or any of your officers, directors, owners or managerial employees commits, is convicted of, or pleads *nolo contendere* to, a felony, a crime of moral turpitude or any other crime or offense we believe is likely to have a material adverse effect on the goodwill of the Marks unless you

- immediately and legally terminate that individual as an officer, director, owner, or employee and take all other corrective action we require;
- 15.2.9. you deny us the right to inspect your Franchise or to inspect or audit the sales and accounting records of your Franchise;
- 15.2.10. you, or any of your officers, directors, owners or managerial employees engages in conduct that reflects unfavorably on, you, us, or the Marks; or you or any of your officers, directors, owners or managerial employees engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives, or the public at large (such as theft, battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous, or unacceptable behavior);
- 15.2.11. You make a transfer in violation of Section 18;
- 15.2.12. an approved transfer is not completed as required by Section 18.6 following a Owner's death or permanent disability;
- 15.2.13. any breach occurs under Section 12.3 (regarding Confidential Information or Section 17 ("NONCOMPETITION"));
- 15.2.14. you knowingly maintain false books or records, or knowingly submit any false reports to us;
- 15.2.15. you violate Section 11 ("PROPRIETARY MARKS") or otherwise impair the goodwill associated with the Marks or our or JPI's rights in the Marks;
- 15.2.16. you fail to have insurance as required under Section 14 ("INSURANCE");
- 15.2.17. during any 12-consecutive-months you receive from us 2 or more Notices of Default—whether for the same or different defaults, even if the defaults were cured; or
- 15.2.18. except as otherwise provided above, you or any of your affiliates default under any other agreement with us or any of our affiliates and the default is not cured as required by the other agreement.
- 15.3. In addition to the defaults in Sections 15.1 and 15.2, you are in default under this Agreement if you do not comply with any other requirement in this Agreement. Except as provided in Sections 15.1 and 15.2, you have 30 days after we deliver a Notice of Default to cure any default and provide evidence of cure satisfactory to us. If any default is not cured within the time stated in the Notice of Default, or longer time as applicable law requires, we may immediately terminate this Agreement. To the extent a cure is permitted under this Agreement, you must

prove that you properly and timely cured a default. A "**Notice of Default**" is a written notice briefly describing a default under this Agreement.

- 15.4. The termination of this Agreement does not affect any remedy, right, or claim that we have against you under this Agreement or in law or equity.

16. OBLIGATIONS UPON EXPIRATION OR TERMINATION

On the expiration or termination of this Agreement, all rights granted to you under this Agreement terminate immediately, and this Section applies to the rights and obligations of the parties. This Section is intended to enable us, if we choose, to immediately arrange for the continued servicing of your Accounts by someone other than you.

- 16.1. You must immediately cease operating your Franchise (including servicing any customers). Thereafter, you must not, directly or indirectly, talk or write negatively about us or JPI, or any of the Proprietary Marks, Confidential Information, or any aspect of the System. You may not represent yourself as our present or former franchisee or in any other way associate yourself with the System or the Proprietary Marks. You must immediately stop using all stationery, signage, bills, invoices, and any other materials containing the Proprietary Marks.
- 16.2. You must immediately deliver to customers or us, as the customer designates, all keys, security passes, security codes, and any other means of access to the customer's premises. Before the expiration or sooner termination of this Agreement, when you stop servicing any customer, you will immediately deliver to the customer or us all customer's keys, security passes, etc. If you fail to timely do so, you must pay us \$500 for each day you do not comply with this Section. Our damages from your failure to comply with this Section are difficult to ascertain and this amount is liquidated damages and not a penalty.
- 16.3. We will keep all fees you paid under this Agreement. Within 10 days after termination or expiration (or any later date(s) as we determine that amounts are due to us) you will pay us all Royalty Fees, Support Fees, Advertising Fees, Resolution Assistance Fees, amounts owed for products or services you purchased from us or our affiliates, and any other unpaid amounts you owe to us or our affiliates (including all outstanding principal and interest due under any Promissory Note you signed).
- 16.4. If you continue to operate, or later operate, any other business, you may not, in that business or the promotion of that business, use any reproduction or imitation of the Proprietary Marks, imitate any methods of operation, or undertake any other conduct likely to cause confusion, mistake, or deception, or that is likely to dilute our or JPI's respective rights in the Proprietary Marks or the System. After expiration or termination, you may not use or attempt to register (or assist any third party to do the same) any trademarks, service marks, or other commercial symbol that are the same as or similar to any of the Proprietary Marks. In addition, you will use no designation of origin or description or representation that falsely

suggests or represents an association or connection with JPI, us, or any of our respective affiliates. If you do this it is unfair competition.

- 16.5. At your expense, you will immediately deliver to us all Confidential Information and information and documents relating to your customers, Accounts, or otherwise to the Franchises (with all copies and any other forms of reproductions of these materials) in your possession or control. All this Confidential Information and information and documents, and copies, are our exclusive property.
- 16.6. Within 30 days after the expiration or sooner termination of this Agreement, you will cancel any assumed-name or equivalent registration involving the Marks and will furnish us with satisfactory evidence you have done so.

17. **NON-SOLICITATION AND NONCOMPETITION**

- 17.1. We would not be able to protect the System and Confidential Information against unauthorized use or disclosure, and would not be able to encourage a free exchange of ideas and information among franchisees within the System if you solicited or otherwise induced customers you serviced under the Proprietary Marks to be serviced by you or a third party other than a franchisee of the System and under the Proprietary Marks.

During the Term and the 12 months after the expiration or sooner termination of this Agreement, neither you nor any of your owners, officers, or directors (you and all these other persons, collectively, the "**Restricted Parties**" and, individually, a "**Restricted Party**") may, directly or indirectly:

- 17.1.1. solicit or otherwise attempt to induce (by combining or conspiring with), or influence in any other manner any of our Business Affiliates to terminate or modify his, her, or its business relationship with us or to compete against us; a "**Business Affiliate**" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, customers (including yours and those of our other unit franchisees), Initial Accounts, or ~~other business contacts~~ Additional Accounts.
- 17.1.2. in any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our business or that of any of our other franchisees' businesses.

This Section does not prevent you from otherwise engaging in competitive activities, such as (i) providing cleaning or related services to customers who have not in the previous 12 months been serviced by you or any other person under the Proprietary Marks, (ii) procuring and servicing for cleaning and disinfecting services any customer that will receive services from you outside of this Agreement that are not associated with the System or the Proprietary Marks; or (iii) offering to any customers, including customers otherwise serviced under the Proprietary Marks, services other than janitorial, cleaning, or maintenance

services. However, in performing these other services, you will not represent yourself as a franchisee of the System or otherwise claim any affiliation with the Proprietary Marks.

- 17.2. If you violate Section 17.1.1, you must pay to us a lump sum payment (as liquidated damages for causing the loss of Customers and not as a penalty) equal to the total of all Royalty Fees and Support Fees for the lost Customers for 12 months. The parties agree that a precise calculation of the full extent of the damages that we will incur as a result of your default is difficult and the parties desire certainty in this matter, and agree that the lump sum payment provided under this Section is reasonable in light of the damages that we will incur in this event. This payment is not exclusive of any other remedies that we have.
- 17.3. Both during and after the Term, none of the Restricted Parties may talk or write negatively about JPI, us or our affiliates, or any of our, or their respective officers, directors, stockholders, employees, or representatives, or any aspect of the JAN-PRO System, or the Marks.
- 17.4. You and each Restricted Party agree that the activities prohibited in this Section and the length of the term are necessary to protect our legitimate business interests, including in the Proprietary Marks, and are fair and reasonable. You and each of the Restricted Party's full, uninhibited, and faithful observance of each of the covenants contained in this Section will cause no undue hardship, financial or otherwise. Your and the other Restricted Parties' special knowledge of the System (and anyone acquiring this knowledge through you or the other Restricted Parties) is such as would cause us and our franchisees serious injury and loss if you or a Restricted Party (or anyone acquiring such knowledge through the Franchisee or the other Restricted Parties) were to use this knowledge to the benefit of a competitor or to compete with us or any of our franchisees.
- 17.5. If any court or arbitrator finally holds that any term in this Section is an unreasonable restriction on you or the other Restricted Parties, this Agreement is not rendered void, but applies to the extent as the court or arbitrator concludes is a reasonable restriction under the circumstances. The time periods stated in this Section are suspended during any period in which you or any of the other Restricted Parties is breaching any of these terms or involved in a legal action or proceeding challenging the validity or enforceability of these terms.
- 17.6. All your owners and your managerial employees and all other persons to whom we provide instructions under this Agreement must sign your noncompetition and confidentiality agreement containing provisions similar to those in this Section before acquiring their ownership interest or beginning employment or certification. You will promptly deliver copies of the signed agreements to us. We are a third-party-beneficiary under these agreements, with an independent right to enforce those agreements in our own name.

17.7. This Section is to be construed as independent of any other provision of this Agreement. The existence of any claim you or any other Restricted Party may have against us or any of our affiliates (regardless of whether arising from this Agreement) is not a defense to the enforcement of this Article against you or any other Restricted Party.

18. TRANSFER OF INTEREST

18.1. Without your consent, we have the right to transfer or delegate to any person any or all of our rights or obligations under this Agreement. If our transferee assumes in writing our obligations under this Agreement, within 7 days of our delivery of written notice of transfer, you will sign and deliver to us a written release from those obligations.

18.2. The rights and duties in this Agreement are personal to you. We grant the Franchise in reliance on our assessment of your, and your owners', business and personal skill, reputation, aptitude, and financial capacity. Therefore, unless otherwise permitted by this Agreement, without our prior written consent, you will not sell, assign, convey, or otherwise dispose of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise—this Agreement, any voting or ownership interests in you as an entity, or any direct or indirect interest in this Agreement. (For purposes of this Article, the term "**transfer**" refers to any of these actions.) Our consent to any transfer will not be unreasonably withheld.

You must provide us with prior written notice of any transfer of voting or ownership interests in you, even if it is not a transfer of an interest in this Agreement as provided in the next sentence. A transfer of 25% or more of the voting or ownership interests—individually or in the aggregate, directly or indirectly—is your transfer of an interest in this Agreement, as is a transfer of all or substantially all your assets used to operate the Franchise. For any purported or attempted transfer of any interest in this Agreement without our prior written authorization, by operation of law or otherwise, the transfer is null and void, and a material breach of this Agreement.

18.3. Neither you nor your owners may create or permit a lien against, nor pledge, grant a security interest in, or in any manner encumber this Agreement (or any interest in this Agreement).

18.4. Before we consent to a transfer of an interest in this Agreement, we require that:

18.4.1. you have paid us everything that you owe us (including under any Promissory Note you signed or any other debt obligations);

18.4.2. you are not then in default under this Agreement or any other agreement between you and us or our affiliates;

- 18.4.3. you sign a general release of all claims against us affiliates, the JPI, and our respective officers, directors, owners, representatives, agents and employees (in their corporate and individual capacities);
- 18.4.4. the transferee signs our form of assumption agreement under which it assumes all of your obligations under this Agreement; or, if we request, the transferee signs our then current form of franchise agreement (for a term equal to the then remaining Term of this Agreement) and all other agreements we require for the Franchise; the terms of the agreements may differ substantially from those of this Agreement—such higher fees;
- 18.4.5. the owners of the transferee enter into our then-current form of personal guaranty, under which they, jointly and severally, guaranty the transferee's obligations under this Agreement (or the new form of franchise agreement discussed in Section 18.4.4) and any related agreement;
- 18.4.6. the transferor pays us a Transfer Fee in lieu of an initial franchise fee; the "**Transfer Fee**" is the greater of: \$1,500 or 8% of your total Gross Billings for the 12-months ending on the last day of the calendar month before the month in which the transfer is to occur;
- 18.4.7. the transferee has and its owners have demonstrated to our reasonable satisfaction that the transferee has properly assumed, and can comply with, all of its obligations for the Franchise and that the transferee and its owners have the business and personal skills, reputational and financial capacity we require;
- 18.4.8. at the transferee's expense (including our then-current fee), and on terms we reasonably require, the owners of the transferee complete any initial Certification Programs then required for new franchisees; and
- 18.4.9. you and the transferee timely satisfy our other reasonable conditions.

Our approval of a proposed transfer is not an expression of our opinion on the appropriateness or fairness of the terms of the transfer or the likelihood of the transferee's success. If we disapprove of the transfer because all the transfer conditions in this Section or elsewhere in this Agreement have not been satisfied (or for any other reason), we have no liability of any nature to you or the transferee.

Our consent to any transfer is not a waiver of any claims we have against you. Even if we approve the transfer, no transfer releases you of liability for your conduct before the transfer.

- 18.5. If an Owner (as defined below) dies; or is disabled from any cause and for a continuous period of over three (3) consecutive months, cannot perform his or her obligations under this Agreement, then, within 30 days thereafter, you (or

your legal representative) must hire and maintain a replacement satisfactory to us to perform the obligations. Any period of disability that is interrupted by a return to active and proper performance of duties under this Agreement for 14 days or less is considered continuous. If a satisfactory replacement is not hired or maintained as required, we may repossess your Accounts and transfer the Accounts to another franchisee.

- 18.6. Within six months of any Owner's death or permanent disability, that individual's estate or his or her representative must transfer his or her interests in you (or in any of your owners) or in this Agreement under the terms of this Section. We will not charge a Transfer Fee.

19. INDEPENDENT BUSINESS OWNER AND INDEMNIFICATION

- 19.1. This Agreement creates no fiduciary relationship between you and us. You are an independent business owner. Nothing in this Agreement appoints either party an agent, legal representative, subsidiary, joint venture, partner, employee, affiliate or servant of the other party for any purpose. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty, or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement. You will take all action we request to notify the public you are an independent business owner. These actions may include placing and maintaining a plaque in a conspicuous place within your franchised business office or elsewhere as we designate, and a notice on all stationery, business cards, sales literature, contracts, and similar documents that states that you own and independently operate your franchised business. The content of these items is subject to our prior written approval. You must also sign the Independent Contractor Acknowledgment form attached as Exhibit C.

- 19.2. **You agree that, since you are an independent business owner and not our employee, you and not us, must make all periodic filings and payments for your business for all required federal and state taxes, payments, or filings (including all income, unemployment, and payroll taxes, such as FICA, FUTA, and SECA payments). Your agreement to this has materially induced us to enter this Agreement and but for your making this agreement, we would not have done so. You must operate the Franchise, and otherwise act in connection therewith, as an independent business owner, and will not act, or omit to act, in any manner that will cause you or your employees to be our or JPI's employees or joint employees for any purpose.**

- 19.3. You will indemnify, defend and hold harmless JPI and us from all actions, judgments, damages, liabilities, claims, losses, costs, and expenses (including reasonable paralegal and attorney's fees and other expenses, even if incident to

appellate, post-judgment, or bankruptcy proceedings) to which we or JPI becomes subject or that either incurs arising from or relating in any manner to your ownership or operation of your Franchise. Examples of the claims covered by this indemnity include, but are not limited to, claims relating to: (i) maintaining or operating vehicles; (ii) your being characterized as our or JPI's employee (or as a joint employee with us or JPI) by any federal, state or local court or agency; (iii) your failure to act as an independent business owner; (iv) your failure to pay any income, unemployment, or payroll tax or file any related return; or (v) your other default under Section 19.2, breach of this Agreement, and/or your or your employees or independent contractor's negligence or willful misconduct. You will not have to indemnify us for any matter caused by our gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect. In addition to covering JPI and us, this indemnity also covers our respective affiliates and their and those affiliates' respective owners, officers, directors, employees, agents, and representatives.

- 19.4. *You agree that you have no relationship of any kind with JPI, and that JPI is not a party to this Agreement nor any other Agreement related to your Franchise. You agree that JPI is in the business of licensing its System and Marks to Regional Franchise Developers, and has licensed its System and Marks to us with a right to sublicense same, and that no obligation or connection of any kind or character flows from JPI to you by that fact or by any other fact or circumstance.*

20. MEDIATION, AND ARBITRATION, ~~AND~~ EQUITABLE RELIEF

You and we believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. You and we have agreed that the provisions of this Section 20 support these mutual objectives and, therefore, agree as follows:

- 20.1. Dispute Process. Any disagreement, litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief ~~and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise,~~ between or involving you and us (or you and JPI, or any of JPI's affiliate parent or subsidiary entities, and any of its owners, officers, directors and employees) on whatever theory and/or facts based, and whether or not arising out of this Agreement (including any dispute or disagreement relating to arbitration, including arbitrability of this Agreement or any of its provisions), our offer, sale, or negotiation of your Franchise, or the relationship of the parties or any claim that this Agreement, or any provision of this Agreement (including Section 20.2), is invalid, illegal, or otherwise voidable or void or unenforceable ("Dispute") will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 20.87. The Disputes covered by this provision include, but are not limited to, claims for compensation due; claims for

misclassification; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination or harassment, including, but not limited to, alleged violation of any federal or state civil rights laws, ordinances, regulations or orders, and claims for violation of any federal, state, or other governmental law, statute, regulation or ordinance, except claims specifically excluded below.

~~Subject to Section 20.8, any party seeking formal resolution of a Dispute will, before any arbitration proceeding may be filed, submit the Dispute to nonbinding mediation for a minimum of 4 hours before CPR under its national franchise-mediation program. If CPR cannot conduct the mediation, the Dispute may be submitted to the American Arbitration Association or any other mutually agreeable mediator. Mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential. Before any mediation, all parties will sign a confidentiality agreement reasonably satisfactory to us excepting only public disclosures and filings as are required by law. All parties must attend mediation. We will pay the costs of the first 4 hours of any mediation, and no mediation is required to extend beyond such 4-hour period. "CPR" means CPR Dispute Resolution Services, LLC.~~

20.2. Mediation. Subject to Section 20.9, any party seeking formal resolution of a Dispute will, before any arbitration proceeding may be filed, submit the Dispute to nonbinding mediation for a minimum of 4 hours before CPR under its national franchise-mediation program. If CPR cannot conduct the mediation, the Dispute may be submitted to the American Arbitration Association or any other mutually agreeable mediator. Mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential. Before any mediation, all parties will sign a confidentiality agreement reasonably satisfactory to us excepting only public disclosures and filings as are required by law. All parties must attend mediation. We will pay the costs of the first 4 hours of any mediation, and no mediation is required to extend beyond such 4-hour period. "CPR" means CPR Dispute Resolution Services, LLC.

~~20.2-20.3.~~ Arbitration. Subject to Sections ~~0-20.2~~ and ~~20.9-20.89~~, all Disputes must be submitted to arbitration before the American Arbitration Association (or any other mutually agreeable arbitration association) under its commercial arbitration rules ~~only, even if you designate~~ unless the arbitrator determines that the claim is subject to any other arbitration rules as set forth by the AAA should govern the arbitration, in which case the set of AAA rules determined by the arbitrator will govern the arbitration.

~~20.3.—~~You and we agree that the franchise relationship is unique and that as a result it is important that anyone who serves as a mediator or arbitrator in a Dispute, must have a minimum of 7 years substantive experience in franchise law.

~~20.4. This Section and must also be construed as independent of any other provision of this Agreement. If a court or arbitrator of competent jurisdiction~~

~~determines that any provisions are unlawful, that court or arbitrator is to modify or interpret such provisions to the minimum extent needed to have them comply with the law. Notwithstanding any provision of this Agreement relating to the state laws by which this Agreement must be governed and construed, all issues relating to arbitrability or the enforcement of the agreement to arbitrate this Agreement must be governed by the United States, experienced, as applicable, to any other substantive claim at issue in the arbitration.. Arbitration Act (9 U.S.C. § 1 et seq.) and the Federal common law of arbitration. The arbitrator, and not any federal, state, or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement including any claim of fraud in the inducement or that all or any part of the Agreement is void or voidable. However, the preceding sentence shall not apply to the clause entitled “Class Action Waiver” set forth below.~~

20.5-20.4. Authority. You and we agree that, except as provided in this Agreement, any arbitration shall be governed exclusively by and conducted in accordance with the Federal Arbitration Act (FAA) 9 U.S.C. § 1 et seq. You and we agree that we, and our relationship with you, involve and relate to interstate commerce and therefore the FAA applies to and governs this Agreement. The arbitrator, and not any federal, state, or local court, shall have sole and exclusive authority to determine the scope of this Section 20 and to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement including any claim of fraud in the inducement or that all or any part of the Agreement is void or voidable. The arbitrator’s exclusive authority as stated above shall not apply to any specific exceptions otherwise contained in this Section 20, including but not limited to the “Class Collective and Representative Action Waiver” set forth below in Section 20.1, for which the parties agree that the arbitrability of such waiver shall be decided by a court of law and not an arbitrator. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final, and nonappealable.

20.5. Interpretation. This Section is to be construed as independent of any other provision of this Agreement, and each subsection of this Section is severable from every other subsection of this Section 20. If a court or arbitrator of competent jurisdiction determines that any provisions of the Agreement outside of this Section, or any subsection of this Section are unlawful, in whole or in part, such adjudication shall not affect the validity of the remainder of this Section and such provisions shall be reformed and enforced to the maximum extent permitted by law. You and we expressly agree that the remainder of the Sections should be enforced as written with the excision or reformation of the invalid provision, in whole or in part, only.

20.6. Arbitration Process.

20.6.1. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state in which your office or work location is located, or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator shall have the authority to award all remedies and relief that would otherwise have been available if the claim had been brought by way of a civil complaint in court. The Arbitrator should utilize the Federal Rules of Evidence as a guide to the admissibility of evidence. The parties retain the right to conduct a reasonable amount of discovery guided by the Federal Rules of Civil Procedure, and the Arbitrator shall have the power to decide any discovery disputes between the parties. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

20.6.2. Within ninety (90) days following the hearing and the submission of the matter to the Arbitrator, the Arbitrator shall issue a written opinion and award which shall be signed and dated. The Arbitrator's award shall include factual findings and the reasons upon which the award is based. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award.

20.6.3. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final, and nonappealable.

20.6-20.7. Failure to Appear. The arbitration and mediation provisions in this Section are self-executing and remain in full force and effect after the expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, notwithstanding failing to appear, an award may be entered against that party by default or otherwise, as permitted by applicable rules of procedure and if deemed appropriate by the arbitrator.

20.7-20.8. Arbitration Cost. Except as provided in Section 20.42, each party bears its own costs for mediation and arbitration, including any attorneys' fees. The fees for mediation and arbitration payable to the mediator or arbitrator, and their applicable agency, however, will be split equally unless the AAA commercial rules are found not to apply, in which case the default rules and fee arrangements of the mediation and/or arbitration service will apply. Mediation and arbitration must take place in the county in which ~~our~~your principal office for us is then located, or if the mediator or arbitrator cannot conduct mediation or arbitration there, the nearest county where it can.

20.9. Matters Not Requiring Mediation/Arbitration. Notwithstanding the above, the obligation to mediate or arbitrate is not binding upon either party ~~for~~to any of the following matters:

20.9.1. Claims relating to misuse of the Proprietary Marks (including claims relating to actions that may impair the goodwill associated with the Proprietary Marks); for the avoidance of doubt, claims that the Proprietary Marks misrepresent the nature of the business or nature of the relationship between any of the parties to a Jan-Pro franchise relationship remain subject to Mediation and Arbitration as “Disputes.”

20.9.2. Claims relating to your obligations on termination or expiration of this Agreement;

20.9.3. Claims relating to any Transfer of an interest in you, the Franchise or your assets;

20.9.4. Matters involving danger, health or safety; or

20.9.5. Requests for dispute including a request for a restraining orders, injunctions, or other procedures to get obtain-specific performance in a court of competent jurisdiction when that court considers the restraining order, injunction, or specific performance necessary to preserve the status quo or prevent irreparable injury pending resolution of the actual Dispute by mediation or arbitration. We may seek injunctive relief in any jurisdiction that has jurisdiction over you or any other party against whom this relief is sought; Or

20.8-20.9.6. Claims for which arbitration is unavailable as a matter of law.

20.10. Class, Collective and Representative Action Waiver. Any proceeding (whether mediation, arbitration, trial to a court or jury, appeal or otherwise) dispute under this Section must be brought in the parties’ individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding (“Class, Collective or Representative Action”). You and We expressly ~~waive any ability to maintain any Class Action in any forum.~~ intend and agree that each will forego pursuing any covered claims on a class, collective, or representative basis and will not assert class, collective, or representative action claims in arbitration or otherwise. You and we shall submit only individual claims in arbitration. You and we shall be entitled to seek dismissal of any class, collective, or representative claims that the other party attempts to bring and may assert this Section as a defense in any proceeding in which class, collective, or representative actions are brought.

20.11. This waiver does not apply to private attorney general claims or to any class, collective, or representative claims that cannot be waived as a matter of law. Such claims may proceed in the applicable state or federal court.

20.12. Further, an Arbitration proceeding between us and you (or any of your or our affiliates and owners and guarantors) may not be consolidated with any other Arbitration proceeding between ~~them-us and you~~ and any other franchisee, person or entity. You hereby agree not to seek joinder of any of your claims with

those of any other party. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class, Collective or Representative Action, nor make an award to any person or entity not a party to the arbitration.

~~20.9.20.13.~~ Any claim that all or part of this Class, Collective or Representative Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. YOU AND WE UNDERSTAND THAT WE WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE OUR CASE AND TO BE PARTY TO A CLASS, COLLECTIVE OR REPRESENTATIVE ACTION. HOWEVER, YOU AND WE UNDERSTAND AND CHOOSE TO WAIVE THAT RIGHT AND HAVE ANY CLAIMS DECIDED INDIVIDUALLY, THROUGH ARBITRATION. It's your and our joint Business Judgement that the limitations of this subsection make good business sense, because:

~~20.9.1.20.13.1.~~ the mediation and arbitration procedures contemplated by this Agreement (and which you and we agree are the core methods for resolving disputes) function most effectively on an individual case basis,

~~20.9.2.20.13.2.~~ there are significant business and other factors present in each individual Franchisee's situation which should be respected, and

~~20.9.3. the economic interests of lawyers on either side in class-wide or multiple plaintiff disputes, as well as the tendency to polarize positions, makes accommodation and compromise, as a practical business matter, less easily achieved, and which would be a serious detriment to your and our business interests, as well as those of the entire FRANCHISED BUSINESS system, in quickly, amicably and economically resolving any dispute.~~

For purposes of this Agreement, the term "**Business Judgment**" means that ~~we are allowed to you and we~~ exercise our judgment ~~however we consider to be appropriate in our sole and absolute discretion, except that we will~~ fairly, for business reason, and not do so arbitrarily. ~~You and we agree that we have the unrestricted right to make decisions and/or take (or refrain from taking) actions (except that we will not do so arbitrarily) and we have this right even if a particular decision/action~~ In particular, our Business Judgement as franchisor takes into account our obligations to other regions and the franchise system as a whole even if those obligations may have negative consequences for you, ~~a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor and to our goals for its continuing improvement.~~ This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

21. ACKNOWLEDGMENTS AND REPRESENTATIONS

- 21.1. You agree that you received our Franchise Disclosure Document at least 14 calendar days before signing this Agreement or any other binding agreement with, or making any payment to, us or our affiliate for this franchise.
- 21.2. *YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH OUR OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, EACH ACTS ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY.*
- 21.3. *WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE YOUR FRANCHISE IN THE JURISDICTION IN WHICH YOU WILL OPERATE. IF A LAW IS PASSED, A COURT ISSUES A DECISION, OR REGULATION ISSUED BY ANY GOVERNMENT THAT PREVENTS YOU OR US FROM OPERATING THE FRANCHISE UNDER THIS AGREEMENT, OR AS YOU, WE OR JPI INTENDED, WE AND JPI ARE NOT LIABLE FOR DAMAGES OR TO RETURN ANY MONIES YOU PAID.*

22. GENERAL PROVISIONS

- 22.1. You release and discharge JPI and its affiliates, us and our affiliates, our designees, and other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Effective Date involving this Agreement or any other agreement between the parties, or relating in any other way to the conduct of us or JPI and our and its respective affiliates, designees, or agents, and our and their respective officers, directors, representatives, employees and agents before the Effective Date, including for example, all claims, whether known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

Provided that if this Release is given in connection with the award of a franchise, then this release will not apply to claims relating to the offer and sale of such franchise under applicable state franchise investment law or any rule or order issued thereunder.
- 22.2. Subject to Section 12, this Agreement may be changed only by a written document signed by both parties and referring to this Agreement.
- 22.3. During the Term, we may change the System (including the goods and services your Franchise offers). You are bound by these changes to the System as if they were part of this Agreement when it was signed. You will pay all reasonable costs to timely implement and comply with any changes.
- 22.4. All of the terms of this Agreement, whether so expressed or not, are binding on, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors, and permitted assigns.

- 22.5. All notices under this Agreement must be in writing, and must be hand delivered, sent overnight by a nationally recognized carrier, or mailed by certified mail (postage prepaid), return receipt requested, addressed to the appropriate party at its address stated on the Summary Page or to any other address as that party designates by notice complying with this Section. Notice properly sent and addressed is deemed delivered: (a) on the date delivered if by personal delivery or overnight carrier; or (b) on the date on which the return receipt is signed, delivery is refused or the notice is designated by the postal authorities or carrier as not deliverable.
- 22.6. The headings and subheadings in this Agreement are for convenience of reference only and do not affect the meaning of this Agreement.
- 22.7. If any provision of this Agreement, or any other agreement entered into under this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, that provision is inapplicable and deemed omitted to the extent so contrary or prohibited.
- 22.8. Either party's waiver of any breach of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement.
- 22.9. Notwithstanding Section 20.6, if we hire an attorney or other professionals due to your failure to timely pay money you owe us or timely submit any reports, any other failure to comply with this Agreement, you will immediately reimburse us for all reasonable costs we incur (including reasonable legal fees, and court costs), even if a legal action or other proceeding is not filed.
- 22.10. Subject to Section 20, each of the parties irrevocably and unconditionally agrees that any suit, action or legal proceeding involving any Dispute must be brought only in the federal and state courts of record for the state and county where our principal office is located when the proceeding is filed; consents to the jurisdiction of these courts in any suit, action, or proceeding; and waives any objection he, she or it may have to venue in any of these courts.
- 22.11. Except as otherwise stated in this Agreement, no remedy conferred on any party is exclusive of any other remedy. Every remedy is cumulative and is in addition to every other remedy under this Agreement or applicable law or in equity.
- 22.12. This Agreement is not binding until it is signed by our respective duly authorized officers.
- 22.13. Whenever our consent or approval is required under this Agreement, our consent or approval must be in writing and signed by our duly authorized officer.
- 22.14. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and any related agreement must be construed

and enforced under the internal laws of the state where our principal office is located when this Agreement is signed, without regard to its conflict-of-laws principles.

- 22.15. No party may file mediation, arbitration, or litigation of any Dispute more than 1 year after the facts underlying the Dispute occur.
- 22.16. Each of the parties was, or had the opportunity to be represented by their own counsel throughout the negotiations, and signing of this Agreement and all the other documents signed with this Agreement. Therefore, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter.
- 22.17. This Agreement its Exhibits and all other written agreements involving this Agreement and referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject of this Agreement and replace all other negotiations, understandings, and representations made between the parties. No representations, inducements, promises, or agreements, oral or otherwise not written in this Agreement, its Exhibits and all other written agreements concerning this Agreement are of any force and effect. Notwithstanding, nothing in this Agreement will disclaim or require you to waive reliance on any representation we made in the franchise disclosure document (including exhibits and amendments) delivered to you or your representative before you signed this Agreement.
- 22.18. All our and your respective obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after and notwithstanding its expiration or termination.
- 22.19. Neither we nor you will be liable for loss or damage, or deemed in breach of this Agreement, if the failing to perform our or your obligations results from causes beyond our or your reasonable control, such as, extreme weather and climatic conditions, inadequate supply of equipment or energy, compliance with applicable law, war, acts of terrorism, strikes, or acts of God.
- 22.20. If you consist of more than one person, the reference to “you” in this Agreement refers to either or all of the persons provided, however, all persons are jointly and severally liable for your obligations under this Agreement.
- 22.21. Except as provided in this Section and elsewhere in this Agreement to the contrary, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other JAN-PRO branded regional developers and unit franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. However, JPI is a third-party beneficiary under this

Agreement to enforce its trademark rights and may independently enforce your obligations on usage of the Marks in its own name, even if we don't do so.

- 22.22. If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to arrange third parties to perform your obligations. If we do, you will immediately reimburse us for the actual costs of this performance. Interest accrues on all amounts due us under this Section at the Contract Interest Rate beginning 10 days after our demand for reimbursement.
- 22.23. *The parties mutually and willingly waive any right to, or claim for, any punitive or exemplary damages against the other even if authorized by statute. On a dispute between the parties, each is limited to recovering only its actual damages. You also willingly waive any claim you may later have for any damages resulting from your being classified as our employee instead of our franchisee, including for example, lost wages, minimum wages, overtime wages, etc. Notwithstanding, if an arbitrator or court of competent jurisdiction finds that you are our employee or the JPI's joint employee, you agree that you will return to us all payments that we made to you to the extent that these payments exceed what you would have earned at the applicable minimum wage.*
- 22.24. *The parties mutually and willingly waive the right to a trial by jury of all claims made between them whether now existing or later arising, including all claims, defenses, counterclaims, cross claims, third-party claims and intervenor's claims—whether arising from or related to the sale, negotiation, signing, or performance of the transactions to which this Agreement relates. None of the parties' respective claims may be litigated on a class-wide basis, nor joined with any third-party claim.*
- 22.25. All your legal and beneficial owners must sign the Joinder provided below. By doing so, each owner agrees that he or she is bound by this Agreement as if he or she were you under this Agreement and agrees that he or she is jointly and severally liable with the other owners and you for all your obligations under this Agreement. All Restricted Parties (other than you and your owners) must sign the Restricted Party Joinder provided below.
- 22.26. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:
- No Statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement to 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 us, any franchise seller, or any other person acting on behalf of us. This provision

supersedes any other term of any document executed in connection with the Franchise.

The parties are signing this Agreement on the Effective Date.

US:

YOU:

KLJ Ventures, Inc.

(name of franchisee)

By: _____
(signature)

By: _____
(signature)

Print Name: _____

Print Name: _____

Its _____

Its _____

**MINNESOTA FACING PAGE
TO THE
FRANCHISE AGREEMENT
AND
FRANCHISE DISCLOSURE DOCUMENT
OF
KLJ VENTURES, INC. d/b/a JAN-PRO Twin Cities**

~~In compliance with Minnesota Stat. Sec. 80C.12 Subd. 1(g) and notwithstanding any provision in our Franchise Agreement, we agree that we will, and you will permit us to, protect your rights to use the trademarks, service marks, trade names logo types or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or damage regarding the use of our name.~~

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this offering circular or agreement can abrogate or reduce (1) any of ~~your~~the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's ~~your~~ rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will~~We must~~ comply with Minnesota Statute Sec. 80C, 14 Subds. 3, 4 and 5 which require, (except in certain specified cases), that ~~you a franchisee~~ be given 90 days notice of termination (with 60 days to cure) and 180 days for non-renewal of your franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

~~In compliance with~~Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Stat. Sec. 80C.12 Subd. 1(Gg). The franchiser will ~~and notwithstanding any provision in our Franchise Agreement, we agree that we will, and you will permit us to,~~ protect yourthe franchisee's rights to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or damage regarding the use of our name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
~~Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of 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.~~

The Franchise Disclosure Document and the Franchise Agreement are hereby amended to comply with Minnesota Rule 2860, ~~which prohibits a franchisor from requiring a franchisee to assent to a general release.~~

By: _____
KLJ VENTURES, INC. d/b/a JAN-PRO Twin Cities

By: _____
Franchise Owner

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This Guaranty and Assumption of Obligations (“**Guaranty**” or “**Agreement**”) is given this _____ day of _____, 20____ (the “**Effective Date**”) by (list each guarantor):

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Franchise Agreement**”) dated as of the Effective Date by **KLJ Ventures, Inc.** (“**we**,” “**us**” or “**Franchisor**”), each of the undersigned individuals (“**Owners**”), who constitute all of the owners of a direct or indirect beneficial interest in franchisee (“**Franchisee**”), as well as their respective spouses, personally and unconditionally: (a) guarantees to Franchisor and Franchisor’s successors and assigns, and Jan-Pro Franchising International, Inc. (“**JPI**”) for those obligations where JPI is a third-party beneficiary (including, but not limited to, indemnification obligations), for the term of the Franchise Agreement (including, but not limited to, extensions) and afterward as provided in the Franchise Agreement, that they will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement (including, but not limited to, any amendments or modifications of the Franchise Agreement); and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (including, but not limited to, any amendments or modifications of the Franchise Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, transfer and arbitration requirements. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-solicitation obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Guaranty as a condition to our entering into the Franchise Agreement with Franchisee.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other confidential information (“**Confidential Information**”) relating to the establishment and operation of a Jan-Pro Cleaning & Disinfecting™ unit franchisee business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Guaranty by

reference, and Owners agree to comply with each obligation as though fully set forth in this Guaranty as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Guaranty as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will also be deemed Confidential Information for purposes of this Guaranty. The obligations and waivers set forth in Section 10 of the Franchise Agreement regarding audits of books and records and the disclosure of tax returns are hereby incorporated into this Guaranty and each Owner is personally bound by the obligations therein and consents to and hereby waives all applicable tax privileges.

Owners acknowledge that they could circumvent the purpose of this Guaranty by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of this Guaranty if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in the paragraphs below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

Owners acknowledge that as a participant in our system, they will receive proprietary and Confidential Information and materials, trade secrets and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Guaranty by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Guaranty as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Guaranty as we may seek against Franchisee under the Franchise Agreement.

The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant referenced in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Guaranty without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may

from time to time grant to Franchisee or to any other person, including, but not limited to, the acceptance of any partial payment or performance or the compromise or release of any claims (including, but not limited to, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Franchise Agreement (including, but not limited to, extensions) for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or its Owners, and for so long as Franchisor has any cause of action against Franchisee or its Owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and, despite the transfer of any interest in the Franchise Agreement or Franchisee, each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any payment required under the Franchise Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Franchisor will have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Franchise Agreement, assign the Franchise Agreement or the right to receive any sum payable under the Franchise Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Franchise Agreement.

If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal

counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Franchise Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be commenced in the state or federal court of general jurisdiction in the location of Franchisor's headquarters (which is currently Hopkins, MN), and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of, or venue in, those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

Owners must indemnify, defend and hold harmless us, JPI, all of our and their affiliates, and the respective shareholders, directors, partners, employees and agents of such entities, against and from all losses, damages, costs and expenses which we or they may sustain, incur or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter or thing required by the Franchise Agreement; or (c) the ownership or operation of the Franchise. Examples of the claims covered by this indemnity include claims relating to: (i) maintaining or operating vehicles; (ii) any Owners or persons working in the Franchise being characterized as our or JPI's employee by any federal, state or local court or agency; (iii) any Owner failing to act as an independent business owner; or (iv) failure to pay any income, unemployment, or payroll tax or file any related return; or (iv) otherwise defaulting under Section 19.2 of the Franchise Agreement.

Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Guaranty, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skills, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Guaranty and the Franchise Agreement.

Any notices given under this Guaranty shall be in writing and delivered in accordance with the provisions of the Franchise Agreement. Our current address for all communications under this Guaranty is:

Jan-Pro Franchise Development - Twin Cities
33 10th Ave S, Ste 200
Hopkins, MN 55343

The current address of each Owner for all communications under this Agreement is designated on the signature page of this Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

This Guaranty constitutes the entire, full and complete agreement between the parties with regard to the guaranty and related obligations under this Guaranty and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by this Guaranty, other than those in this Guaranty. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Guaranty may be implied into this Guaranty. Except for unilateral reduction of the scope of the covenants permitted in this Guaranty (or as otherwise expressly provided in this Guaranty), no amendment, change or variance from this Guaranty will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

Each provision of this Guaranty, and any portions thereof, will be considered severable. If any provision of this Guaranty or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Guaranty will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

Nothing in this Guaranty is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Guaranty.

Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

This Guaranty may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Guaranty is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

References to "Franchisor" or "JPI" or "the undersigned" or "you" or "Owner" include the respective parties' heirs, successors, assigns or transferees.

Our failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative.

You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

In the event of any discrepancy between this Guaranty and the Franchise Agreement, this Guaranty shall control.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

Signatures and addresses of each Guarantor

Percentage of Ownership in Franchisee (or designation as a spouse of an Owner)

(Signature)
Print Name: _____

RESTRICTED PARTY JOINDER

Each of the parties signing below, being a "Restricted Party" under Article 17, agrees that he or she is bound by the terms of that Article and all other provisions in the Agreement on preserving our Confidential information and trade secrets, including those in Article 12.

_____ (signature) Print Name: _____	_____ (signature) Print Name: _____
_____ (signature) Print Name: _____	_____ (signature) Print Name: _____
_____ (signature) Print Name: _____	_____ (signature) Print Name: _____

**EXHIBIT A TO THE UNIT FRANCHISEE FRANCISE AGREEMENT
PROMISSORY NOTE**

\$ _____, 20__

1. Principal and Payment. FOR VALUE RECEIVED, the undersigned, _____ ("**Maker**"), promises to pay to KLJ Ventures, Inc. d/b/a Jan-Pro Twin Cities, ("**Holder**"), at 33 10th Ave S, Suite 200, Hopkins, MN 55343 (or at any other place as Holder specifies in writing), without deduction, abatement or offset in lawful money of the United States of America, the principal amount of \$ _____, with interest at the rate of 10% per year. Maker will pay Holder the principal and interest in _____ equal monthly installments of \$ _____, beginning on _____, 20__, and continuing on the last day of each consecutive month thereafter until _____, 20__, when this Note must be paid in full.

2. Franchise Agreement. This Note is being issued with the Franchise Agreement by Holder, as franchisor, and Maker, as a Certified Business Owner (the "**Franchise Agreement**"). Unless defined otherwise in this Note, capitalized terms have the meanings given them in the Franchise Agreement.

3. Guaranty. Payment and performance of Maker's obligations under this Note are secured by the written guaranty (the "**Guaranty**") signed by _____ ("**Guarantor(s)**")

4. Application of Payments. Holder may, in its sole discretion, credit any payment made under this Note (whether made when due or otherwise) first against any interest then due, and the remainder against the unpaid principal or any other amount due under this Note.

5. Default and Acceleration. Each of the following is an "**Event of Default**":

- a. Maker fails to timely pay any amount due under this Note (including any principal or interest) or fails to timely perform any other obligation under this Note and that failure continues for 10 days after Holder sends Maker with written notice of the failure;
- b. Maker or any Guarantor fails to perform any of their respective obligations under the Franchise Agreement or Guaranty and this default continues beyond any cure period;
- c. Maker or any Guarantor transfers any direct or indirect interest in the Franchise Agreement ("**transfer**" and "**direct or indirect interest**" are defined in the Franchise Agreement);
- d. Maker or any Guarantor becomes insolvent or makes a general assignment for the benefit of creditors;
- e. a petition in bankruptcy is filed by Maker or any Guarantor or a petition is filed against or consented to by Maker or any Guarantor;

- f. a substantial portion of Maker's or any Guarantor's personal property used in the Franchise is sold after levy by any sheriff, marshal, or constable.
- g. when, in Holder's sole option, Maker's financial ability becomes impaired or unsatisfactory.

Upon an Event of Default, Holder may declare the entire principal balance of this Note, and all accrued interest, immediately due and payable. If Maker pays no principal or interest when due, interest accrues on the unpaid principal from the due date until paid in full at the maximum rate permitted by law (the "**Default Interest Rate**").

6. Miscellaneous Provisions.

- a.** If Holder exercises no remedy on an Event of Default, the failure does not affect Holder's right to exercise any remedies for any later defaults.
- b.** Maker and all endorsers and Guarantors of this Note waive valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest.
- c.** If suit is brought for the collection of this Note, or if it is necessary to place this Note in the hands of an attorney for collection, whether or not suit is filed, Maker and all endorsers and Guarantors of this Note will pay to the Holder its reasonable attorneys' and paralegals' fees and other expenses for undertaking collection. Amounts due under this paragraph are treated as added to the principal amount due under this Note—with interest accruing thereon at the Default Interest Rate—and are due on demand.
- d.** The state and county where Holder's principal office is located on the date that the action is filed is the proper and exclusive jurisdiction and venue for any proceedings arising out of this Note. Maker consents—and waives all right to object—to the jurisdiction and venue of the federal and state courts closest to this location. Holder, however, may pursue any remedies in any jurisdiction and venue in which Maker or any Guarantor is located. This Note is to be construed according to the internal laws of the state where our principal office is located when the Franchise Agreement is originally signed, without regard to principles of conflicts of laws.
- e.** This Note may be prepaid in whole or part without premium or penalty.
- f.** This Note is "negotiable" which means that the Holder can sell or transfer collection rights to someone else. Holder may assign this Note to any assignee, who on assignment succeeds to the Holder's rights and status.
- g.** The following do not release or affect Maker's or any Guarantor's or endorser's liability under this Note:
 - i. Holder grants Maker, or any other party, any extension of time to pay any sums due under this Note or perform any obligation under this Note or in any other document securing the payment of this Note; or

- ii. ii) Holder releases Maker or any other party; agrees not to sue Maker or any other party; suspends the right to enforce this Note against Maker or any other party; discharges Maker or any other party; or takes or releases any collateral or security.
- h. This Note may not be amended or modified—nor may any waiver of any provisions of this Note be affected—except by a written instrument signed by Holder. Maker and all other persons signing this Note have signed this Note as a principal and not as surety or accommodation party.
- i. Time is of the essence on all dates in this Note.
- j. BY THEIR RESPECTIVE SIGNING AND ACCEPTING THIS NOTE, THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A JURY TRIAL OF ANY CLAIMS MADE BETWEEN THEM-WHETHER NOW EXISTING OR ARISING IN THE FUTURE. THESE CLAIMS INCLUDE, WITHOUT LIMITATION, ANY CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD-PARTY CLAIMS AND INTERVENOR'S CLAIMS-WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, SIGNING AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS DOCUMENT RELATES. NONE OF THE PARTIES' RESPECTIVE CLAIMS MAY BE LITIGATED ON A CLASS-WIDE BASIS, NOR JOINED WITH ANY THIRD-PARTY CLAIM.

MAKER:

By: _____
(signature)

Printed Name: _____

Its: _____

HOLDER:

Jan-Pro Twin Cities.
KLJ Ventures, Inc.,
A Minnesota Corporation

By: _____

Printed Name: _____

Title: _____

Date: _____

GUARANTY (Promissory Note)

This guaranty ("**Guaranty**") is signed by the undersigned guarantors (each a "**Guarantor**," and collectively, the "**Guarantors**") and delivered to KLI Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis ("**Franchisor**") as of _____, 20__.

In consideration of, and as an inducement to, our accepting from _____ ("you") the promissory note you are issuing to us (the "**Promissory Note**") to evidence certain amounts you must pay us under the unit franchise agreement you and we are entering (the "**Franchise Agreement**"), each of the undersigned personally and unconditionally guarantees to us, and our successors and assigns, that:

- 1) You will pay and perform all your obligations under the Promissory Note (the "**Obligations**," which obligations include, without limitation, the obligation to pay all principal and interest due); and
- 2) he or she is bound by each of the Obligations as if he or she were the maker under the Promissory Note; and
- 3) he or she is personally liable for your breach of any of your Obligations.

Each of the undersigned waives:

- 1) acceptance and notice of acceptance by us of the foregoing undertakings;
- 2) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed under this Guaranty;
- 3) protest and notice of default to any party regarding the indebtedness or nonperformance of any Obligations;
- 4) any right he or she may have to require that an action be brought against you or any other person as a condition of liability; and
- 5) all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned agrees that:

- 1) his or her direct and immediate liability under this Guaranty is joint and several with each other guarantor under this or any other guaranty;
- 2) he or she must render any payment or performance required under the Promissory Note, on demand, if you fail or refuse to do so;
- 3) this liability is not contingent or conditioned on our pursuing any remedy against you or any other person; and
- 4) any liability is not diminished, discharged, or otherwise affected by any extension of time, credit, or other indulgence that Franchisor may grant to you or to any other person (including, without limitation, the acceptance of any partial payment or performance, release of any collateral, or the compromise or release of any claims, none of which in modify or amend this guaranty).

This Guaranty is a guaranty of payment and not of collection. This Guaranty is irrevocable and continues in full force and effect until all of the Obligations are paid, performed and discharged. The Obligations are not considered fully paid, performed and discharged unless all payments by you, and any Guarantor, to us are no longer subject to any right by any person whomsoever—including, without limitation, to you, you as a debtor in possession or any trustee in bankruptcy—to disgorge any payments or seek to recoup any payments or any part of any payments.

This Guaranty continues to be effective if (i) any petition is filed by or against you or any Guarantor for bankruptcy, liquidation or reorganization, (ii) you or any Guarantor becomes insolvent or makes an assignment for the benefit of creditors or (iii) a receiver or trustee is appointed for all or any significant part of your or any Guarantor's assets.

In addition to the amounts guaranteed under this Guaranty, the Guarantors are jointly and severally obligated to pay (i) all of our attorneys' and paralegal's fees and other expenses that we incur to enforce this Guaranty and (ii) interest at the Default Interest Rate (as defined in the Promissory Note) on any of the Obligations not paid when due.

The state and county where our principal office is located on the date the action is filed are the proper and exclusive jurisdiction and venue for any proceedings arising out of this Guaranty. Each of the undersigned consents—and waives all right to object—to the jurisdiction and venue of the federal and state courts closest to this location. We, however, may pursue any remedies in any jurisdiction and venue in which any Guarantor is located. This Guaranty is to be construed according to the internal laws of the state where our principal office is located when this Guaranty is signed, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date provided in the first paragraph of this Guaranty.

GUARANTORS:

Print Name:

Signature

Print Name:

Signature

Print Name:

Signature

Exhibit B to Unit Franchisee Franchise Agreement
Independent Contractor Acknowledgment

I hereby acknowledge that my company, _____, has been awarded a franchise by _____ (a subfranchisor of Jan-Pro Franchising International, Inc.) for the operation of an independent commercial cleaning business under the Jan-Pro Cleaning & Disinfecting brand (a "Jan-Pro Business"). As an owner of an independent business, I:

- a) supervise, manage and control the day to day operation of my Jan-Pro Business and determine the methods and hours necessary to meet a cleaning account's terms and requirements,
- ~~a)b)~~
- ~~b)c)~~ am solely responsible for the Certification, scheduling, wages, staffing and management of my employees and the terms of their employment,
- ~~c)d)~~ manage my Jan-Pro Business expenses and provide equipment, chemicals, and supplies to support my Jan-Pro Business operation, and
- ~~d)e)~~ am not precluded from selling janitorial services to accounts outside of the Jan-Pro Business, which are considered non-Jan-Pro accounts, so long as I do not do so under the Jan-Pro brand and do not solicit accounts under contract with another Jan-Pro business and I will, upon request, provide evidence of such accounts.

Neither I nor my other Jan-Pro Business employees are employed by or agents of _____ ~~[KLJ Ventures, Inc. subfranchisor entity]~~, Jan-Pro Franchising International, Inc. or any other Jan-Pro Franchising International, Inc. subfranchisor, and I am solely responsible for ensuring that:

- a) my Jan-Pro Business complies with federal, state, and local laws pertaining to its operation and that all taxes applicable to my Jan-Pro Business, including business taxes, self-employment taxes, income taxes, social security, and payroll taxes, are paid fully and on time, and
- b) any licenses and insurance that may be required to operate my Jan-Pro Business, including automobile liability and workers' compensation insurance, and maintained and meet minimum coverage requirements, as provided in my Jan-Pro Business franchise agreement

I will meet all Jan-Pro Franchising International, Inc. brand standards for identifying my Jan-Pro Business and its operations as independently owned and operated and will include specific notices of independent ownership on forms, business cards, stationary, advertising, signs and other materials. I will hold my Jan-Pro Business out as an independent business in all dealings and communications with the public.

Dated _____, _____,
Jan-Pro Business owner (or Business Entity)

Signature

Print Name and Title

Exhibit B to the Franchise Disclosure Document

TABLE OF CONTENTS- OPERATING MANUAL

JAN-PRO
FRANCHISE CERTIFICATION MANUAL
TABLE OF CONTENTS

	Pages
Module 1	
Introduction to Jan-Pro	4
Customer Service Overview	2
Policy and Procedures Manual	See Below
Customer Service Questions	2
Module 2	
Recap of Module 1 with Customer Service questions	
Franchise Owner-Duties, Roles, and Responsibilities	15
Introduction to Cleaning Business	2
Introduction to Equipment & Chemicals	32
Room by Room	6
Procedural Tasks	14
Customer Service Assignment	3
Module 3	
Recap of Module 2 with Customer Service questions	
Account Loss Prevention	10
Cleaning Schedule	2
Flooring Type	17
Room by Room	14
Procedural Tasks	15
Customer Service Assignment	2
Module 4	
Recap of Module 3 with Customer Service questions	
Cleaning the Efficient and Profitable Way	7
Cleaning Schedule	2
Types of Dirt and Soil	4
Room by Room	13
Procedural Tasks	20
Study Questions Guide	5
Module 5	
Recap of Module 4	
Safety Certification	58
Review Study Questions and Final Exam	6
Appendix – Additional Forms	60
Total Pages	315

**JAN-PRO FRANCHISEE BRAND STANDARDS AND PROCEDURES MANUAL
TABLE OF CONTENTS**

Subject	Number of Pages
(Chapter 1) Compliance with Brand Standards	1
(Chapter 2) Your Legal Responsibilities	1
(Chapter 3) Beginning Your New Jan-Pro Franchise Business	4
(Chapter 4) Insurance	3
(Chapter 5) Financial Documentation	1
(Chapter 6) Approved Supplies	2
(Chapter 7) Advertising and Marketing Materials	1
(Chapter 8) Standard Operating Procedures for Your Business	5
(Chapter 9) Staffing Procedures for Your Business	2
(Chapter 10) Admin Service We Offer Your Business	1
(Chapter 11) Communication and Technology	2
(Chapter 12) Customer Billing and Collections	1
(Chapter 13) Receiving Your Monthly Payment	3
(Chapter 14) Special Services Performed For Customers	1
(Chapter 15) Sales and Marketing Fees	2
(Chapter 16) Transfers of Customer Accounts	2
(Chapter 17) Consequences for Poor Service	3
(Chapter 18) Cancellations	2
(Chapter 19) Absences From Your Business	1
(Chapter 20) Safety	1
(Chapter 21) Your Customer Sales Presentations	1
(Chapter 22) Transfer of Your Franchise Agreement	1
(Chapter 23) Legal Entities	1
(Chapter 24) Acknowledgement of Receipt	1
TOTAL PAGES	43

JANITORIAL SAFETY CERTIFICATION MANUAL

TABLE OF CONTENTS

Topic	Number of Pages
General Information: Taking the Safest Approach	4
Hazard Communication Standards “Right to Know”	7
Material Safety Data Sheets	1
Methods to Prevent Slip and Fall Injuries	9
Bloodborne Pathogens	3
Exposure Control Plan	18
First Aid & CPR	7
Attachments, Receipts, Acknowledgements	
Safety Orientation Checklist & Acknowledgement of Receipt	1
Hepatitis B Vaccine – Employee Declination	1
O.S.H.A. Requirements for Accident Reporting	1
Accident Report	2

Exhibit C to the Franchise Disclosure Document
FINANCIAL STATEMENTS

KLJ Ventures, Inc.
d/b/a
Jan-Pro Twin Cities

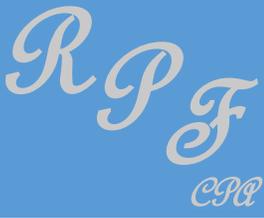
Financial Statements
December 31, 2023

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

FINANCIAL STATEMENTS

CONTENTS

	<u>PAGES</u>
<u>Independent Auditors' Report</u>	<u>1-2</u>
<u>Financial Statements:</u>	
<u> Balance Sheets</u>	<u>3-4</u>
<u> Statements of Income and Stockholders' Equity</u>	<u>5</u>
<u> Statements of Cash Flows</u>	<u>6</u>
<u> Notes to Financial Statements</u>	<u>7-13</u>



Accounting Services

100 Smithfield Ave, Box 5, Pawtucket, RI 02860 Ph 401-473-9090 ferlandandcompanycpas@yahoo.com

Independent Auditors' Report

To the Stockholder
KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities
Hopkins, MN

Report on the Audit of the Financial Statements

We have audited the financial statements of KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities, which comprise the balance sheets as of December 31, 2023 and 2022, 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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities, as of December 31, 2023 and 2022, 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.

Change in Accounting Principle:

As discussed in notes 1 and 2 to the financial statements, as of January 1, 2023, KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities adopted new accounting guidance that changed the way it recognized the allowance for credit losses. Our opinion is not modified with respect to this matter.

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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities 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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities' ability to continue as a going concern within one year after the date the financial statements were available to be issued.

Auditor's Responsibility 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 in 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, individual 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 judgement 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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities' 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.



Pawtucket, RI
May 3, 2024

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

BALANCE SHEETS
December 31, 2023 and 2022

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash		\$1,675,561	\$1,382,823
Accounts receivable (Note 1)		523,218	536,440
Notes receivable, current portion, net (Note 2)		204,113	179,198
Equipment receivable		5,001	1,265
Advances		625	-
Inventory		33,561	37,736
Prepaid expenses		18,121	16,064
Right of use asset, current		33,142	31,771
		<u>2,493,342</u>	<u>2,185,297</u>
Total current assets			
Property and equipment:			
Computer equipment		42,413	42,413
Furniture and fixtures		19,157	19,157
Equipment		75,786	71,568
Motor vehicles		151,050	151,050
		<u>288,406</u>	<u>284,188</u>
Total property and equipment			
Less accumulated depreciation		<u>(246,271)</u>	<u>(231,946)</u>
		<u>42,135</u>	<u>52,242</u>
Net property and equipment			
Other assets:			
Deposits		2,734	2,734
Notes receivable, long-term portion, net (Note 2)		48,630	32,782
Right of use asset, net of current		101,411	145,236
		<u>152,775</u>	<u>35,516</u>
Total other assets			
Total assets		<u>\$2,688,252</u>	<u>\$2,273,055</u>

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

BALANCE SHEETS (Continued)
December 31, 2023 and 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable, trade	\$ 851,784	\$ 755,499
Current portion of long-term debt	17,869	19,511
Accrued expenses	553,681	596,985
Stockholder payable	661	-
Deferred revenue	377,958	171,964
Lease obligation, current	<u>33,142</u>	<u>31,771</u>
Total current liabilities	<u>1,941,211</u>	<u>1,575,730</u>
Long-term liabilities:		
Long-term debt, net of current portion	1,472	19,096
Deferred lease liability, net of current	8,468	5,897
Accrued expenses related to long-term assets	5,263	3,458
Lease obligation, net of current	<u>101,411</u>	<u>145,236</u>
Total long-term liabilities	<u>116,614</u>	<u>173,687</u>
Total liabilities	<u>2,057,825</u>	<u>1,749,417</u>
Stockholders' equity:		
Common stock, .01 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	154,990	154,990
Retained earnings	<u>581,543</u>	<u>368,638</u>
Total stockholders' equity	<u>630,427</u>	<u>523,638</u>
Total liabilities and stockholders' equity	<u>\$2,688,252</u>	<u>\$2,273,055</u>

[See accompanying notes to financial statements](#)

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

STATEMENTS OF INCOME AND STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Franchise fee revenues:			
Interest on financing	\$ 5,516	\$ 5,646	\$ 6,814
Franchise fees	1,007,207	802,733	758,624
Royalty fees	880,368	851,367	798,531
Management fees	440,184	425,683	399,266
Insurance fees	606,455	559,985	514,603
Other fees and reimbursements	224,540	232,696	263,425
Total franchise fee revenues	3,164,270	2,878,110	2,741,263
Agency revenue, (note 1)	18,137	11,428	8,909
Supply revenue:			
Sale of janitorial supplies	309,473	234,694	190,653
Cost of sales	(282,513)	(194,996)	(164,894)
Net supply revenue	26,960	39,698	25,759
Total revenue	3,209,367	2,929,236	2,775,931
Operating expenses:			
Corporate Royalties	414,133	380,800	357,187
Payroll and related expenses	1,688,369	1,562,419	1,613,120
Occupancy	85,373	59,710	76,677
Selling, general and administrative	347,975	338,311	289,726
Total operating expenses	2,535,850	2,341,240	2,336,710
Income from operations	673,517	587,996	439,221
Other revenues (expenses):			
Interest income	308	37	26
Depreciation and amortization	(14,324)	(22,575)	(28,114)
Interest expense	(1,420)	(1,952)	(10,373)
Total other expenses	(15,436)	(24,490)	(38,461)
Net income	658,081	563,506	400,760
Distributions to stockholders	(570,000)	(405,000)	(490,000)
Effect of the change in accounting principle	(20,412)	-	-
Retained earnings, beginning	513,874	355,368	444,608
Retained earnings, ending	\$ 581,543	\$ 513,874	\$ 355,368

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

STATEMENTS OF CASH FLOWS

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

	2023	2022	2021
Operating activities:			
Net income	\$ 658,081	\$ 563,506	\$ 400,760
Adjustments to reconcile net income to net cash by operating activities:			
Depreciation	14,325	18,944	19,447
Amortization	-	3,631	8,667
Expenses paid by stockholders	-	-	2,078
Bad debt allowance	4,387	(1,700)	2,300
(Increase) decrease in:			
Accounts receivable	(2,090)	65,066	(25,116)
Employee and franchisee advances	(625)	-	1,250
Notes receivable	(53,986)	37,592	(45,288)
Prepaid expense	(2,057)	(336)	2,538
Inventory	4,175	844	(11,303)
Increase (decrease) in:			
Accounts payable	96,285	11,403	55,250
Accrued expenses	(41,499)	94,144	8,509
Deferred revenues	205,994	8,082	63,366
Deferred lease liability	2,571	(63)	(5,590)
Net cash provided by operating activities	<u>885,561</u>	<u>237,607</u>	<u>639,614</u>
Investing activities:			
Purchase of equipment	<u>(4,218)</u>	<u>(18,464)</u>	<u>(699)</u>
Financing activities:			
Repayment of auto loan	(19,266)	(18,735)	(18,048)
Reimbursements to stockholders	661	(2,078)	-
Stockholder distributions	<u>(570,000)</u>	<u>(405,000)</u>	<u>(490,000)</u>
Net cash used by financing activities	<u>(588,605)</u>	<u>(425,813)</u>	<u>(508,048)</u>
Net increase in cash	292,738	(206,670)	130,867
Cash, beginning of year	<u>936,960</u>	<u>1,143,630</u>	<u>1,012,763</u>
Cash, end of year	<u>\$1,229,698</u>	<u>\$ 936,960</u>	<u>\$1,143,630</u>
Supplemental information:			
Interest paid	<u>\$ 1,420</u>	<u>\$ 1,952</u>	<u>\$ 10,373</u>
Change in right of use asset and lease obligation	<u>\$ (42,454)</u>	<u>\$ 177,007</u>	<u>\$ -</u>
Non-cash operating activities:			
Expenses paid by stockholders	<u>\$ 661</u>	<u>\$ -</u>	<u>\$ 2,078</u>

[See accompanying notes to financial statements](#)

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Nature of Business:

KLJ Ventures, Inc., d/b/a Jan-Pro Twin Cities (a Minnesota S corporation), was formed June 15, 2004 to engage in the business of selling cleaning service franchises. The company owns two master franchises purchased from Jan-Pro Franchising International Inc. The first was purchased June 15, 2004 and was granted the rights to operate in the Counties of Hennepin, Carver, Scott and the Western Half of Anoka County. The second was purchased on May 18, 2007 and was granted the right to operate in the Counties of Dakota, Ramsey, Washington and the Eastern half of Anoka County. All Counties are in the State of Minnesota. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and retained earnings and cash flows for the periods included.

Revenue Recognition:

The Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606), replacing almost all the previous revenue recognition guidance in US GAAP, with regards to contracts.

- **The contract with the Customer:** The parties involved are KLJ Ventures, Inc. and the prospective franchisees, for their financial consideration, either cash and/or financing (ranging from \$2,925 to \$44,000), the franchisee will receive monthly cleaning contracts equivalent to the size plan purchased. The monthly contract has a definite value for which the franchisee will gain benefits immediately when serviced.
- **Performance obligations:** Under the franchise agreement, KLJ Ventures, Inc. must certify the franchisee in the standards required by Jan-Pro Franchising International, Inc. and provide the franchisee with monthly service contracts equivalent to the plan size purchased.
- **Determining the transaction price:** Included in the Franchise Disclosure Document is a plan package grid with predetermined prices that the prospective franchisee chooses from. The cost of each service level is clearly defined and the only variable in pricing is if they obtain the 10% discount for paying upfront. There is a minimal renewal fee at the end of the ten-year term.
- **Allocating the purchase price:** The allocation of the purchase price per obligation:
 - Certification 0% - the cost of certification is minimal to the Company and varies depending on the size of the group being certified and no economic benefit received.
 - Providing cleaning contract 100% - The franchisee receives direct economic benefit from the contracts provided by the company, as well as the services to be received under the agreement
- **Recognize Revenue:** The company recognizes revenue, Initial plan contract, on a percentage of completion method, as a percentage of the total monthly contracts provided divided by the total required monthly business.

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

Once the obligations under the initial plan have been fulfilled, the Company recognizes additional contracts above the initial business, referred to as upgrades, when sold to the franchisees, since the franchisee receives immediate economic benefit of the contractual obligation.

<u>Year</u>	<u>Initial Franchise Plans Sold</u>	<u>Gross amount of IFPs</u>	<u>Amount included in Deferred</u>	<u>Franchisees with upgrade purchases</u>	<u>Gross Amount Purchased</u>	<u>% of Total Revenues</u>
2023	49	\$ 759,770	\$ 377,958	73	\$ 453,230	31%
2022	28	371,945	171,964	74	438,771	27%
2021	24	320,045	163,882	77	501,945	27%

The Company, as part of the franchise agreement, acts as an agent on behalf of the franchisee for the invoicing and collection of payments from the cleaning customers on a monthly basis. The amounts billed on behalf of the franchisees for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Gross cleans billed	\$ 8,821,818	\$ 8,526,004	\$ 7,994,215
Gross paid to franchisees	<u>(8,803,681)</u>	<u>(8,514,576)</u>	<u>(7,985,306)</u>
	<u>\$ 18,137</u>	<u>\$ 11,428</u>	<u>\$ 8,909</u>

At December 31, 2023 and 2022, the total owed to the franchisees from the cleaning contracts was \$791,831 and \$693,485, respectively, which is included in accounts payable.

The Company, as part of the franchise agreement, provides ancillary services to the franchisee for which they are reimbursed on a monthly basis. The service revenues are recognized when the cleaning services are provided by the franchisee. These fees include a support fee of 5% and a royalty fee of 10%. The Company also offers the franchisees the option to be covered by the Company's general liability policy at a rate of 6.9%, or carry their own policy supported by a certificate of insurance. The Company is also reimbursed for other administrative costs that are directly related to franchise operations. The ancillary revenues and reimbursements are as follows:

<u>Year</u>	<u>Ancillary Service Revenues</u>	<u>Other Fees and Reimbursements</u>	<u>% of Total Revenues</u>
2023	\$ 1,927,007	\$ 230,056	67%
2022	1,837,035	238,342	71%
2021	1,712,400	270,239	71%

Ancillary service revenue, relating to the agency payable, has been accrued totaling \$191,497 and \$167,799, and is included in accounts receivable at December 31, 2023 and 2022, respectively.

-8-
KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At December 31, 2023 and 2022, there were no cash equivalents.

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, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable - Trade:

The company carries its accounts receivable at cost net of an allowance for credit losses. On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Accounts receivable will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company will consider a receivable to be a bad debt once it has been in collections for more than ninety days. At December 31, 2023 and 2022, accounts receivable was as follows:

	<u>2023</u>	<u>2022</u>
Accounts receivable, trade	350,904	341,689
Accounts receivable, supply	(3,871)	26,952
Current Expected Credit Loss (CECL)	(15,312)	
Service fees receivable	<u>191,497</u>	<u>167,799</u>
Net receivables	<u>\$523,218</u>	<u>\$536,440</u>

Inventory:

Inventory is valued at the lower of cost or market on a first-in, first-out (FIFO) basis.

Income Taxes:

The company has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporate income taxes, the company’s income or loss flows through to the shareholders. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The open years available for IRS review range from 2020 through 2022.

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Property and Equipment:

Property and equipment is stated at cost. Depreciation is provided by using straight-line methods over the estimated useful lives of the related assets. Useful lives range from five years for autos, office and cleaning equipment and seven years for furniture.

Investment in the Master Franchise:

The investment in the master franchise agreement is being amortized over a fifteen-year period with the Minneapolis territory beginning July 2004 and the St. Paul territory beginning August 2007. The franchise fee was renewed through 2034 and 2037, respectively, at no additional cost.

2. Notes Receivable:

The company carries its notes receivable at cost net of an allowance for credit losses. On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts, including loans, will be presented at the net amount expected to be collected by using an allowance for credit losses. Loans will receive an initial allowance at the acquisition date that represents an adjustment to the amortized cost basis of the loan, with no impact to earnings. The Company does not hold any portion of its notes for sale. It recognizes interest revenue at a rate of 0% or 10% per annum. If the franchisee’s monthly billings drop below a certain threshold, payments are suspended, and interest does not accrue until payments are resumed. Once the franchisee surpasses the threshold, payments are resumed, and interest is earned on the prior outstanding balance. If the franchisee is below the threshold, it is the Company’s policy to keep the loan as current if the franchisee is servicing customers.

At December 31, 2023 twenty-eight notes were outstanding with interest at 10% with monthly installments ranging from \$64 to \$242 through December 2026. Notes receivable, initial sales, at December 31, 2023 and 2022 were \$89,346 and \$59,416, respectively. In addition, the company has fifty franchisees with upgrade purchases financed with interest at 0% to 10% through December 2024. Notes receivable upgrades, at December 31, 2023 and 2022 were \$184,184 and \$163,864, respectively. At December 31, 2023, two franchisees was in the rears on payments totaling \$1,226.

The above referenced notes have scheduled maturities as follows:

Year Ending December 31:

	<u>Amount</u>	<u>Allowance</u>	<u>2023 Net</u>	<u>2022 Net</u>
2024	\$ 220,900	\$ (16,787)	\$ 204,113	\$ 179,198
2025	32,417	(2,464)	29,953	19,648
2026	20,213	(1,536)	18,677	13,134
	<u>273,530</u>	<u>(20,787)</u>	<u>252,743</u>	<u>211,980</u>
Less Current	<u>220,900</u>	<u>(16,787)</u>	<u>204,113</u>	<u>179,198</u>
	<u>\$ 52,630</u>	<u>\$ (4,000)</u>	<u>\$ 48,630</u>	<u>\$ 32,782</u>

-10-
KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

3. Concentration of Credit Risk:

The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At different times of the year, the balance may exceed this amount. At December 31, 2023, the company had uninsured cash of \$1,464,535.

4. Advertising:

Advertising costs are expensed when incurred. Advertising expenses for the years ended December 31, 2023, 2022 and 2021 amounted to \$100,045, \$74,647 and \$52,498, respectively.

5. Commitment:

The company pays corporate royalties to Jan-Pro Franchising International, Inc. of 10% of franchise fees and financing revenue and 3% or 4% of customer's monthly billings, determined by territory. The fees are part of two master franchise agreements in effect through June 2019 (renewed through June 2034) and May 2022. Total royalty expenses for the years ended December 31, 2023, 2022 and 2021 was \$414,133, \$380,800 and \$357,187, respectively.

6. Pension Plan:

The company sponsored a 401(K) plan, which was available to all eligible employees, and provides a discretionary matching contribution on employee wage deferrals into the plan. The employees were eligible to make their Elective Deferral Contributions and receive Non-Safe Harbor Matching contributions, Safe Harbor Matching Contributions and Profit-Sharing Contributions only if they attain age twenty-one and complete one year of eligible service.

Effective January 1, 2016, the plan was amended and was merged with the KLJ Ventures, Inc. 401(k) profit sharing plan. There was no loss of investment or vesting as a result of this merger.

The company maintains a "401(k) Profit Sharing Plan" that is available to all employees that have reached twenty-one years of age and has completed one full year of vested service (1000 hours of service per plan year). This plan is an employee and employer match-based contribution for all eligible employees. Employees may make pre or post tax contributions up to the limits set by the IRS. The company's 3% matching contribution for the years ended December 31, 2023, 2022 and 2021 amounted to \$12,561, \$9,898 and \$7,130, respectively.

Profit sharing contributions from the employer are on a discretionary basis and will be either a dollar amount or percentage of compensation. Full vesting occurs after three years of vesting service. The total amount the employer contributed and accrued for the year ended December 31, 2023, 2022 and 2021 totaled \$12,561, \$7,569 and \$13,696, respectively.

The company maintains a "Cash Balance Plan" that is available to all employees that have reached twenty-one years of age and has completed one full year of service. This plan is an employer-based contribution only and does not permit contributions from the eligible employees. Full vesting occurs after three years of service once eligible for the plan. The plan provides a contribution based on

-11-
KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

6. Pension Plan: (continued)

classification of employee, owners have a contribution amount of \$125,000 and employees have 2% of their salary as described by the IRS. The total amount contributed and accrued for the years ended December 31, 2023, 2022 and 2021 totaled \$408,763, \$450,000 and \$356,092, respectively.

7. Note Payable, Autos:

	<u>2023</u>	<u>2022</u>
Note payable, auto in the original amount of \$81,892, with interest at 3.49%, requiring seventy-two monthly payments of \$1,264 through November 2024. The loan is secured by the underlying auto.	\$ 12,564	\$ 26,907
Note payable, auto in the original amount of \$24,289, with interest at 5.04%, requiring sixty monthly payments of \$460 through April 2025. The loan is secured by the underlying auto.	<u>6,777</u>	<u>11,700</u>
	<u>\$ 19,341</u>	<u>\$ 38,607</u>
<u>Future minimum maturities at December 31</u>		
2024	\$ 17,869	
2025	<u>1,472</u>	
	19,341	38,607
Less: current	<u>(17,869)</u>	<u>(19,511)</u>
	<u>\$ 1,472</u>	<u>\$ 19,096</u>

8. Operating Leases:

In September 2022, the company renewed its office lease for a term of sixty-two months through December 31, 2027. The company was given the first two months free and began to pay a base monthly rent of \$2,734 on January 1, 2023, increasingly annually, each January. The company is also required to pay their prorated share of common operating costs. The rent concession generated a deferred rent liability of \$8,468 and \$5,897, at December 31, 2023 and 2022, respectively. The rent expense for the years ended December 31, 2023, 2022 and 2021 was \$85,373, \$59,709 and \$76,677, respectively.

In October 2017 the Company entered into a sixty-month copier lease with monthly base payment of \$322, through September 2022. The copier was returned and the company purchased a copier included in property and equipment

The lease expense for the years ended December 31, 2022 and 2021 was \$5,142 and \$4,416, respectively.

-12-
KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

8. Operating Leases: (Continued)

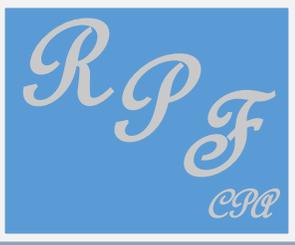
Future minimum obligations for the year ended December 31 are as follows:

	<u>Rent</u> <u>Expense</u>	<u>Right of</u> <u>Use Asset</u>
2024	\$ 34,688	\$ 33,142
2025	36,563	33,515
2026	38,438	33,823
2027	40,313	34,073
	<u>\$ 150,000</u>	<u>\$ 134,553</u>

The overall present value of the right to uses asset and liability at December 31, 2023 and 2022 totaled \$134,553 and \$177,007, respectively, and is based on an incremental borrowing rate of 8.5% and 6.5% (prime at December 31, 2023 and 2022, respectively).

9. Subsequent Event:

Subsequent events were evaluated through May 3, 2024, the date the financial statements were available to be issued.



Accounting Services

100 Smithfield Ave, Box 5, Pawtucket, RI 02860 Ph 401-473-9090 ferlandandcompanycpas@yahoo.com

May 3, 2024

To the Stockholder
KLJ Ventures, Inc.
d/b/a Jan-Pro Twin Cities
Hopkins, MN

We hereby consent to the use of our report dated May 3, 2024, on our audits of the financial statements of KLJ Ventures, Inc., d/b/a Jan-Pro Cleaning Systems - Twin Cities as of December 31, 2023 and 2022 and the statement of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023 to be made part of the franchise disclosure document issued on May 3, 2024.

A handwritten signature in black ink, appearing to read 'Robert J. Ferland, CPA', written over a horizontal red line.

Pawtucket, RI

~~KLJ Ventures, Inc.~~
~~d/b/a~~
~~Jan-Pro Twin Cities~~

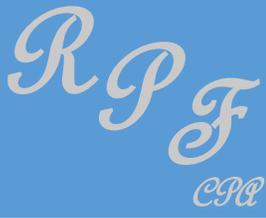
~~Financial Statements~~
~~December 31, 2022~~

~~KLJ VENTURES, INC.~~
~~D/B/A JAN-PRO TWIN CITIES~~

~~FINANCIAL STATEMENTS~~

CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	1-2
Financial Statements:	
— Balance Sheets	3-4
— Statements of Income and Stockholders' Equity	5
— Statements of Cash Flows	6-7
— Notes to Financial Statements	8-14



Accounting Services

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Independent Auditors' Report

To the Stockholder

~~KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities
Hopkins, MN~~

Report on the Audit of the Financial Statements

~~We have audited the financial statements of KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities, which comprise the balance sheets as of December 31, 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, 2022, 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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities, as of December 31, 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, 2022, in accordance with accounting principles generally accepted in the United States of America.~~

Change in Accounting Principle:

~~As discussed in note 8 to the financial statements as of January 1, 2022, the Company adopted new accounting guidance that changed the way it recognized operating leases. Our opinion is not modified with respect to this matter.~~

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 KLJ Ventures, Inc.; d/b/a Jan-Pro Twin Cities 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 KLJ Ventures, Inc.; d/b/a Jan Pro Twin Cities' ability to continue as a going concern for December 31, 2022.~~

Auditor's Responsibility 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 in 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, individual 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 judgement 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 KLJ Ventures, Inc.; d/b/a Jan Pro Twin Cities' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about KLJ Ventures, Inc.; d/b/a Jan Pro Twin Cities' 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.~~

A handwritten signature in black ink, appearing to read "Paul J. Allen, CPA".

~~Pawtucket, RI
April 25, 2023~~

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

BALANCE SHEETS
December 31, 2022 and 2021

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash		\$1,382,823	\$1,025,987
Accounts receivable (Note 1)		536,440	601,506
Notes receivable, current portion, net (Note 2)		179,198	223,196
Equipment receivable		1,265	5,967
Inventory		37,736	38,580
Prepaid expenses		16,064	15,728
		<u>2,153,526</u>	<u>1,910,964</u>
Right of use asset:			
Right of use asset, current		31,771	-
Right of use asset, net of current		145,236	-
		<u>177,007</u>	<u>-</u>
Property and equipment:			
Computer equipment		42,413	41,939
Furniture and fixtures		19,157	19,157
Equipment		71,568	53,578
Motor vehicles		151,050	151,050
		<u>284,188</u>	<u>265,724</u>
Total property and equipment		284,188	265,724
Less accumulated depreciation		<u>(231,946)</u>	<u>(213,002)</u>
		<u>52,242</u>	<u>52,722</u>
Net property and equipment		<u>52,242</u>	<u>52,722</u>
Other assets:			
Deposits		2,734	2,734
Notes receivable, long-term portion, net (Note 2)		32,782	19,974
Master franchise fee, net of accumulated amortization (Note 1)		-	3,631
		<u>35,516</u>	<u>26,339</u>
Total other assets		<u>35,516</u>	<u>26,339</u>
Total assets		<u>\$2,418,291</u>	<u>\$1,990,025</u>

~~See accompanying notes to financial statements~~

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

BALANCE SHEETS (Continued)
December 31, 2022 and 2021

LIABILITIES AND STOCKHOLDERS' EQUITY

	2022	2021
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable, trade	\$ 755,499	\$ 744,096
Current portion of long-term debt	19,511	18,768
Accrued expenses	596,985	504,182
Stockholder payable	-	2,078
Deferred lease liability, current	-	5,960
Deferred revenue	171,964	163,882
Total current liabilities	1,543,959	1,438,966
Lease obligation:		
Lease obligation, current	31,771	-
 Lease obligation, net of current	145,236	-
Total Lease obligation:	177,007	-
Long-term liabilities:		
Long-term debt, net of current portion	19,096	38,574
Deferred lease liability, net of current	5,897	-
Accrued expenses related to long-term assets	3,458	2,117
Total long-term liabilities	28,451	40,691
Total liabilities	1,749,417	1,479,657
Stockholders' equity:		
Common stock, .01 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	154,990	154,990
Retained earnings	513,874	355,368
Total stockholders' equity	668,874	510,368
Total liabilities and stockholders' equity	\$2,418,291	\$1,990,025

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

STATEMENTS OF INCOME AND STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchise fee revenues:			
Interest on financing	\$ 5,646	\$ 6,814	\$ 8,877
Franchise fees	802,733	758,624	598,523
Royalty fees	851,367	798,531	737,442
Management fees	425,683	399,266	368,721
Insurance fees	559,985	514,603	480,517
Other fees and reimbursements	232,696	263,425	251,219
Total franchise fee revenues	<u>2,878,110</u>	<u>2,741,263</u>	<u>2,445,299</u>
Agency revenue, (note 1)	<u>11,428</u>	<u>8,909</u>	<u>38,537</u>
Supply revenue:			
Sale of janitorial supplies	234,694	190,653	174,453
Cost of sales	<u>(194,996)</u>	<u>(164,894)</u>	<u>(148,135)</u>
Net supply revenue	<u>39,698</u>	<u>25,759</u>	<u>26,318</u>
Total revenue	<u>2,929,236</u>	<u>2,775,931</u>	<u>2,510,154</u>
Operating expenses:			
Corporate Royalties	380,800	357,187	323,317
Payroll and related expenses	1,562,419	1,613,120	1,384,241
Occupancy	59,710	76,677	80,332
Selling, general and administrative	<u>338,311</u>	<u>289,726</u>	<u>245,267</u>
Total operating expenses	<u>2,341,240</u>	<u>2,336,710</u>	<u>2,033,157</u>
Income from operations	<u>587,996</u>	<u>439,221</u>	<u>476,997</u>
Other revenues (expenses):			
Interest income	37	26	37
Depreciation and amortization	(22,575)	(28,114)	(28,114)
Interest expense	<u>(1,952)</u>	<u>(10,373)</u>	<u>(3,057)</u>
Total other expenses	<u>(24,490)</u>	<u>(38,461)</u>	<u>(31,134)</u>
Net income	563,506	400,760	445,863
Distributions to stockholders	(405,000)	(490,000)	(350,000)
Retained earnings, beginning	<u>355,368</u>	<u>444,608</u>	<u>348,745</u>
Retained earnings, ending	<u>\$ 513,874</u>	<u>\$ 355,368</u>	<u>\$ 444,608</u>

~~See accompanying notes to financial statements~~

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Operating activities:			
Net income	\$ 563,506	\$ 400,760	\$ 445,863
Adjustments to reconcile net income to net cash by operating activities:			
Depreciation	18,944	19,447	19,448
Amortization	3,631	8,667	8,667
Expenses paid by stockholders	-	2,078	-
Bad debt allowance	(1,700)	2,300	-
(Increase) decrease in:			
Accounts receivable	65,066	(25,116)	(173,696)
Employee and franchisee advances	-	1,250	(875)
Notes receivable	37,592	(45,288)	(2,474)
Prepaid expense	(336)	2,538	(6,786)
Inventory	844	(11,303)	(9,842)
Increase (decrease) in:			
Accounts payable	11,403	55,250	62,352
Accrued expenses	94,144	8,509	21,852
Deferred revenues	8,082	63,366	(122,164)
Deferred lease liability	(63)	(5,590)	(3,715)
Net cash provided by operating activities	801,113	476,868	238,630
Investing activities:			
Purchase of equipment	(18,464)	(699)	(2,218)
Financing activities:			
Repayment of auto loan	(18,735)	(18,048)	(16,250)
Reimbursements to stockholders	(2,078)	-	(565)
Stockholder distributions	(405,000)	(490,000)	(350,000)
Net cash used by financing activities	(425,813)	(508,048)	(366,815)
Net increase in cash	356,836	(31,879)	(130,403)
Cash, beginning of year	1,025,987	1,057,866	1,188,269
Cash, end of year	\$1,382,823	\$1,025,987	\$1,057,866

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO OF THE TWIN CITIES

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Supplemental information:			
Interest paid	<u>\$ 1,952</u>	<u>\$10,373</u>	<u>\$ 3,057</u>
Non-cash operating activities:			
Expenses paid by stockholders	<u>\$ -</u>	<u>\$ 2,078</u>	<u>\$ -</u>
Non-cash financing activities:			
Financed motor vehicle purchase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,289</u>

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Nature of Business:

KLJ Ventures, Inc., d/b/a Jan-Pro Twin Cities (a Minnesota S corporation), was formed June 15, 2004 to engage in the business of selling cleaning service franchises. The company owns two master franchises purchased from Jan-Pro Franchising International Inc. The first was purchased June 15, 2004 and was granted the rights to operate in the Counties of Hennepin, Carver, Scott and the Western Half of Anoka County. The second was purchased on May 18, 2007 and was granted the right to operate in the Counties of Dakota, Ramsey, Washington and the Eastern half of Anoka County. All Counties are in the State of Minnesota. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and retained earnings and cash flows for the periods included.

Revenue Recognition:

The Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606), replacing almost all the previous revenue recognition guidance in US GAAP, with regards to contracts. The Company adopted the new standard on January 1, 2017, the first day of the Company had the option to adopt.

- **The contract with the Customer:** The parties involved are KLJ Ventures, Inc. and the prospective franchisees, for their financial consideration, either cash and/or financing (ranging from \$2,925 to \$44,000), the franchisee will receive monthly cleaning contracts equivalent to the size plan purchased. The monthly contract has a definite value for which the franchisee will gain benefits immediately when serviced.
- **Performance obligations:** Under the franchise agreement, KLJ Ventures, Inc. must certify the franchisee in the standards required by Jan-Pro Franchising International, Inc. and provide the franchisee with monthly service contracts equivalent to the plan size purchased.
- **Determining the transaction price:** Included in the Franchise Disclosure Document is a plan package grid with predetermined prices that the prospective franchisee

~~chooses from. The cost of each service level is clearly defined and the only variable in pricing is if they obtain the 10% discount for paying upfront. There is a minimal renewal fee at the end of the ten-year term.~~

- ~~● **Allocating the purchase price:** The allocation of the purchase price per obligation:
 - ~~● Certification 0% — the cost of certification is minimal to the Company and varies depending on the size of the group being certified and no economic benefit received.~~
 - ~~● Providing cleaning contract 100% — The franchisee receives direct economic benefit from the contracts provided by the company, as well as the services to be received under the agreement~~~~
- ~~● **Recognize Revenue:** The company recognizes revenue, Initial plan contract, on a percentage of completion method, as a percentage of the total monthly contracts provided divided by the total required monthly business.~~

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

Once the obligations under the initial plan have been fulfilled, the Company recognizes additional contracts above the initial business, referred to as upgrades, when sold to the franchisees, since the franchisee receives immediate economic benefit of the contractual obligation.

<u>Year</u>	<u>Initial Franchise Plans Sold</u>	<u>Gross amount of IFPs</u>	<u>Amount included in Deferred</u>	<u>Franchisees with upgrade purchases</u>	<u>Gross Amount Purchased</u>	<u>% of Total Revenues</u>
2022	28	\$ 371,945	\$ 171,964	74	\$ 438,771	27%
2021	24	320,045	163,882	77	501,945	27%
2020	21	203,090	100,516	64	280,201	24%

The Company, as part of the franchise agreement, acts as an agent on behalf of the franchisee for the invoicing and collection of payments from the cleaning customers on a monthly basis. The amounts billed on behalf of the franchisees for the years ended December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross cleans billed	\$ 8,526,004	\$ 7,994,215	\$ 7,412,955
Gross paid to franchisees	<u>(8,514,576)</u>	<u>(7,985,306)</u>	<u>(7,374,418)</u>
	<u>\$ 11,428</u>	<u>\$ 8,909</u>	<u>\$ 38,537</u>

At December 31, 2022 and 2021, the total owed to the franchisees from the cleaning contracts was \$693,485 and \$691,882, respectively, which is included in accounts payable.

The Company, as part of the franchise agreement, provides ancillary services to the franchisee for which they are reimbursed on a monthly basis. The service revenues are recognized when the cleaning services are provided by the franchisee. These fees include a support fee of 5% and a royalty fee of 10%. The Company also offers the franchisees the option to be covered by the Company's general liability policy at a rate of 6.9%, or carry their own policy supported by a certificate of insurance. The Company is also reimbursed for other administrative costs that are directly related to franchise operations. The ancillary revenues and reimbursements are as follows:

<u>Year</u>	<u>Ancillary Service Revenues</u>	<u>Other Fees and Reimbursements</u>	<u>% of Total Revenues</u>
2021	\$ 1,712,400	\$ 270,239	71%
2020	1,586,680	260,096	74%
2019	1,579,713	214,290	75%

~~Ancillary service revenue, relating to the agency payable, has been accrued totaling \$167,799 and \$166,425, and is included in accounts receivable at December 31, 2022 and 2021, respectively.~~

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.

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, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Trade:

The company carries its accounts receivable at cost net of an allowance for doubtful accounts, if deemed necessary. Periodically the Company evaluates its receivable and establishes an allowance based on historical experience with bad debts and collections as well as current credit conditions. The Company charges off uncollectible receivables when the receivable is in collections for more than ninety days. At December 31, 2022 and 2021, accounts receivable was as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable, trade	341,689	415,300
Accounts receivable, supply	26,952	19,781
Service fees receivable	<u>167,799</u>	<u>166,425</u>
Net receivables	<u>\$536,440</u>	<u>\$601,506</u>

Inventory:

Inventory is valued at the lower of cost or market on a first in, first out (FIFO) basis.

Income Taxes:

~~The company has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporate income taxes, the company's income or loss flows through to the shareholders. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The open years available for IRS review range from 2019 to 2021.~~

~~Property and Equipment:~~

~~Property and equipment is stated at cost. Depreciation is provided by using straight-line methods over the estimated useful lives of the related assets. Useful lives range from five years for autos, office and cleaning equipment and seven years for furniture.~~

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Investment in the Master Franchise:

The investment in the master franchise agreement is being amortized over a fifteen-year period with the Minneapolis territory beginning July 2004 and the St. Paul territory beginning August 2007. Management evaluates the asset annually for impairment. At December 31, 2022, no write down of the asset was necessary.

The master franchise fee, at December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Master Franchise Fee, Minneapolis	155,000	155,000
Master Franchise Fee, St. Paul	130,000	130,000
Less: Accumulated amortization	<u>(285,000)</u>	<u>(281,369)</u>
	<u>\$ -</u>	<u>\$ 3,631</u>

2. Notes Receivable:

The company carries its notes receivable at cost net of an allowance for doubtful accounts. The Company does not hold any portion of its notes for sale. It recognizes interest revenue at a rate of 0% or 10% per annum. If the franchisee's monthly billings drop below a certain threshold, payments are suspended, and interest does not accrue until payments are resumed. Once the franchisee surpasses the threshold, payments are resumed, and interest is earned on the prior outstanding balance. If the franchisee is below the threshold, it is the Company's policy to keep the loan as current if the franchisee is servicing customers

At December 31, 2022 twenty-two notes were outstanding with interest at 10% with monthly installments ranging from \$64 to \$242 through December 2025. Notes receivable, initial sales, at December 31, 2022 and 2021 were \$59,416 and \$52,418, respectively. In addition, the company has thirty-seven franchisees with upgrade purchases financed with interest at 0% to 10% through December 2023. Notes receivable upgrades, at December 31,

~~2022 and 2021 were \$163,864 and \$203,752, respectively. At December 31, 2022, one franchisee was in the rears on payments totaling \$774.~~

~~The above referenced notes have scheduled maturities as follows:~~

<u>Year Ending December 31:</u>	<u>Amount</u>	<u>Allowance</u>	<u>2021 Net</u>	<u>2020 Net</u>
2022	\$ 234,996	\$ (11,800)	\$ 223,196	\$ 161,012
2023	14,275	(800)	13,475	30,316
2024	6,899	(400)	6,499	11,014
	<u>256,170</u>	<u>(13,000)</u>	<u>243,170</u>	<u>202,342</u>
Less Current	<u>234,996</u>	<u>(11,800)</u>	<u>223,196</u>	<u>161,012</u>
	<u>\$ 21,174</u>	<u>\$ (1,200)</u>	<u>\$ 19,974</u>	<u>\$ 41,330</u>

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

NOTES TO THE FINANCIAL STATEMENTS

~~3. Concentration of Credit Risk:~~

~~The company finances sales of franchises to its franchisees as described in Note 2. The company periodically evaluates the allowance of 5% based on current economic conditions and trends of its own franchisee turnover. The franchise wide minimum allowance is based on national trends of the more than fifty US markets of Jan-Pro Franchising International and appear reasonable.~~

~~The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At different times of the year, the balance may exceed this amount. At December 31, 2022, the company had uninsured cash of \$1,156,070.~~

~~4. Advertising:~~

~~Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2022, 2021 and 2020 amounted to \$74,647, \$52,498 and \$38,260, respectively.~~

~~5. Commitment:~~

~~The company pays corporate royalties to Jan-Pro Franchising International, Inc. of 10% of franchise fees and financing revenue and 3% or 4% of customer's monthly billings, determined by territory. The fees are part of two master franchise agreements in effect through June 2019 (renewed through June 2034) and May 2022. Total royalty expense for the years ended December 31, 2022, 2021 and 2020 was \$380,800, \$357,187 and \$323,317, respectively.~~

~~6. Pension Plan:~~

~~The company sponsored a 401(k) plan, which was available to all eligible employees, and provides a discretionary matching contribution on employee wage deferrals into the plan. The employees were eligible to make their Elective Deferral Contributions and receive Non-Safe Harbor Matching contributions, Safe Harbor Matching Contributions and Profit-Sharing Contributions only if they attain age twenty one and complete one year of eligible service.~~

~~Effective January 1, 2016, the plan was amended and was merged with the KLJ Ventures, Inc. 401(k) profit sharing plan. There was no loss of investment or vesting as a result of this merger.~~

~~The company maintains a “401(k) Profit Sharing Plan” that is available to all employees that have reached twenty one years of age and has completed one full year of vested service (1000 hours of service per plan year). This plan is an employee and employer match based contribution for all eligible employees. Employees may make pre or post tax contributions up to the limits set by the IRS. The company’s 3% matching contribution for the years ended December 31, 2022, 2021 and 2020 amounted to \$9,898, \$7,130 and \$6,020, respectively.~~

~~Profit sharing contributions from the employer are on a discretionary basis and will be either a dollar amount or percentage of compensation. Full vesting occurs after three years of vesting service. The total amount the employer contributed and accrued for the year ended December 31, 2022, 2021 and 2020 totaled \$7,569, \$13,696 and \$19,401, respectively.~~

~~KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES~~

~~NOTES TO THE FINANCIAL STATEMENTS~~

~~6. Pension Plan: (continued)~~

~~The company maintains a "Cash Balance Plan" that is available to all employees that have reached twenty-one years of age and has completed one full year of service. This plan is an employer-based contribution only and does not permit contributions from the eligible employees. Full vesting occurs after three years of service once eligible for the plan. The plan provides a contribution based on classification of employee, owners have a contribution amount of \$125,000 and employees have 2% of their salary as described by the IRS. The total amount contributed and accrued for the years ended December 31, 2022, 2021 and 2020 totaled \$450,000, \$356,092 and \$355,320, respectively.~~

~~7. Note Payable, Autos:~~

	<u>2022</u>	<u>2021</u>
Note payable, auto in the original amount of \$81,892, with interest at 3.49%, requiring seventy-two monthly payments of \$1,264 through November 2024. The loan is secured by the underlying auto.	\$ 26,907	\$ 40,834
 Note payable, auto in the original amount of \$24,289, with interest at 5.04%, requiring sixty monthly payments of \$460 through April 2025. The loan is secured by the underlying auto.	 <u>11,700</u>	 <u>16,508</u>
	<u>\$ 38,607</u>	<u>\$ 57,342</u>
<u>Future minimum maturities at December 31</u>		
2023	\$ 19,511	
2024	17,747	
2025	<u>1,349</u>	
	38,607	57,342
Less: current	<u>(19,511)</u>	<u>(18,768)</u>
	<u>\$ 19,096</u>	<u>\$ 38,574</u>

~~8. Operating Leases:~~

~~In September 2022, the company renewed its office lease for a term of sixty two months through December 31, 2027. The company was given the first two months free and began~~

~~to pay a base monthly rent of \$2,734 on January 1, 2023, increasing annually, each January. The company is also required to pay their prorated share of common operating costs. The rent concession generated a deferred rent liability of \$5,897 and \$5,960, at December 31, 2022 and 2021, respectively. The rent expense for the years ended December 31, 2022, 2021 and 2020 was \$59,709, \$76,677 and \$80,332, respectively.~~

KLJ VENTURES, INC.
D/B/A JAN-PRO TWIN CITIES

~~NOTES TO THE FINANCIAL STATEMENTS~~

~~8. Operating Leases: (Continued)~~

~~The future minimum rents excluding CAM for the years ended December 31:~~

2023	\$ 32,813
2024	34,688
2025	36,563
2026	38,438
<hr/> 2027	<hr/> 40,313
	<hr/> <u>\$ 182,815</u>

~~In October 2017 the Company entered into a sixty-month copier lease with monthly base payment of \$322, through September 2022.~~

~~In March 2017, the company entered into thirty-six-month operating lease for a vehicle with a monthly base payment of \$453, through March 2020.~~

~~The lease expense for the years ended December 31, 2022, 2021 and 2020 was \$5,142, \$4,416 and \$6,097, respectively.~~

~~9. Subsequent Event:~~

~~The company has analyzed its operations subsequent December 31, 2022, the date of the statement of financial position through April 25, 2023, the date the financial statements were available to be issued.~~



Accounting ~~14~~ Services

100 Smithfield Ave, Box 5, Pawtucket, RI 02860 Ph 401-473-9090 ferlandandcompanycpas@yahoo.com

~~April 25, 2023~~

~~To the Stockholder
KLJ Ventures, Inc.
d/b/a Jan Pro Twin Cities
Hopkins, MN~~

~~We hereby consent to the use of our report dated April 25, 2023, on our audits of the financial statements of KLJ Ventures, Inc., d/b/a Jan Pro Cleaning Systems Twin Cities as of December 31, 2022 and 2021 and the statement of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022 to be made part of the franchise disclosure document issued on April 25, 2023.~~

A handwritten signature in black ink that reads "Fred All CPA".

~~Pawtucket, RI~~

**Master Franchisor
Audited Financial Report**

JAN-PRO FRANCHISING INTERNATIONAL, INC.

SUCCESSOR FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022 AND 2021 AND FOR THE YEAR ENDING
SEPTEMBER 30, 2022 AND FOR THE PERIOD FROM
DECEMBER 24, 2020 TO SEPTEMBER 30, 2021

AND CERTAIN PREDECESSOR FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020
AND FOR THE PERIOD FROM OCTOBER 1, 2020 TO DECEMBER 23, 2020
AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

with
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
BALANCE SHEET	5
STATEMENT OF INCOME	6
STATEMENT OF STOCKHOLDER'S EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-16



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Jan-Pro Franchising International, Inc.

Opinion

We have audited the accompanying successor financial statements of Jan-Pro Franchising International, Inc. (the "Company"), which comprise the balance sheet as of September 30, 2022 and 2021, and the related statements of income, stockholder's equity, and cash flows for the year ending September 30, 2022, and the period from December 24, 2020 to September 30, 2021. We have also audited the predecessor balance sheet as of September 30, 2020 and the related statements of income, stockholder's equity, and cash flows for the period from October 1, 2020 to December 23, 2020 and the year ending September 30, 2020 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the successor financial position of the Company as of September 30, 2022 and 2021, and the results of the successor operations and cash flows for the year ending September 30, 2022, and the period from December 31, 2020 to September 30, 2021, and the financial position of the Company as of September 30, 2020 and the results of predecessor operations and cash flows for the period from October 1, 2020 to December 23, 2020, and for the year ending September 30, 2020 in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 can arise from fraud or error and 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter – Related Party Transactions

As discussed in Notes 2, 6, and 8, the Company has significant transactions with related parties.



January 31, 2023

JAN-PRO FRANCHISING INTERNATIONAL, INC.
BALANCE SHEET
SEPTEMBER 30, 2022, 2021 AND 2020

ASSETS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current Assets			
Cash	\$ 290,206	\$ 1,225,165	\$ 469,892
Accounts receivable	46,579	4,919	58,725
Royalties and advertising fund contributions receivable	2,097,806	1,982,610	1,840,779
Notes receivable, current portion	81,757	191,210	289,268
Prepaid expenses	177,227	127,522	104,871
Income taxes receivable	-	28,799	-
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,693,575	3,560,225	2,763,535
Property and Equipment, Net	1,179,079	499,462	1,031,050
Other Assets			
Intangibles, net	146,381,141	153,214,950	92,477,749
Notes receivable, long-term portion	170,865	133,622	63,796
Due from affiliated companies	5,870,341	8,965,078	2,411,574
Other assets	83,622	80,485	224,506
	<hr/>	<hr/>	<hr/>
	152,505,969	162,394,135	95,177,625
	<hr/>	<hr/>	<hr/>
	\$ 156,378,623	\$ 166,453,822	\$ 98,972,210

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities			
Accounts payable and accrued expenses	\$ 1,948,306	\$ 2,439,988	\$ 1,685,255
Deferred revenue on franchise sales	406,061	466,061	-
Deferred rent	176,264	199,183	172,483
Income taxes payable	299,237	-	49,898
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	2,829,868	3,105,232	1,907,636
Deferred Income Taxes Payable	13,315,732	14,822,833	10,969,462
Stockholder's Equity			
Common stock, \$1 stated value, 15,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000	1,000
Additional paid in capital	147,849,389	147,849,389	85,361,224
Retained earnings (accumulated deficit)	(7,617,366)	675,368	732,888
	<hr/>	<hr/>	<hr/>
	140,233,023	148,525,757	86,095,112
	<hr/>	<hr/>	<hr/>
	\$ 156,378,623	\$ 166,453,822	\$ 98,972,210

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	<u>Successor</u> October 1, 2021 to September 30, 2022	<u>Successor</u> December 24, 2020 to September 30, 2021	<u>Predecessor</u> October 1, 2020 to December 23, 2020	<u>Predecessor</u> October 1, 2019 to September 30, 2020
Revenue				
Franchise fees	\$ 1,051,440	\$ 927,616	\$ 279,565	\$ 414,727
Royalties and advertising fund contributions	25,698,980	17,681,177	5,278,372	19,705,985
Ancillary	597,434	534,002	177,807	1,144,122
	<u>27,347,854</u>	<u>19,142,795</u>	<u>5,735,744</u>	<u>21,264,834</u>
Operating Expenses	<u>13,042,326</u>	<u>9,302,925</u>	<u>2,413,712</u>	<u>9,566,768</u>
Income from Operations	14,305,528	9,839,870	3,322,032	11,698,066
Other Income (Expense)				
Depreciation and amortization	(7,192,232)	(5,231,858)	(613,600)	(2,624,343)
Interest income	8,822	6,819	21,568	467,952
Interest expense	-	(1,851)	(18,824)	(45,305)
	<u>(7,183,410)</u>	<u>(5,226,890)</u>	<u>(610,856)</u>	<u>(2,201,696)</u>
Net Income Before (Provision) Credit for Income Taxes	7,122,118	4,612,980	2,711,176	9,496,370
(Provision) Credit for Income Taxes	<u>(1,779,608)</u>	<u>(929,624)</u>	<u>(504,411)</u>	<u>(2,028,613)</u>
Net Income	<u>\$ 5,342,510</u>	<u>\$ 3,683,356</u>	<u>\$ 2,206,765</u>	<u>\$ 7,467,757</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Total
<u>Predecessor:</u>				
Balance, September 30, 2019	\$ 1,000	\$ 85,361,224	\$ 1,265,131	\$ 86,627,355
Dividends	-	-	(8,000,000)	(8,000,000)
Net Income	-	-	7,467,757	7,467,757
Balance, September 30, 2020	1,000	85,361,224	732,888	86,095,112
Cumulative Effect of Change in Accounting Policy	-	-	(299,378)	(299,378)
Net Income	-	-	2,206,765	2,206,765
Balance, December 23, 2020	<u>\$ 1,000</u>	<u>\$ 85,361,224</u>	<u>\$ 2,640,275</u>	<u>\$ 88,002,499</u>
<u>Successor:</u>				
Recapitalization (Note 9), December 24, 2020	\$ 1,000	\$ 147,849,389	-	\$ 147,850,389
Dividends	-	-	(3,007,988)	(3,007,988)
Net Income	-	-	3,683,356	3,683,356
Balance, September 30, 2021	1,000	147,849,389	675,368	148,525,757
Dividends	-	-	(13,635,244)	(13,635,244)
Net Income	-	-	5,342,510	5,342,510
Balance, September 30, 2022	<u>\$ 1,000</u>	<u>\$ 147,849,389</u>	<u>\$ (7,617,366)</u>	<u>\$ 140,233,023</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	<u>Successor</u> October 1, 2021 to September 30, 2022	<u>Successor</u> December 24, 2020 to September 30, 2021	<u>Predecessor</u> October 1, 2020 to December 23, 2020	<u>Predecessor</u> October 1, 2019 to September 30, 2020
Cash Flows from Operating Activities:				
Net income	\$ 5,342,510	\$ 3,683,396	\$ 2,206,765	\$ 7,467,757
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	7,192,232	5,231,858	613,600	2,624,343
Credit for deferred income taxes	(1,507,101)	4,302,676	(360,568)	(528,829)
(Increase) decrease in:				
Accounts receivable	(41,692)	271,119	(217,313)	(47,882)
Royalties receivable	(115,196)	(330,543)	188,712	(168,050)
Notes receivable	72,210	2,781	25,471	194,827
Prepaid expenses	(49,705)	209,205	(231,856)	(34,954)
Income taxes receivable	28,799	-	-	-
Other assets	(3,137)	41,638	73,584	93,174
Increase (decrease) in:				
Accounts payable and accrued expenses	(491,682)	592,324	215,617	599,394
Deferred liabilities	(82,919)	(264,504)	268,044	67,147
Income taxes payable	299,237	-	-	-
Net Cash Provided by Operating Activities	10,643,588	13,739,890	2,780,056	10,268,940
Cash Flows from Investing Activities:				
Purchases of property and equipment	(1,038,042)	(407,533)	(24,984)	(598,002)
Advances from (to) affiliated companies	3,084,737	(10,037,337)	(2,286,831)	(2,102,316)
Net Cash Provided (Required) by Investing Activities	2,046,695	(10,444,870)	(2,311,815)	(2,698,316)
Cash Flows from Financing Activities:				
Dividends paid	(13,635,244)	(3,007,988)	-	(8,000,002)
Net Cash Required by Financing Activities	(13,635,244)	(3,007,988)	-	(8,000,002)
Net Increase (Decrease) in Cash	(934,959)	287,032	468,241	(429,376)
Cash, Beginning of Period	1,225,165	938,133	469,892	899,268
Cash, End of Period	\$ 290,206	\$ 1,225,165	\$ 938,133	\$ 469,892
Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for:				
Interest	\$ -	\$ 1,851	\$ 18,824	\$ 45,305
Income taxes	\$ 93,000	\$ 77,000	\$ 33,000	\$ 114,056
Supplemental Disclosures of Non-Cash Activity:				

Effective October 1, 2020, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). As a result, the Company recorded non-cash transactions to increase deferred revenue on franchise sales of approximately \$385,000, decrease liabilities relating to advertising funds received in excess of advertising expenditures of approximately \$103,000, and an adjustment to deferred taxes of approximately \$89,000.

The Company is a wholly owned subsidiary of Lyra Franchising, LLC ("Lyra"). From the period of October 1, 2020 through December 23, 2020, the predecessor period, Lyra was a wholly owned subsidiary of Lyra-JP Holdings, Inc. As further discussed in Note 9, Lyra was purchased by Bobcat Holdings Group, LP on December 24, 2020. In conjunction with the acquisition, the balance sheet of the Company was adjusted to market values based upon fair market appraisals received by the Company increasing stockholder's equity by approximately \$59,848,000.

The accompanying notes are an integral part of these financial statements.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF BUSINESS

Jan-Pro Franchising International, Inc. d/b/a Jan-Pro Franchising Systems International, Inc. (the "Company") is a wholly owned subsidiary of Lynx Franchising, LLC ("Lynx"). From the period of October 1, 2020 through December 23, 2020 and for the year ending September 30, 2020, the predecessor periods, Lynx was a wholly owned subsidiary of Lynx-JP Holdings, Inc. ("Old Holdco"). As further discussed in Note 9, Lynx was purchased by MidOcean BCAT Holdings, Inc. ("BCAT"), a wholly owned subsidiary of Bobcat Holdings Group, LP ("Bobcat Holdings") on December 23, 2020. Subsequent to September 30, 2022, Lynx's name was formally changed to "Empower Brands".

The Company is engaged in the business of selling and supporting regional franchise developer ("RFD") cleaning service franchises in the United States of America and Canada. These RFDs sell and support individual franchisees to certified business owners ("CBO") within their territories and pay royalties to the Company on their operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying financial statements include the successor balance sheet as of September 30, 2022 and 2021, and the related statements of income, stockholder's equity, cash flows for the year ending September 30, 2022 and the period from December 24, 2020 to September 30, 2021. The accompanying financials statements also include the predecessor balance sheet as of September 30, 2020 and the related successor statements of income, stockholder's equity and cash flows for the period from October 1, 2020 to December 23, 2020 and the year ending September 30, 2020.

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

The Company's RFD franchise agreements, internally developed software, trademarks, non-compete agreements and goodwill were assigned fair values based upon appraisals obtained as part of recapitalizations, including the 2021 recapitalization further discussed in Note 9. The value associated with the RFD franchise agreements, trademarks and non-compete agreements are being amortized on a straight-line basis over 5-25 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the RFD financing agreements, trademarks and non-compete agreements as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets during 2022, 2021 or 2020.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

Franchise Fees

The Company sells franchises which grant RFD's a right to operate within a designated territory. These franchises are conveyed through a Franchise Agreement.

The sale of the franchises is reflected within Franchise Fees in the accompanying statements of income. Franchise fees (including renewal and transfer fees) range from \$25,000 to \$150,000.

Following execution of the Franchise Agreement, the Company agrees to provide certain initial services, including advertising material, manuals and training aids, and three weeks of training and on-site assistance. The right to operate within the territory represents the Company fulfilling its performance obligation over the Franchise Agreement. Accordingly, revenues are recognized on a straight-line basis, beginning upon grand opening of their location, over the term of the Franchise Agreement, which is 15 years. The contract liability "deferred revenue on franchise fees" represents franchise fees for franchisees that are being deferred over the remaining term of the Franchise Agreement.

As further discussed in Note 3, the Company finances the sale of RFD Franchise Agreements.

Royalties and Advertising Fund Revenues

The Company collects royalties and advertising fund contributions ranging from 3% to 4% of a franchisee's monthly revenues. Royalties and advertising fund contributions are considered variable consideration. GAAP requires variable consideration that is to be recognized over the term of the franchise agreement to be estimated at the inception of the Franchise Agreement. Deferred revenue and a receivable would normally be recognized at the inception of the Franchise Agreement based on this estimate; however, given the nature of the business, the constraints associated with estimating these fees cannot be overcome in order to determine an estimate of the variable consideration that would not be likely to result in a significant reversal. Accordingly, as allowed by GAAP, these fees are recognized in the month in which services are performed for customers.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Company grants credit to its RFD franchisees in the form of notes receivable secured by personal guarantees of the owners of the RFD franchise. At September 30, 2022, 2021 and 2020, the Company had twelve, thirteen, and nine RFD franchisee notes receivable totaling \$252,622, \$324,832, and \$353,064, respectively (See Note 3). The Company routinely assesses the financial strength of its franchises, and as a consequence, believes its receivable credit risk exposure is limited. Therefore, the Company has not deemed allowance for collection of receivables necessary at September 30, 2022, 2021, and 2020.

The Company maintains cash balances at financial institutions that, at times are in excess of federally insured limits. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Company does not file a separate United States federal income tax return. Its results of operations for the period ending September 30, 2022, and the period from December 24, 2020 through September 30, 2021 are included in the consolidated returns of BCAT and results of operations for the period from October 1, 2020 through December 23, 2020 and years ended September 30, 2020 are included in the consolidated returns of Old Holdco. The Company records its share of the consolidated federal and state income tax expense on a separate return basis and any consolidated income tax refundable or payable is included in the due to/from affiliated companies, and, accordingly, satisfied immediately via intercompany.

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. At September 30, 2022, the Company has no unrecognized tax benefits, and there have been no significant income tax related penalties or interest recognized in 2022, 2021 or 2020.

The Company files income tax returns in the United States federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before September 30, 2019.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 3 – FRANCHISE SALES AND NOTES RECEIVABLE

At September 30, 2022, the Company is financing the sales of twelve franchises to the purchasers. The notes receivable at September 30, 2022, 2021 or 2020 contain interest rates up to 10% and mature at various dates through 2025. Outstanding principal balances under the notes receivable are scheduled to mature for the years ending September 30 as follows:

2023	\$ 81,757
2024	31,880
2025	<u>138,985</u>
	<u>\$ 252,622</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30:

	<u>Estimated Useful Life</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Computers and software	3-5 years	\$ 919,794	\$ 286,911	\$ 1,592,077
Furniture and fixtures	7 years	93,677	63,896	214,006
Equipment	5-7 years	42,723	42,045	48,403
Leasehold improvements	15 years	25,499	24,010	32,536
Website development costs	3-5 years	562,347	189,138	539,984
		<u>1,644,040</u>	<u>606,000</u>	<u>2,427,006</u>
Less: accumulated depreciation		<u>(464,961)</u>	<u>(106,538)</u>	<u>(1,395,956)</u>
		<u>\$ 1,179,079</u>	<u>\$ 499,462</u>	<u>\$ 1,031,050</u>

Depreciation expense was \$358,423, \$106,538, \$122,168 and \$361,569, for the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 5 – INTANGIBLES

Intangibles consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchise agreements	\$ 59,577,129	\$ 59,577,129	\$ 47,874,347
Internally developed software	3,699,360	3,699,360	-
Trademarks	2,043,364	2,043,364	2,808,769
Non-compete agreements	-	-	165,827
	<u>65,319,853</u>	<u>65,319,853</u>	<u>50,848,943</u>
Less: accumulated amortization	<u>(11,959,166)</u>	<u>(5,125,357)</u>	<u>(8,541,563)</u>
	53,360,687	60,194,496	42,307,380
Goodwill and franchise system	<u>93,020,454</u>	<u>93,020,454</u>	<u>50,170,369</u>
	<u>\$ 146,381,141</u>	<u>\$ 153,214,950</u>	<u>\$ 92,477,749</u>

Amortization expense was \$6,833,809, \$5,125,357, \$491,432, and \$2,135,391, for the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2022 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

Approximate future amortization expense for the years ending September 30 are as follows:

2023	\$ 6,834,000
2024	6,834,000
2025	6,834,000
2026	6,279,000
2027	6,279,000
Thereafter	<u>20,301,000</u>
	<u>\$ 53,361,000</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Bobcat Holdings beginning December 24, 2020 and with Old Holdco from October 1, 2018 through December 23, 2020. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Bobcat Holdings and Old Holdco. For the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, and the year ending September 30, 2020, consulting and board fees approximated \$833,000, \$854,000, \$247,000 and \$831,000, respectively.

The Company periodically lends or borrows unsecured amounts due from (to) its holding company. At September 30, 2022 and 2021, amounts due from Lynx were \$5,870,341 and \$8,965,078, respectively. At September 30, 2020, amounts due from Old Holdco were \$2,411,574. Because there are no specific repayment terms relative amounts due from (to) affiliates, management classifies these amounts as long-term.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

During 2006, the Company sold a license agreement to Jan-Pro Enterprises, LLC ("JPE"), and affiliated company. Royalties at 4% of gross profit and other income of JPE approximating \$113,000, \$63,200, \$17,800, and \$79,800 during the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2022 and the predecessor period from October 1, 2020 through December 23, 2020, and the year ending September 30, 2020, respectively, were received by the Company.

NOTE 7 – INCOME TAXES

The provision (credit) for income taxes consists of the following for following periods:

	<u>Successor</u> Year Ended <u>September 30, 2022</u>	<u>Successor</u> December 24, 2020 to September 30, 2021	<u>Predecessor</u> October 1, 2020 to December 23, 2020	<u>Predecessor</u> Year Ended September 30, 2020
Current:				
Federal	\$ 2,625,730	\$ 2,198,505	\$ 820,825	\$ 2,355,845
Foreign	77,432	54,038	15,844	52,630
State	<u>583,547</u>	<u>145,036</u>	<u>28,310</u>	<u>148,967</u>
	<u>3,286,709</u>	<u>2,397,579</u>	<u>864,979</u>	<u>2,557,442</u>
Deferred:				
Federal	(1,180,051)	(1,149,429)	(282,322)	(398,921)
State	<u>(327,050)</u>	<u>(318,526)</u>	<u>(78,246)</u>	<u>(129,908)</u>
	<u>(1,507,101)</u>	<u>(1,467,955)</u>	<u>(360,568)</u>	<u>(528,829)</u>
	<u>\$ 1,779,608</u>	<u>\$ 929,624</u>	<u>\$ 504,411</u>	<u>\$ 2,028,613</u>

Deferred income tax assets (liabilities) at September 30 consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Intangibles	\$ (13,452,455)	\$ (15,178,147)	\$ (10,722,805)
Tax over book depreciation	(298,262)	(125,961)	(176,160)
Other	<u>434,985</u>	<u>481,275</u>	<u>(70,497)</u>
	<u>\$ (13,315,732)</u>	<u>\$ (14,822,833)</u>	<u>\$ (10,969,462)</u>

The provision for income taxes differs from statutory rates primarily because of certain tax differences arising from non-deductible items, state and foreign taxes.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has noncancelable operating leases covering certain facilities and other equipment which expire at various dates through December 2026. Future minimum lease payments for noncancelable operating leases with terms in excess of one year are as follows for years ending September 30:

2023	\$ 323,751
2024	333,471
2025	343,507
2026	353,857
2027	89,791
	<u>\$ 1,444,377</u>

Rent expense approximated \$292,181, \$225,000, \$67,000, and \$292,000, for successor year ending September 30, 2022 and the predecessor period from December 24, 2020 through September 30, 2020 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

Legal Contingencies

Certain legal actions, proceedings, and claims have been instituted or asserted against the Company. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable with assurance. It is reasonably possible that some of the legal actions, proceedings, and claims could be decided unfavorably against the Company. The Company's policy is to accrue a liability if an unfavorable outcome is probable and the amount can be reasonably estimated. Based upon currently available information, it is the opinion of management and outside counsel that any such liability resulting from these matters will not materially affect the financial position, results of operations, or liquidity of the Company.

Loan Guarantees

The Company and various other affiliates owned by Lynx have guaranteed approximately \$238,900,000 of credit facilities obtained by Lynx. Total outstanding borrowings were approximately \$235,500,000 at September 30, 2022.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 9 – RECAPITALIZATION

On December 23, 2020, Old Holdco stockholders entered into a securities purchase and sale agreement with a third party to sell/transfer 100% of the Old Holdco shares. In conjunction with this transaction, a recapitalization was completed involving the Company and each of its affiliates.

The recapitalization was structured pursuant to which a new holding company, BCAT, was formed to purchase 100% of Old Holdco shares. As a result of the recapitalization, new equity of approximately \$164,000,000 was contributed by certain new stockholders in exchange for common stock of BCAT. Lynx also obtained borrowings totaling \$141,500,000 from various financial institutions to fund the recapitalization, pay accrued expenses, redeem certain members and refinance previously existing debt.

After consideration exchanged and an appraisal/valuation of certain tangible and intangible assets of BCAT, the Company and each of its Affiliates, the opening balance sheet of the Company, effective December 24, 2020, was as follows:

Current Assets	\$ 3,530,558
Intangibles	158,340,307
Property and Equipment	198,430
Due from affiliated companies	4,750,998
Other Long Term Assets	<u>150,922</u>
Total Assets	<u>\$ 166,971,215</u>
Current Liabilities	\$ 2,830,038
Deferred Income Tax Liability	<u>16,290,788</u>
Total Liabilities	<u>19,120,826</u>
Stockholder's Equity	<u>147,850,389</u>
Total Liabilities and Stockholder's Equity	<u>\$ 166,971,215</u>

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

Jan-Pro Franchising International, Inc.
Balance Sheet
12/31/2021 (Unaudited)

ASSETS		
Current Assets		
Cash	\$	2,614,912
Accounts receivable	\$	790
Royalties receivable	\$	2,393,526
Notes receivable, current portion	\$	167,403
Due from affiliated companies	\$	-
Prepaid expenses	\$	116,690
Other current assets	\$	42,859
	Total Current Assets	\$ 5,336,180
Property and Equipment, Net		\$ 882,978
Other Assets		
Intangibles and debt issue costs, net	\$	89,815,824
Software product development costs, net	\$	-
Notes receivable, long-term portion	\$	104,760
Due from affiliated companies	\$	12,518,356
Deposits and other assets	\$	43,160
	Total Other Assets	\$102,482,101
	Total Assets	<u>\$108,701,259</u>
LIABILITIES		
Accounts payable and accrued expenses	\$	1,166,359
Deferred revenue on franchise sales	\$	59,000
Deferred rent	\$	194,031
Deferred revenue on license agreement	\$	-
Due to affiliated company, current	\$	-
Other current liabilities	\$	(94,555)
	Total Current Liabilities	\$ 1,324,834
Due to affiliated company		\$ -
Deferred income taxes payable		\$ 10,969,462
EQUITY		
Common stock	\$	1,000
Additional paid in capital	\$	85,361,225
Retained Earnings	\$	8,706,615
Net Income	\$	2,338,122
	Total Equity	<u>\$ 96,406,963</u>
TOTAL LIABILITIES AND EQUITY		<u>\$108,701,259</u>

Jan-Pro Franchising International, Inc.
Statements of Income
12/31/2021 (Unaudited)

Revenue	
Master franchise fees	\$ 109,500
Franchise royalties and fees	6,655,688
Ancillary	<u>146,364</u>
	6,911,551
Cost of Goods	
Equipment Purchases	<u>1,538</u>
Gross Profit	6,910,013
Operating Expenses	<u>2,709,806</u>
Income from Operations	4,200,206
Other Income (Expense)	
Depreciation and amortization	(686,100)
Interest and dividend income	22,933
Other Non-Operating Expenses	(349,987)
Interest expense	<u>-</u>
	<u>(1,013,155)</u>
Income before Provision for Income Taxes	3,187,052
Provision for Income Taxes	<u>(848,929)</u>
Net Income	<u>\$ 2,338,122</u>

JAN-PRO FRANCHISING INTERNATIONAL, INC.
SUCCESSOR FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023, 2022 AND 2021
AND FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022
AND FOR THE PERIOD FROM DECEMBER 24, 2020 TO SEPTEMBER 30, 2021
AND CERTAIN PREDECESSOR FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 1, 2020 TO DECEMBER 23, 2020
with
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
BALANCE SHEET	5
STATEMENT OF OPERATIONS	6
STATEMENT OF STOCKHOLDER'S EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-16



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Jan-Pro Franchising International, Inc.

Opinion

We have audited the accompanying successor financial statements of Jan-Pro Franchising International, Inc. (the "Company"), which comprise the balance sheet as of September 30, 2023, 2022 and 2021, and the related statements of operations, stockholder's equity, and cash flows for the years ending September 30, 2023 and 2022, and the period from December 24, 2020 to September 30, 2021. We have also audited the predecessor related statements of operations, stockholder's equity, and cash flows for the period from October 1, 2020 to December 23, 2020 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the successor financial position of the Company as of September 30, 2023, 2022 and 2021, and the results of the successor operations and cash flows for the years ending September 30, 2023, 2022, and the period from December 31, 2020 to September 30, 2021, and the results of predecessor operations and cash flows for the period from October 1, 2020 to December 23, 2020, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 can arise from fraud or error and 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matters

As discussed in Notes 2, 6, and 8, the Company has significant transactions with related parties.

As further discussed in Note 8, during 2023, the Company had a preliminary motion of settlement approved by the court relating to an outstanding lawsuit and accrued \$30,000,000 for costs associated with the settlement. The settlement of this liability is not expected to negatively impact ongoing operations or the Company's ability to generate operating cash flow.



Atlanta, GA
January 18, 2024

JAN-PRO FRANCHISING INTERNATIONAL, INC.
BALANCE SHEET
SEPTEMBER 30, 2023, 2022, AND 2021

ASSETS

	2023	2022	2021
Current Assets			
Cash	\$ 38,159	\$ 290,206	\$ 1,225,165
Accounts receivable	10,514	46,579	4,919
Royalties and advertising fund contributions receivable	2,374,547	2,097,806	1,982,610
Notes receivable	121,212	81,757	191,210
Prepaid expenses	151,071	177,227	127,522
Income taxes receivable	-	-	28,799
	<u>2,695,503</u>	<u>2,693,575</u>	<u>3,560,225</u>
Total Current Assets			
Property and Equipment, Net	769,697	1,179,079	499,462
Other Assets			
Intangibles, net	139,547,332	146,381,141	153,214,950
Notes receivable, long-term portion	101,524	170,865	133,622
Due from affiliated companies	2,773,864	5,870,341	8,965,078
Other assets	47,011	83,622	80,485
	<u>142,469,731</u>	<u>152,505,969</u>	<u>162,394,135</u>
	<u>\$ 145,934,931</u>	<u>\$ 156,378,623</u>	<u>\$ 166,453,822</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities			
Accounts payable and accrued expenses	\$ 1,658,818	\$ 1,948,306	\$ 2,439,988
Settlement accrual (Note 8)	30,000,000	-	-
Deferred revenue on franchise sales	477,061	406,061	466,061
Deferred rent	-	176,264	199,183
Income taxes payable	4,101,260	299,237	-
	<u>36,237,139</u>	<u>2,829,868</u>	<u>3,105,232</u>
Total Current Liabilities			
Deferred Income Taxes Payable	3,965,484	13,315,732	14,822,833
Stockholder's Equity			
Common stock, \$1 stated value, 15,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000	1,000
Additional paid in capital	147,849,389	147,849,389	147,849,389
Retained earnings (accumulated deficit)	(42,118,081)	(7,617,366)	675,368
	<u>105,732,308</u>	<u>140,233,023</u>	<u>148,525,757</u>
	<u>\$ 145,934,931</u>	<u>\$ 156,378,623</u>	<u>\$ 166,453,822</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)

	Successor October 1, 2022 to September 30, 2023	Successor October 1, 2021 to September 30, 2022	Successor December 24, 2020 to September 30, 2021	Predecessor October 1, 2020 to December 23, 2020
Revenue				
Franchise fees	\$ 503,830	\$ 1,051,440	\$ 927,616	\$ 279,565
Royalties and advertising fund contributions	26,392,752	25,802,132	17,681,177	5,278,372
Ancillary	731,710	434,282	534,002	177,807
	<u>27,628,292</u>	<u>27,347,854</u>	<u>19,142,795</u>	<u>5,735,744</u>
Operating Expenses	<u>9,636,403</u>	<u>13,042,326</u>	<u>9,302,925</u>	<u>2,413,712</u>
Income from Operations	17,991,889	14,305,528	9,839,870	3,322,032
Other Income (Expense)				
Depreciation and amortization	(7,349,366)	(7,192,232)	(5,231,858)	(613,600)
Interest income	2,649	8,822	6,819	21,568
Interest expense	-	-	(1,851)	(18,824)
Settlement expense (Note 8)	(30,000,000)	-	-	-
	<u>(37,346,717)</u>	<u>(7,183,410)</u>	<u>(5,226,890)</u>	<u>(610,856)</u>
Net Income (Loss) Before (Provision) Credit for Income Taxes	(19,354,828)	7,122,118	4,612,980	2,711,176
(Provision) Credit for Income Taxes	<u>5,248,059</u>	<u>(1,779,608)</u>	<u>(929,624)</u>	<u>(504,411)</u>
Net Income (Loss)	<u>\$ (14,106,769)</u>	<u>\$ 5,342,510</u>	<u>\$ 3,683,356</u>	<u>\$ 2,206,765</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)

	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Total
<u>Predecessor:</u>				
Balance, September 30, 2020	\$ 1,000	\$ 85,361,224	\$ 732,888	\$ 86,095,112
Cumulative Effect of Change in Accounting Policy	-	-	(299,378)	(299,378)
Net Income	-	-	2,206,765	2,206,765
Balance, December 23, 2020	<u>\$ 1,000</u>	<u>\$ 85,361,224</u>	<u>\$ 2,640,275</u>	<u>\$ 88,002,499</u>
<u>Successor:</u>				
Recapitalization (Note 9), December 24, 2020	\$ 1,000	\$ 147,849,389	-	\$ 147,850,389
Dividends	-	-	(3,007,988)	(3,007,988)
Net Income	-	-	3,683,356	3,683,356
Balance, September 30, 2021	1,000	147,849,389	675,368	148,525,757
Dividends	-	-	(13,635,244)	(13,635,244)
Net Income	-	-	5,342,510	5,342,510
Balance, September 30, 2022	1,000	147,849,389	(7,617,366)	140,233,023
Dividends	-	-	(20,393,946)	(20,393,946)
Net Loss	-	-	(14,106,760)	(14,106,760)
Balance, September 30, 2023	<u>\$ 1,000</u>	<u>\$ 147,849,389</u>	<u>\$ (42,118,081)</u>	<u>\$ 105,732,308</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)

	Successor October 1, 2022 to September 30, 2023	Successor October 1, 2021 to September 30, 2022	Successor December 24, 2020 to September 30, 2021	Predecessor October 1, 2020 to December 23, 2020
Cash Flows from Operating Activities:				
Net income (loss)	\$ (14,106,769)	\$ 5,342,510	\$ 3,683,356	\$ 2,206,765
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	7,349,366	7,192,232	5,231,858	613,600
Provision (credit) for deferred income taxes	(9,350,248)	(1,507,101)	4,302,676	(360,568)
Settlement accrual (Note 8)	30,000,000	-	-	-
(Increase) decrease in:				
Accounts receivable	36,065	(41,660)	271,119	(217,313)
Royalties and advertising fund contributions receivable	(276,741)	(115,196)	(330,543)	188,712
Notes receivable	29,886	72,210	2,761	25,471
Prepaid expenses	26,156	(49,705)	209,205	(231,856)
Income taxes receivable	-	28,799	-	-
Other assets	36,611	(3,137)	41,638	73,584
Increase (decrease) in:				
Accounts payable and accrued expenses	(285,488)	(491,682)	592,324	215,617
Deferred liabilities	(105,264)	(82,919)	(264,504)	266,044
Income taxes payable	3,802,023	299,237	-	-
Net Cash Provided by Operating Activities	17,151,597	10,643,588	13,739,890	2,780,056
Cash Flows from Investing Activities:				
Purchases of property and equipment	(106,175)	(1,038,040)	(407,533)	(24,984)
Advances from (to) affiliated companies	3,086,477	3,094,737	(10,037,337)	(2,286,831)
Net Cash Provided (Required) by Investing Activities	2,980,302	2,056,697	(10,444,870)	(2,311,815)
Cash Flows from Financing Activities:				
Dividends paid	(20,393,946)	(13,635,244)	(3,007,988)	-
Net Cash Required by Financing Activities	(20,393,946)	(13,635,244)	(3,007,988)	-
Net Increase (Decrease) in Cash	(252,047)	(934,959)	287,032	468,241
Cash, Beginning of Period	290,206	1,225,165	938,133	469,892
Cash, End of Period	\$ 38,159	\$ 290,206	\$ 1,225,165	\$ 938,133
Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for:				
Interest	-	-	1,851	18,824
Income taxes	861,000	93,000	77,000	33,000
Supplemental Disclosures of Non-Cash Activity:				
Effective October 1, 2020, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). As a result, the Company recorded non-cash transactions to increase deferred revenue on franchise sales of approximately \$388,000, decrease liabilities relating to advertising funds received in excess of advertising expenditures of approximately \$103,000, and an adjustment to deferred taxes of approximately \$89,000.				
The Company is a wholly owned subsidiary of Empower Brands, LLC ("Empower"). From the period of October 1, 2020 through December 23, 2020, the predecessor period, Lynx was a wholly owned subsidiary of Lynx-JP Holdings, Inc. As further discussed in Note 9, Lynx was purchased by Bobcat Holdings Group, LP on December 24, 2020. In conjunction with the acquisition, the balance sheet of the Company was adjusted to market values based upon fair market appraisals received by the Company increasing stockholder's equity by approximately \$59,646,000.				

The accompanying notes are an integral part of these financial statements.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 1 – DESCRIPTION OF BUSINESS

Jan-Pro Franchising International, Inc. d/b/a Jan-Pro Franchising Systems International, Inc. (the "Company") is a wholly owned subsidiary of Empower Brands, LLC ("Empower") (formerly Lynx Franchising, LLC or "Lynx"). From the period of October 1, 2020 through December 23, 2020, the predecessor period, Lynx was a wholly owned subsidiary of Lynx-JP Holdings, Inc. ("Old Holdco"). As further discussed in Note 9, Lynx was purchased by MidOcean BCAT Holdings, Inc. ("BCAT"), a wholly owned subsidiary of Bobcat Holdings Group, LP ("Bobcat Holdings") on December 23, 2020.

The Company is engaged in the business of selling and supporting regional franchise developers ("RFD") in the United States of America and Canada, as well as providing new business services to these franchisees, who are in turned focused on acquiring customers, selling unit franchise packages and supporting their unit's growth.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying financial statements include the successor balance sheet as of September 30, 2023, 2022, and 2021, and the related statements of operations, stockholder's equity, cash flows for the years ending September 30, 2023 and 2022, and the period from December 24, 2020 to September 30, 2021. The accompanying financials statements also include the related predecessor statements of operations, stockholder's equity and cash flows for the period from October 1, 2020 to December 23, 2020.

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

The Company's RFD franchise agreements, internally developed software, trademarks, non-compete agreements and goodwill were assigned fair values based upon appraisals obtained as part of recapitalizations, including the 2021 recapitalization further discussed in Note 9. The value associated with the RFD franchise agreements, trademarks and non-compete agreements are being amortized on a straight-line basis over 5-25 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the RFD financing agreements, trademarks and non-compete agreements as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets during 2023, 2022, or 2021.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

Franchise Fees

The Company sells franchises which grant RFD's a right to operate within a designated territory. These franchises are conveyed through a Franchise Agreement.

The sale of the franchises is reflected within Franchise Fees in the accompanying statements of operations. Franchise fees (including renewal and transfer fees) range from \$50,000 to \$600,000.

Following execution of the Franchise Agreement, the Company agrees to provide certain initial services, including advertising material, manuals and training aids, and three weeks of training and on-site assistance. The right to operate within the territory represents the Company fulfilling its performance obligation over the Franchise Agreement. Accordingly, revenues are recognized on a straight-line basis, beginning upon grand opening of their location, over the term of the Franchise Agreement, which is 15 years. The contract liability "deferred revenue on franchise fees" represents franchise fees for franchisees that are being deferred over the remaining term of the Franchise Agreement.

As further discussed in Note 3, the Company finances the sale of RFD Franchise Agreements.

Royalties and Advertising Fund Revenues

The Company collects royalties and advertising fund contributions ranging from 3% to 4% of a franchisee's monthly revenues. Royalties and advertising fund contributions are considered variable consideration. GAAP requires variable consideration that is to be recognized over the term of the franchise agreement to be estimated at the inception of the Franchise Agreement. Deferred revenue and a receivable would normally be recognized at the inception of the Franchise Agreement based on this estimate; however, given the nature of the business, the constraints associated with estimating these fees cannot be overcome in order to determine an estimate of the variable consideration that would not be likely to result in a significant reversal. Accordingly, as allowed by GAAP, these fees are recognized in the month in which services are performed for customers.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Company grants credit to its RFD franchisees in the form of notes receivable secured by personal guarantees of the owners of the RFD franchise. At September 30, 2023, 2022, and 2021, the Company had seven, twelve, and thirteen RFD franchisee notes receivable totaling \$222,736, \$252,622, and \$324,832, respectively (See Note 3). The Company routinely assesses the financial strength of its franchisees, and as a consequence, believes its receivable credit risk exposure is limited. Therefore, the Company has not deemed allowance for collection of receivables necessary at September 30, 2023, 2022, and 2021.

The Company maintains cash balances at financial institutions that, at times are in excess of federally insured limits. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Company does not file a separate United States federal income tax return. Its results of operations for the periods ending September 30, 2023 and 2022, and the successor period from December 24, 2020 through September 30, 2021 are included in the consolidated returns of BCAT and results of operations for the predecessor period from October 1, 2020 through December 23, 2020 are included in the consolidated returns of Old Holdco. The Company records its share of the consolidated federal and state income tax expense on a separate return basis and any consolidated income tax refundable or payable is included in the due to/from affiliated companies, and, accordingly, satisfied immediately via intercompany.

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. At September 30, 2023, the Company has no unrecognized tax benefits, and there have been no significant income tax related penalties or interest recognized in 2023, 2022 or 2021.

The Company files income tax returns in the United States federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before September 30, 2020.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 3 – FRANCHISE SALES AND NOTES RECEIVABLE

At September 30, 2023, the Company is financing the sales of seven franchises to the purchasers. The notes receivable at September 30, 2023, 2022; and 2021 contain interest rates up to 10% and mature at various dates through 2025. Outstanding principal balances under the notes receivable are scheduled to mature for the years ending September 30 as follows:

2024		\$	121,212
2025			88,934
2026			<u>12,590</u>
		\$	<u>222,736</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30:

	<u>Estimated Useful Life</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Computers and software	3-5 years	\$ 1,009,519	\$ 919,794	\$ 286,911
Furniture and fixtures	7 years	93,677	93,677	63,896
Equipment	5-7 years	42,723	42,723	42,045
Leasehold improvements	15 years	25,499	25,499	24,010
Website development costs	3-5 years	<u>578,797</u>	<u>562,347</u>	<u>189,138</u>
		1,750,215	1,644,040	606,000
Less: accumulated depreciation		<u>(980,518)</u>	<u>(464,961)</u>	<u>(106,538)</u>
		<u>\$ 769,697</u>	<u>\$ 1,179,079</u>	<u>\$ 499,462</u>

Depreciation expense was \$515,557, \$358,423, \$106,538, and \$122,168, for the successor years ending September 30, 2023 and 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, respectively.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 5 – INTANGIBLES

Intangibles consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchise agreements	\$ 59,577,129	\$ 59,577,129	\$ 59,577,129
Internally developed software	3,699,360	3,699,360	3,699,360
Trademarks	2,043,364	2,043,364	2,043,364
	<u>65,319,853</u>	<u>65,319,853</u>	<u>65,319,853</u>
Less: accumulated amortization	<u>(18,792,975)</u>	<u>(11,959,166)</u>	<u>(5,125,357)</u>
	46,526,878	53,360,687	60,194,496
Goodwill and franchise system	93,020,454	93,020,454	93,020,454
	<u>\$ 139,547,332</u>	<u>\$ 146,381,141</u>	<u>\$ 153,214,950</u>

Amortization expense was \$6,833,809, \$6,833,809, \$5,125,357, and \$491,432, for the successor years ending September 30, 2023 and 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, respectively.

Approximate future amortization expense for the years ending September 30 are as follows:

2024	\$ 6,834,000
2025	6,834,000
2026	6,279,000
2027	6,094,000
2028	6,094,000
Thereafter	14,392,000
	<u>\$ 46,527,000</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Bobcat Holdings beginning December 24, 2020 and with Old Holdco from October 1, 2018 through December 23, 2020. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Bobcat Holdings and Old Holdco. For the successor years ending September 30, 2023 and 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, consulting and board fees approximated \$723,000, \$833,000, \$854,000, and \$247,000, respectively.

The Company periodically lends or borrows unsecured amounts due from (to) its holding company. At September 30, 2023, 2022, and 2021, amounts due from Lynx were \$2,773,864, \$5,870,341 and \$8,965,078, respectively. Because there are no specific repayment terms relative amounts due from (to) affiliates, management classifies these amounts as long-term.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

During 2006, the Company sold a license agreement to Jan-Pro Enterprises, LLC (“JPE”), and affiliated company. Royalties at 4% of gross profit and other income of JPE approximating \$109,000, \$136,000, \$63,200, and \$17,800 during the successor years ending September 30, 2023 and 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, respectively, were received by the Company.

NOTE 7 – INCOME TAXES

The provision (credit) for income taxes consists of the following for following periods:

	<u>Successor</u> Year Ended <u>September 30, 2023</u>	<u>Successor</u> Year Ended <u>September 30, 2022</u>	<u>Successor</u> December 24, 2020 to <u>September 30, 2021</u>	<u>Predecessor</u> October 1, 2020 to <u>December 23, 2020</u>
Current:				
Federal	\$ 3,528,816	\$ 2,625,730	\$ 2,198,505	\$ 820,825
Foreign	87,387	77,432	54,038	15,844
State	485,986	583,547	145,036	28,310
	<u>4,102,189</u>	<u>3,286,709</u>	<u>2,397,579</u>	<u>864,979</u>
Deferred:				
Federal	(7,187,387)	(1,180,051)	(1,149,429)	(282,322)
State	(2,162,861)	(327,050)	(318,526)	(78,246)
	<u>(9,350,248)</u>	<u>(1,507,101)</u>	<u>(1,467,955)</u>	<u>(360,568)</u>
	<u>\$ (5,248,059)</u>	<u>\$ 1,779,608</u>	<u>\$ 929,624</u>	<u>\$ 504,411</u>

Deferred income tax assets (liabilities) at September 30 consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Legal settlement	\$ 7,366,500	\$ -	\$ -
Intangibles	(11,361,241)	(13,452,455)	(15,178,147)
Tax over book depreciation	(187,359)	(298,262)	(125,961)
Other	216,616	434,985	481,275
	<u>\$ (3,965,484)</u>	<u>\$ (13,315,732)</u>	<u>\$ (14,822,833)</u>

The provision for income taxes differs from statutory rates primarily because of certain tax differences arising from non-deductible items, state and foreign taxes.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company operates within office space maintained by Empower. Prior to October 1, 2022, the Company's financial statements contained the entirety of the rental expense that is now maintained by Empower. Effective October 1, 2022, Empower adopted Accounting Standards Update 2016-02, *Leases* – the adoption of this new lease standard did not impact the Company as the associated right of use asset and lease liability are reflected within the consolidated financial statements of Empower.

Rent expense allocated to the Company approximated \$292,000, \$225,000, and \$67,000, for successor years ending September 30, 2022 and the predecessor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, respectively.

Legal Settlement

Certain legal actions, proceedings, and claims were asserted against the Company. The Company's policy is to accrue a liability if an unfavorable outcome is probable, and the amount can be reasonably estimated. Based upon currently available information, it is the opinion of management and outside counsel that an accrual as of September 30, 2023 of \$30,000,000 be recorded for the preliminary motion of settlement approved by the court. The Company will fund this liability through incremental debt, equity, or a combination thereof. The settlement of this liability is not expected to negatively impact ongoing operations or the Company's ability to generate operating cash flow.

Loan Guarantees

The Company and various other affiliates owned by Lynx have guaranteed approximately \$263,900,000 of credit facilities obtained by Lynx. Total outstanding borrowings were approximately \$258,000,000 at September 30, 2023.

NOTE 9 – RECAPITALIZATION

On December 23, 2020, Old Holdco stockholders entered into a securities purchase and sale agreement with a third party to sell/transfer 100% of the Old Holdco shares. In conjunction with this transaction, a recapitalization was completed involving the Company and each of its affiliates.

The recapitalization was structured pursuant to which a new holding company, BCAT, was formed to purchase 100% of Old Holdco shares. As a result of the recapitalization, new equity of approximately \$164,000,000 was contributed by certain new stockholders in exchange for common stock of BCAT. Lynx also obtained borrowings totaling \$141,500,000 from various financial institutions to fund the recapitalization, pay accrued expenses, redeem certain members and refinance previously existing debt.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023, 2022, AND 2021**

NOTE 9 – RECAPITALIZATION (Continued)

After consideration exchanged and an appraisal/valuation of certain tangible and intangible assets of BCAT, the Company and each of its Affiliates, the opening balance sheet of the Company, effective December 24, 2020, was as follows:

Current Assets	\$ 3,530,558
Intangibles	158,340,307
Property and Equipment	198,430
Due from affiliated companies	4,750,998
Other Long Term Assets	150,922
Total Assets	<u>\$ 166,971,215</u>
Current Liabilities	\$ 2,830,038
Deferred Income Tax Liability	16,290,788
Total Liabilities	<u>19,120,826</u>
Stockholder's Equity	147,850,389
Total Liabilities and Stockholder's Equity	<u>\$ 166,971,215</u>

NOTE 10 – RETIREMENT PLAN

The Company has a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 15%. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of the employees' contribution. The Company made contributions of \$251,960 and \$190,592 during the years ending September 30, 2023 and 2022, respectively. The Company did not make a contribution for the period from December 24, 2020 to September 30, 2021 or for the period from October 1, 2020 to December 23, 2020.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 18, 2024, the date of this report, which is the date the consolidated financial statements were available to be issued.

THE ATTACHED UNAUDITED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANTS HAVE AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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Jan-Pro Franchising International, Inc.
Statements of Income

3 Months
12/31/2023
UNAUDITED

Revenue		
Master franchise fees	\$	201,522
Franchise royalties and fees		6,726,541
Ancillary		94,350
		7,022,413
Cost of Goods		
Equipment Purchases		-
Gross Profit		7,022,413
Operating Expenses		1,007,089
Income from Operations		6,015,325
Other Income (Expense)		
Depreciation and amortization		(1,227,139)
Interest and dividend income		244,253
Other Non Operating Expenses		(476,615)
Interest expense		-
		(1,459,501)
Income before Provision for Income Taxes		4,555,823
Provision for Income Taxes		(23,372)
Net Income	\$	4,532,451

Exhibit D to the Franchise Disclosure Document

REGIONAL MASTER FRANCHISEE'S LIST OF CURRENT FRANCHISEE OUTLETS

<u>Franchisee</u>		<u>Phone #</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Abdalla Ebu		763-353-8712 612-636-4980	627 Aurora Ave St. Paul		MN 55104
Abdi Shone & Hebano Gische		612-404-4978 4980	383 Virginia Street St. Paul		MN 55103
Abigail Lee	AbbyTCheng, LLC	762-291-3002 4978	7808 Girard Avenue N Brooklyn Park		MN 55444
Adam Hassan		612-702-3002 2660 101st Lane N	Brooklyn Park		MN 55444
Adem Idiris Omar		612-806-1578 1601 4th St. S. #F-306	Minneapolis		MN 55454
Ahmed Alasow	TAAJIR, LLC	952-406-1831 1104	6325 Lyndale Ave S #106 Richfield		MN 55423
Ahmed Jibril	Heban Gandabdi Enterprise, LLC	651-235-1300 1831	14814 Willemite Street NW Ramsey		MN 55303
Albert & Sandra Mante Alemayehu Abate	A&S Holdings, LLC Exodus-General Cleaning LLC	651-354-6539 773-458-6518	7696 Palmgren Ave NE 1840 Snelling Ave Otsego Falcon Heights		MN 55330 MN 55113
Alex Cadichon	AC Cadichon Enterprise, LLC	651-230-2718 6518	5656 W Bavarian Pass Fridley		MN 55432
Alvaro Cortes	ACB Enterprise, LLC	762-242-3079 612-426-1138	1116 Marion St. St. Paul		MN 55117
Amenda & Steven Thao	A&S Ventures, LLC	612-426-1138 3079	1305 Tiller Lane Arden Hills		MN 55112
Amina Ahmed	AA Enterprise LLC Excellent-Pristine Cleaning Services	651-336-1043 952-217-7062	107 Blake Road N212 Hopkins		MN 55343
Ana Medina	G&J Enterprise, LLC	651-336-1043 952-217-7062	12735 Gerdine Court Apple Valley		MN 55124
Andrew & Kaminie Ramdial		651-600-5337 651-468-1858	2701 Dana Drive Burnsville		MN 55337
Angela Elizabeth Paredes Lopez	Catalan-Cleaning Services, LLC	651-468-1858 600-5337	1292 Maynard Drive E-APT 331 St. Paul		MN 55116
Anna Xiong	AX Services, LLC	651-604-7392 612-447-9543	1897 Dieter Street Maplewood		MN 55109
Arona Lor & Vang Xeng Lee	A&V Services, LLC	612-447-9543 7392	1674 Sims Ave St. Paul		MN 55106
Augustus Okai	OK Snyder, LLC	762-516-8352 9543	13680 Balsam Lane N Dayton		MN 55327
Aurelio Robles	A&A Robles Services, LLC	762-516-8352 762-516-8352	7455 Taylor St NE Fridley		MN 55432

Ausa Chang	AC Ventures, LLC	651-354-1856	1217 Farrington St	St. Paul	MN	55117
Balram Laal	BL Cleaning Service, LLC	651-363-7290	3101 McLeod St	Burnsville	MN	55337
Battur Darjaa	Sutai, LLC	612-7118	6616 Gettysburg Ave N	Brooklyn Park	MN	55428
Calvin Bankhead	Bankhead Cleaning Services, LLC	612-270-6744	3029 Garfield Ave S	Minneapolis	MN	55408
Carla Landa	MCC Cleaning Corp	612-323-2345	763 Roundhouse Street	Shakopee	MN	55379
Carlos Alvarez	Alvaca Services LLC	612-877-1453	9607 Ensign Circle	Bloomington	MN	55438
Carol Ives	C & C Team LLC	612-7334	3554 Aldrich Avenue North	Minneapolis	MN	55412
Chang Seng Yang	CSY Enterprise, LLC	612-442-4051	3318 Poe Road	Brooklyn Center	MN	55429
Chanthalat Thao	Chan Services, LLC	612-204-0305	8265 Scott Ave N	Brooklyn Park	MN	55443
Chao Lee	CL Enterprise, LLC	612-651-239-3900	1430 York Ave	St. Paul	MN	55106
Chao Vang	Chao's Cleaning Service LLC	612-913-203-7034	44 Hawthorne Ave W.	St. Paul	MN	55117
Chee Vang	C&M Services, LLC	612-274-2296	2470 Cochrane Circle	Woodbury	MN	55125
Chiyou Moua	Chiyou Serves, LLC	612-346-1418	160 Big Circle Drive	Little Canada	MN	55117
Chue Her Yang	CHY Enterprise LLC	612-843-7754	7581 23rd Street North	Oakdale	MN	55128
Chue Yee Vang	CYV Services, LLC	612-978-2685	23259 Vintage St NW	St Francis	MN	55070
Claudia A. Aguilar	C & R Solutions LLC	612-855-8798	167 Wewers Road	Roseville	MN	55113
Claudia Liliana Sanchez	CRD Enterprise, LLC	612-408-0462	7997 Lander Ave NE	Otsego	MN	55301
Dasrath Samsundar	DAT Cleaning Service LLC	612-234-7972	2214 Idaho Ave S	St. Louis Park	MN	55426
Davanand & Radhika Mahadeo	DRMPLUS, LLC	612-407-8862	9207 Chicago Ave S	Bloomington	MN	55420
Demetria Martinez	Diamond Shine Services, LLC	612-594-4115	4701 Flag Ave. N.	New Hope	MN	55428
Demetrius Winston	Winston Management, LLC	612-913-0153	2187 Cool Stream Circle	Eagan	MN	55122
DeReese Walker	Choose-Chozen Cleaning, LLC	612-763-313-6041	1062 Fuller Ave	St. Paul	MN	55443

Diamond Lewis	Krystal-Cleaning Services LLC	612-757-3259	10116 Newport Path	Woodbury	MN	55129
Dina Coreas	JAV Enterprises, INC	651-347-5084	2417 Nokomis Ave	St. Paul	MN	55119
Dontrice-Eskew	Gene's Cleaning Service Inc	607-4602	737 Southglen Drive	Bloomington	MN	55420
Duyan Johnson	Duyan Johnson, LLC	612-207-2622	3515 Pleasant Ave	Minneapolis	MN	55408
Dwight Stewart	Dwight F. Stewart Enterprise, Inc.	612-978-0439	5116 Emerson Avenue North	Minneapolis	MN	55430
Edward Yang Thao		651-363-5217	1506 Pacific St	St. Paul	MN	55108
Evan & Altaa Morris	Altan-Cleaning, LLC	612-978-7545	120 Windsor Court	New Brighton	MN	55112
Ever Magadan Montes	Shining & Cleaning, LLC	612-274-0801	3316 Stevens Ave S	Minneapolis	MN	55408
Felicia Porter & Arthur Porter	Porter Industries, LLC	651-364-2809	2009 Gunflint Trail	Brooklyn Park	MN	55444
Fernando Rivera Mena	FM-Cleaning Servcies, LLC	651-431-8547	803 Jessamine Ave E	St. Paul	MN	55106
Ge Thao	G&P Ventures, LLC	612-529-5296	893 Russell St	St. Paul	MN	55106
Geneva Johnson	DJ Services, LLC	612-578-8670	1004 Aston Circle	Burnsville	MN	55337
Ger Vang		952-500-2050	680 Lone Ave NE	Spring Lake Park	MN	55432
Gerardo Galindo	G & B Enterprise LLC	612-554-9374	8112 17th Avenue South	Bloomington	MN	55425
Hanan Bedru & Mikias Lulseged	ANL Pro, LLC	612-9374	11499 Halstead Trail	Woodbury	MN	55129
Hang Pao Lee	Hang Enterprise, LLC	612-469-3728	1797 Hilo Ave N	Oakdale	MN	55128
Hilda Cadena	RYCA Services, LLC	651-227-3451	1224 Shakopee Ave E	Shakopee	MN	55379
Houa Lee	HL Enterprise LLC	651-9473	3113 84th Ave N	Brooklyn Park	MN	55443
Houa Lor	HL Ventures, LLC	651-424-3448	658 Hawthorne Ave E	St. Paul	MN	55106
Hua Yang	H&C Enterprise, LLC	651-206-9547	1674 Leone Ave	St. Paul	MN	55106
Ivan Rodriguez Jacinto	Principles of Cleaning LLC	651-955-1142	5625 Countryview Trail	Farmington	MN	55024
Jamal Ali	Three Brothers Mash'allah, LLC	695-1835	11004 Edgewood Ave N	Champlin	MN	55316
James Dillard		952-594-5366	845 Conway St.	St. Paul	MN	55106

Jampa Ritzekura	Tibet Cleaning Services, LLC	763-746-6920 651-347-7748	6540 E River Road Apt 342	Fridley	MN	55432
Jason Yang	JY Ventures, LLC	763-843-0983 612-231-4472	1840 Montana Ave	St. Paul	MN	55119
Jesus Bonfil	Bonfil LLC	651-270-7651 612-408-6325	1409 Shakopee Avenue E	Shakopee	MN	55379
Jesus Dominguez	Orozo Ventures, LLC	651-270-7651 612-408-6325	19100 Stratford Road	Minnetonka	MN	55345
John Lor	JAL Enterprise LLC	651-270-7651 612-408-6325	3039 Payne Ave	Little Canada	MN	55117
Jon & Eve Cooper	Aspire Cleaning Services LLC	651-270-7651 612-408-6325	17220 138th Avenue North	Dayton	MN	55327
Jorge & Angel Brito	Brito Ventures LLC	651-270-7651 612-408-6325	1915 24th Avenue North	Minneapolis	MN	55411
Jose Alamo Santallanes	RJS Enterprise LLC	651-270-7651 612-408-6325	1236 119th Lane NW	Coon Rapids	MN	55448
Jose Alvarenga		651-270-7651 612-408-6325	2459 Youngman Ave W, Apt 4A	St. Paul	MN	55116
Jose Gonzalez Nieto	J & G Enterprise LLC	651-270-7651 612-408-6325	2650 Humboldt Ave N	Minneapolis	MN	55411
Jose Rivera	Las Rivera, LLC	651-270-7651 612-408-6325	34 Cimarron	Lake Elmo	MN	55042
Joy Phouybanhdyt	Joy Joy Enterprise, LLC	651-270-7651 612-408-6325	4410 123rd Circle NE	Blaine	MN	55449
Juan Carlos Morazan	JCMorazan Cleaning Service Corp.	651-270-7651 612-408-6325	3690 W 156th Street	Rosemount	MN	55068
Ka Lao	K & M Ventures LLC	651-270-7651 612-408-6325	2947 Russell Ave	Minneapolis	MN	55411
Kao Song Yang	ZMK Enterprise LLC	651-270-7651 612-408-6325	305 Cook Ave E	St. Paul	MN	55130
Kao Vang & Ka Her	KV Services, LLC	651-270-7651 612-408-6325	861 Desoto Street	St. Paul	MN	55130
Kayla Vang		651-270-7651 612-408-6325	16251 Cornell Street NE	Columbus	MN	55025
Keergapati Persaud	A R Ventures, LLC	651-270-7651 612-408-6325	16580 Joplin Path	Lakeville	MN	55044
Ker Her	KH Enterprise, LLC	651-270-7651 612-408-6325	1513 L'Orient Street	St. Paul	MN	55117
Kham Vang	KV Enterprise LLC	651-270-7651 612-408-6325	9801 Evergreen Ave N	Brooklyn Park	MN	55443
Kia Yang	KY Services, LLC	651-270-7651 612-408-6325	3615 Russell Ave N	Minneapolis	MN	55412
Kim F. Johnson		651-270-7651 612-408-6325	1022 McClelland St. S.	Maplewood	MN	55119

Kishore Nimmnauth		952-201-8094	3544 Texas Ave S	St. Louis Park	MN	55426
Kong Chang	KC Master, LLC	651-325-8539	390 67th Ave NE	Fridley	MN	55432
Kunchok Sangpo	DK Legacy, LLC	612-735-612-5678	7669 206th St W.	Lakeville	MN	55044
Kurtis Edmond		612-819-5034	3954 Tyler St.	Columbia Heights	MN	55412
Leon Glover	Invision Cleaning, LLC	612-800-4266	15650 Galaxie Ave Apt 215	Apple Valley	MN	55124
Lilian Morales	J' Cleaning Services, LLC	651-410-6665	12707 Edgemont Curve	Apple Valley	MN	55124
Lillian Xiong	CK Enterprise LLC	651-356-4002	1880 Birmingham St	Maplewood	MN	55109
Lobsang Palden		612-354-1055		Columbia Heights	MN	55421
Lue Yang	LY Enterprise LLC	651-279-1669	1537 Etna St N	St. Paul	MN	55106
Luis Durazno	LBD Enterprises, LLC	952-567-4501	4078 Meadowbrook Lane	St. Louis Park	MN	55426
Luis Loja	Lojas Cleaning Services, LLC	952-297-0400	520 Linden Ave W	Winsted	MN	55395
Luis O. Hernandez		651-399-8153	1029 Atlantic St. #201	St. Paul	MN	55106
Luis Quintana		612-886-4261	6234 Bryant Ave N	Brooklyn Center	MN	55430
Lylly Yangshi	Northstar Cleaning LLC	763-614-9740	2155 131st Lane NW	Coon Rapids	MN	55448
Mai Koua Thao	MKT Enterprise, LLC	651-242-0253	345 Wheelock Parkway E	St. Paul	MN	55130
Mai Vang Xiong	Bliss Care, LLC	651-447-1780	17071 Garnet St NW	Ramsey	MN	55303
Mai Xiong Lee		651-675-6833	1846 Mechanic Avenue	St. Paul	MN	55119
Mai Youa Lee	MNC Services, LLC	651-208-1012	1674 Sims Ave	St. Paul	MN	55106
Mang Lee & Maisia Lee	Lee Cleaning Service, LLC	907-406-1817	566 McKinley St	Anoka	MN	55303
Manuel Guiracocha	Calle Services LLC	612-723-8544	3726 Stevens Ave	Minneapolis	MN	55409
Margarito Saravia 2	MAS Services Corporation	651-800-6256	1365 W Maynard Dr. Apt. 159	St. Paul	MN	55116
Maria Jaramillo Ruiz	JR Ventures, LLC	651-783-2349	1214 Desoto St.	St. Paul	MN	55130
Maria Quinonez		763-280-9369	10613 Juniper St	Coon Rapids	MN	55448

Mario Solorzano	A-Z Brilliant Building Services	612-385-1679	15340 Waco Ct. NW	Ramsey	MN	55303
Martin Gonzalez	MPG Ventures, LLC	612-215-6092	3725 5th Ave. S.	Minneapolis	MN	55409
Maruan Hassan	MHMA Enterprise, LLC	612-532-2803	2841 15th Ave S	Minneapolis	MN	55407
Matthew Sanigular	Peak Enterprises, LLC	612-412-0209	1229 Upton Avenue North	Minneapolis	MN	55411
Mee Yang Xiong	Yajkajsiab Cleaning, LLC	612-278-5843	1885 Sloan Street	Maplewood	MN	55117
Miguel Zuna		612-806-6543	2846 17th Ave S	Minneapolis	MN	55407
Nathan Roalson	Nate's Building Services, LLC	612-227-6990	7717 59th Place North	Crystal	MN	55428
Nazarene Deenanath	Tony Services Inc.	612-232-1234	3601 1st Avenue South	Minneapolis	MN	55409
Neng Yang		612-399-8139	1237 Skillman Ave E	Maplewood	MN	55109
Nicolas Lema	SNL Enterprise, LLC	612-245-8301	6516 Eliot View Road	St. Louis Park	MN	55426
Nikone Wathanaphone	Nik Enterprise Ventures LLC	612-295-9299	4505 Nathan Lane	Plymouth	MN	55442
Noke Sihanantharath	Noke Corp	612-244-3388	6407 City W Plkwy	Eden Prairie	MN	55344
Norma Diaz	LN Juntos, LLC	612-952-846-7503	2275 Van Sloun Road	Chaska	MN	55318
Norma Salvador	Los Christian Services Corp.	612-747-7101	2537 Edgecumbe Road	St. Paul	MN	55116
Norman Davenport	Vision 619, LLC	612-430-2644	7148 Morgan Ave N	Brooklyn Center	MN	55434
Omer Maye		612-200-0069	8216 38th Ave N	New Hope	MN	55408
Pa Yong Lee	P&L Cleaning Service, LLC	612-424-3233	1823 Ivy Ave E	St. Paul	MN	55119
Pang Yang	G & P Services, LLC	612-497-8288	8682 Hadley Avenue S	Cottage Grove	MN	55016
Rafael Ibarra		612-9148	15540 Float Lane	Apple Valley	MN	55124
Rafael Manuel Fidalgo	Triple Imports LLC	612-859-8250	6222 Hedgecroft Ave S.	Cottage Grove	MN	55016
Rasmee Yathaotou	Fresh Cleaning LLC	612-356-8692	1175 Kennard Street	St. Paul	MN	55106
Rene Diaz-Barban	Diaz Marquez Ventures, LLC	612-228-8528	15983 Havelock Court	Apple Valley	MN	55124

Rina DeLopez	Rina's Cleaning, LLC	612-404-7339	1079 North Circle NE	Fridley	MN	55432
Robert Lee	RTLPN Services, LLC	639-0140	2665 78th Ave N	Brooklyn Park	MN	55444
Roger Vue	Brightlite Cleaning Services	651-261-4958	5501 France Ave N	Brooklyn Center	MN	55429
Samuel F. Moliwulo	Suebatch, LLC	651-0376	1440 109th Ave NW	Coon Rapids	MN	55433
Sara Dia Moua	S&S Enterprise, LLC	651-424-6831	1881 Todd Dr	Arden Hills	MN	55112
Sheng Lee & Lia Chang	New Vision Clean, LLC	612-269-6292	1615 Ross Ave	St. Paul	MN	55106
Song Vang	Xon Cleaning Service LLC	612-598-0279	1642 Stillwater Ave	St. Paul	MN	55106
Song Yang	S Yang Enterprise, LLC	763-291-4939	1945 County Road CC	New Richmond	WI	54017
Soua Vang	SV Enterprise, LLC	651-358-8750	716 Rose Avenue E	St. Paul	MN	55106
Sweetie Sumo	SK & Sons, LLC	600-2074	6500 Zealand Ave N	Brooklyn Park	MN	55428
Telason Amare & Hermon Debas	TH Enterprise, LLC	651-434-2659	935 3rd Avenue NE	Minneapolis	MN	55413
Teshoma Beketa	ST Jan Pro Cleaning Service LLC	612-612-286	9830 6th St NE	Blaine	MN	55434
Thao Xiong	ISO Clean, LLC	651-387-6291	7124 Colorado Ave	Brooklyn Park	MN	55429
Tony Yang	TY Ventures, LLC	651-399-3597	1651 Stillwater Ave	St. Paul	MN	55106
Tou Yang	TY Ventures, LLC	715-952-2477	1464 Reaney Ave	St. Paul	MN	55106
Tou Yang	R&T Ventures, LLC	651-354-2393	1716 Leone Ave	St. Paul	MN	55106
Toua Vang	TV Enterprise LLC	651-815-8315	1455 Conway St	St. Paul	MN	55106
Toua Vang	TSB Investments, LLC	288-7118	991 Lawson Ave E	St. Paul	MN	55106
Vang Thao	Janitorial Five Star Enterprise, LLC	907-310-8393	8032 Douglas Drive N	Minneapolis	MN	55443
Veronica Sosa		952-277-9544	206 W 104th Street	Bloomington	MN	55420
Wanida Xiong	WX Services, LLC	651-329-0061	402 Ripley Ave	Maplewood	MN	55117
Xiong Vang	XCT Yang Ventures, LLC	806-7961	1179 Supornick Lane	St. Paul	MN	55106
Yankee Lee	Paradigm Services, LLC	651-706-3060	2197 Powers Ave	St. Paul	MN	55119

Yer Yang	Y & C Enterprise, LLC	651-348-9433	386 Rose Ave E	St Paul	MN	55130
Yevgeniya Serbinenko	Unique Ventures, LLC	651-249-1580	1204 Willow Tr.	Farmington	MN	55024
Yia Yang	Y&S Enterprise, LLC	651-424-9634	706 Elizabeth Lane	Minneapolis	MN	55411
Zene & Pongia Xiong	ZPX Enterprise, LLC	763-291-5402	13025 Saratoga Lane	Champlin	MN	55316
Zuleika Abdinasir	A & K Enterprise, LLC	651-500-3403	761 Como Ave	St Paul	MN	55103

<u>Franchisee Name</u>	<u>Business Name</u>	<u>Phone</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
<u>Abdalla Ebu</u>		<u>763-353-8712</u>	<u>627 Aurora Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55104</u>
<u>Abdi Gemada</u>	<u>ANG Services, LLC</u>	<u>612-382-0770</u>	<u>5460 Helena Road N</u>	<u>Oakdale</u>	<u>MN</u>	<u>55128</u>
<u>Abigail Lee</u>	<u>AbbyTCheng, LLC</u>	<u>612-404-4978</u>	<u>7808 Girard Avenue N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55444</u>
<u>Adel Suastegui Villalba</u>	<u>Suastegui, LLC</u>	<u>651-200-5807</u>	<u>92 Arion St W</u>	<u>West St. Paul</u>	<u>MN</u>	<u>55118</u>
<u>Adem Idris Omar</u>		<u>612-702-1578</u>	<u>1615 S 4th Street Apt #M-603</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55454</u>
<u>Ahmed Alasow</u>	<u>TAAJIR, LLC</u>	<u>612-806-1104</u>	<u>6301 Lyndale Ave S</u>	<u>Richfield</u>	<u>MN</u>	<u>55423</u>
<u>Albert & Sandra Mante</u>	<u>A&S Holdings, LLC</u>	<u>651-235-1300</u>	<u>7696 Palmgren Ave NE</u>	<u>Otsego</u>	<u>MN</u>	<u>55330</u>
<u>Alemayehu Abate</u>	<u>Exodus General Cleaning LLC</u>	<u>651-354-6539</u>	<u>1840 Snelling Ave</u>	<u>Falcon Heights</u>	<u>MN</u>	<u>55113</u>
<u>Alex Cadichon</u>	<u>AC Cadichon Enterprise, LLC</u>	<u>773-458-6518</u>	<u>5656 W Bavarian Pass</u>	<u>Fridley</u>	<u>MN</u>	<u>55432</u>
<u>Amenda & Steven Thao</u>	<u>A&S Ventures, LLC</u>	<u>763-242-3079</u>	<u>1305 Tiller Lane</u>	<u>Arden Hills</u>	<u>MN</u>	<u>55112</u>
<u>Amina Ahmed</u>	<u>AA Enterprise LLC</u>	<u>612-426-1138</u>	<u>2828 Jordan Ave S</u>	<u>Minnetonka</u>	<u>MN</u>	<u>55305</u>
<u>Ana Esquibel Rodriguez</u>	<u>BAM Cleaning Services, LLC</u>	<u>612-462-5425</u>	<u>6120 Quinwood Ln N #2216</u>	<u>Plymouth</u>	<u>MN</u>	<u>55442</u>
<u>Ana Medina</u>	<u>Excellent Pristine Cleaning Services LLC</u>	<u>651-336-1043</u>	<u>12735 Gerdine Court</u>	<u>Apple Valley</u>	<u>MN</u>	<u>55124</u>
<u>Andrew & Kaminie Ramdial</u>	<u>G&J Enterprise, LLC</u>	<u>952-217-7062</u>	<u>14224 Bayberry Trail</u>	<u>Rosemount</u>	<u>MN</u>	<u>55068</u>
<u>Anna Xiong</u>	<u>AX Services, LLC</u>	<u>651-468-1858</u>	<u>1897 Dieter Street</u>	<u>Maplewood</u>	<u>MN</u>	<u>55109</u>
<u>Augustus Okai</u>	<u>OK Snyder, LLC</u>	<u>612-447-9543</u>	<u>13680 Balsam Lane N</u>	<u>Dayton</u>	<u>MN</u>	<u>55327</u>
<u>Aurelio Robles</u>	<u>A&A Robles Services, LLC</u>	<u>763-516-8352</u>	<u>7455 Taylor St NE</u>	<u>Fridley</u>	<u>MN</u>	<u>55432</u>
<u>Balram Laal</u>	<u>BL Cleaning Service, LLC</u>	<u>651-363-7290</u>	<u>3101 McLeod St</u>	<u>Burnsville</u>	<u>MN</u>	<u>55337</u>
<u>Bee Xiong</u>	<u>BX Services, LLC</u>	<u>612-816-4742</u>	<u>5144 Emerson Ave N</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55430</u>
<u>Brandon Hang</u>	<u>M&B Ventures, LLC</u>	<u>763-567-0240</u>	<u>10189 Terrace Ct NE</u>	<u>Blaine</u>	<u>MN</u>	<u>55434</u>
<u>Calvin Bankhead</u>	<u>Bankhead Cleaning Services, LLC</u>	<u>612-270-6744</u>	<u>3029 Garfield Ave S</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55408</u>
<u>Carla Landa</u>	<u>MCC Cleaning Corp</u>	<u>612-323-2345</u>	<u>16 Rita Lane</u>	<u>Chaska</u>	<u>MN</u>	<u>55318</u>
<u>Carlos Alvarez</u>	<u>Alvaca Services LLC</u>	<u>612-877-1453</u>	<u>9607 Ensign Circle</u>	<u>Bloomington</u>	<u>MN</u>	<u>55438</u>
<u>Carlos Omana</u>		<u>651-315-0937</u>	<u>8624 Inwood Ave S</u>	<u>Cottage Grove</u>	<u>MN</u>	<u>55016</u>

Carol Ives	C & C Team LLC	612-636-7334	3554 Aldrich Avenue North	Minneapolis	MN	55412
Chang Seng Yang	CSY Enterprise, LLC	612-442-4051	3318 Poe Road	Brooklyn Center	MN	55429
Chang Thao	Chang Ventures	651-404-8400	925 Fremont Ave	St. Paul	MN	55106
Chao Lee	CL Enterprise, LLC	651-239-3900	1430 York Ave	St. Paul	MN	55106
Chao Vang	Chao's Cleaning Service LLC	913-203-7034	44 Hawthorne Ave W.	St. Paul	MN	55117
Chee Vang	C&M Services, LLC	651-274-2296	6662 Hyde Ave S	Cottage Grove	MN	55016
Chia N Fang	EZ Fang Cleaning, LLC	763-337-1588	1520 Charlton St	W. St. Paul	MN	55118
Chiyou Moua	Chiyou Serves, LLC	612-346-1418	160 Big Circle Drive	Little Canada	MN	55117
Chong Xiong & Yeng Yang	CX Services, LLC	763-238-7221	4925 Penn Ave N	Minneapolis	MN	55430
Choua Vang	KNC Services, LLC	651-315-2132	2062 Sloan St.	Maplewood	MN	55117
Chue Her Yang	CHY Enterprise LLC	763-843-7754	7581 23rd Street North	Oakdale	MN	55128
Chue Yee Vang	CYV Services, LLC	612-978-2685	23259 Vintage St NW	St Francis	MN	55070
Claudia A. Aguilar	C & R Solutions, LLC	651-343-9953	10750 Ashley Lane	Woodbury	MN	55129
Claudia Liliana Sanchez	CRD Enterprise, LLC	612-408-0462	7997 Lander Ave NE	Otsego	MN	55301
Crystal Lezama	Krystals Cleaning, LLC	612-281-7430	15615 24th Ave N	Plymouth	MN	55447
Dang Neng Thao	Miracle DS, LLC	651-955-1619	7112 Grimes Ave N	Brooklyn Center	MN	55429
Dasrath Samsundar	DAT Cleaning Service LLC	763-234-7972	2214 Idaho Ave S	St. Louis Park	MN	55426
Davanand & Radhika Mahadeo	DRMPLUS, LLC	612-407-8862	9207 Chicago Ave S	Bloomington	MN	55420
Dayanna Hernandez	Prisca Cleaning Services, LLC	763-227-2628	313 Groff St	Carver	MN	55315
Demetria Martinez	Diamond Shine Services, LLC	952-594-4115	4701 Flag Ave. N.	New Hope	MN	55428
Demetrius Winston	Winston Management, LLC	612-913-0153	2187 Cool Stream Circle	Eagan	MN	55122
Denesh Persaud	Esequibo Solutions, LLC	612-232-2348	7340 York Ave	Edina	MN	55435
DeReese Walker	Choose Chozen Cleaning, LLC	763-313-6041	1062 Fuller Ave	St. Paul	MN	55104
Diamond Lewis	Krystal Cleaning Services LLC	612-757-3259	10116 Newport Path	Woodbury	MN	55129
Dina Coreas	JAV Enterprises, Inc.	651-347-5084	6016 Inskip Ave S	Cottage Grove	MN	55016
Dontrice Eskew	Genes Cleaning Service	612-607-4602	737 Southglen Drive	Bloomington	MN	55420
Doua X. Vang	DV Services, LLC	651-313-0407	54 Hawthorne Ave E	St. Paul	MN	55117
Duyan Johnson	Duyan Johnson, LLC	612-207-2622	3515 Pleasant Ave	Minneapolis	MN	55408
Dwight Stewart	Dwight F. Stewart Enterprise, Inc.	612-978-0439	5116 Emerson Avenue North	Minneapolis	MN	55430
Edward Yang Thao		651-363-5217	1506 Pacific St	St. Paul	MN	55108
Enrique Ramos	Helia Cleaning, Inc	612-790-7337	724 Bielenberg Drive	Woodbury	MN	55125
Evan & Altaa Morris	Altan Cleaning, LLC	612-978-7545	120 Windsor Court	New Brighton	MN	55112
Ever Magadan Montes	Shining & Cleaning, LLC	612-274-0801	3316 Stevens Ave S	Minneapolis	MN	55408
Fatiha Hassan	FH Enterprsie, LLC	612-707-2204	2841 15th Avenue S	Minneapolis	MN	55407
Felicia Porter & Arthur Porter	Porter Industries, LLC	612-364-2809	2009 Gunflint Trail	Brooklyn Park	MN	55444
Fernando Rivera Mena	FM Cleaning Servcies, LLC	651-431-8547	803 Jessamine Ave E	St. Paul	MN	55106
Geneva Johnson	DJ Services, LLC	612-578-8670	1004 Aston Circle	Burnsville	MN	55337
Ger Vang		651-734-5470	680 Lone Ave NE		MN	55432
Gerardo Galindo	G & B Enterprise LLC	612-554-9374	8112 17th Avenue South	Bloomington	MN	55425
Hang Pao Lee	Hang Enterprise, LLC	612-469-3728	1797 Hilo Ave N	Oakdale	MN	55128
Hidalgo Zambrano		763-269-9087	11447 Anderson Lakes Parkway	Eden Prairie	MN	55344
Hilda Cadena	RYCA Services, LLC	763-227-3451	1224 Shakopee Ave E	Shakopee	MN	55379
Houa Lee	HL Enterprise LLC	651-666-9473	3113 84th Ave N	Brooklyn Park	MN	55443
Hua Yang	H&C Enterprise, LLC	651-206-9547	1674 Leone Ave	St. Paul	MN	55106

Ike Aguocha		612-964-5441	181 139th Ave NW	Andover	MN	55304
Ingrid Mendez	Rain & Shine Cleaning Service, LLC	952-769-9925	15607 June Grass Ln	Eden Prairie	MN	55347
Ivan Rodriguez Jacinto	Principles of Cleaning LLC	651-955-1142	5625 Countryview Trail	Farmington	MN	55024
Jampa Ritzekura	Tibet Cleaning Services, LLC	763-746-6920	11436 Quincy St NE	Blaine	MN	55434
Jesus Bonfil	Bonfil LLC	763-843-0983	1409 Shakopee Avenue E	Shakopee	MN	55379
Jesus Dominguez	Orozco Ventures, LLC	612-231-4472	5445 Smetana Drive	Minnetonka	MN	55343
John Lor	JAL Enterprise LLC	651-270-7651	3039 Payne Ave	Little Canada	MN	55117
Jon & Eve Cooper	Aspire Cleaning Services LLC	612-408-6335	17220 138th Avenue North	Dayton	MN	55327
Jorge & Angel Brito	Brito Ventures LLC	952-201-4120	1915 24th Avenue North	Minneapolis	MN	55411
Jose Alamo Santellanes	RJS Enterprise LLC	612-251-3863	1236 119th Lane NW	Coon Rapids	MN	55448
Jose Alvarenga		651-329-2994	2459 Youngman Ave W, Apt 4A	St. Paul	MN	55116
Jose Gonzalez Nieto	J & G Enterprise LLC	763-458-7351	2650 Humboldt Ave N	Minneapolis	MN	55411
Jose Rivera	Las Rivera, LLC	651-788-1108	34 Cimarron	Lake Elmo	MN	55042
Joy Phouybanhdyt	Joy Joy Enterprise, LLC	952-529-8852	4410 123rd Circle NE	Blaine	MN	55449
Juan Carlos Morazan	JCMorazan Cleaning Service Corp.	763-843-6636	3690 W 156th Street	Rosemount	MN	55068
Ka Xiong	KX Ventures, LLC	763-203-5492	11833 Idaho Ave N	Champlin	MN	55316
Ka Yang	JKV Cleaning, LLC	763-923-8236	4519 Winchester Lane	Brooklyn Center	MN	55429
Kayla Vang		763-464-1052	16251 Cornell Street NE	Columbus	MN	55025
Keergapati Persaud	A-R Ventures, LLC	952-767-2846	16580 Joplin Path	Lakeville	MN	55044
Ker Her	KH Enterprise, LLC	651-983-2839	1513 L'Orient Street	St. Paul	MN	55117
Kham Vang	KV Enterprise LLC	763-777-0268	9801 Evergreen Ave N	Brooklyn Park	MN	55443
Kia Yang	KY Services, LLC	860-930-9786	3615 Russell Ave N	Minneapolis	MN	55412
Kim F. Johnson		651-769-5211	1022 McClelland St. S.	Maplewood	MN	55119
Kong M Yang	KSP Ventures, LLC	651-795-1663	861 Pandora Drive NE	Fridley	MN	55432
Kou Thao	Rapid Cleaning, LLC	952-769-9503	11862 Cottonwood St NW	Coon Rapids	MN	55448
Kunchok Sangpo	DK Legacy, LLC	612-735-5678	7669 206th St W.	Lakeville	MN	55044
Kurtis Edmond		612-819-5034	3954 Tyler St.	Columbia Heights	MN	55412
Leo K. Thao	Perfect Clean, LLC	612-386-3052	3609 143rd Ave NW	Andover	MN	55304
Lilian Morales	J' Cleaning Services, LLC	651-410-6665	12707 Edgemont Curve	Apple Valley	MN	55124
Lillian Xiong	CK Enterprise LLC	651-356-4002	6746 3rd Street North	Oakdale	MN	55128
Lobsang Palden		612-354-1055	3807 Gauvitte Street	Columbia Heights	MN	55421
Lue Yang	LY Enterprise LLC	651-279-1669	1537 Etna St N	St. Paul	MN	55106
Luis Durazno	LBD Enterprises, LLC	952-256-3899	1902 East 41st Street	Minneapolis	MN	55407
Luis Loja	Lojas Cleaning Servces, LLC	952-297-0400	520 Linden Ave W	Winsted	MN	55395
Luis O. Hernandez		651-399-8153	1029 Atlantic St. #201	St. Paul	MN	55106
Luis Quintuna		612-886-4261	6234 Bryant Ave N	Brooklyn Center	MN	55430
Lylly Yangshi	Northstar Cleaning LLC	763-614-9740	2155 131st Lane NW	Coon Rapids	MN	55448
Mai Koua Thao	MKT Enterprise, LLC	651-242-0253	345 Wheelock Parkway E	St. Paul	MN	55130
Mai Moua Thao	Mai-Pro Cleaning, LLC	920.815.5143	2233 Reaney Ave E	St. Paul	MN	55119
Mai Vang Xiong	Bliss Care, LLC	651-447-1780	17071 Garnet St NW	Ramsey	MN	55303
Mai Xiong Lee		651-675-6833	1846 Mechanic Avenue	St. Paul	MN	55119
Mai Youa Lee	MNC Services, LLC	651-208-1012	1674 Sims Ave	St. Paul	MN	55106
Mang Lee & Maisia Lee	Lee Cleaning Service, LLC	907-406-1817	566 McKinley St	Anoka	MN	55303
Manuel Guiracocha	Calle Services LLC	612-723-8544	3726 Stevens Ave	Minneapolis	MN	55409
Margarito Saravia	MAS Services Corporation	651-800-6256	1365 W Maynard Dr. Apt. 159	St. Paul	MN	55116

Maria Jaramillo Ruiz	JR Ventures, LLC	651-242-1932	1214 Desoto St.	St. Paul	MN	55130
Maria Quinonez		763-280-9369	10613 Juniper St	Coon Rapids	MN	55448
Mario Solorzano	A-Z Brilliant Building Services	612-385-1679	15340 Waco Ct. NW	Ramsey	MN	55303
Martin Gonzalez	MPG Ventures, LLC	952-215-6092	3725 5th Ave. S.	Minneapolis	MN	55409
Marvin Mayweather	Time Fly Service, LLC	651-263-3167	4255 3rd St NE	Columbia Heights	MN	55421
Matthew Sanigular	Peak Enterprises, LLC	763-412-0209	1229 Upton Avenue North	Minneapolis	MN	55411
Mee Vang	MV Enterprise, LLC	651-202-0859	1630 Park Street	Shoreview	MN	55126
Mee Yang Xiong	Yajkajsiab Cleaning, LLC	651-278-5843	1885 Sloan Street	Maplewood	MN	55117
Meng Vang	Wameng Quality Cleaning, LLC	651-500-6660	7741 Emerson Ave N	Brooklyn Park	MN	55444
Miguel Zuna		612-806-6543	2846 17th Ave S	Minneapolis	MN	55407
Mohammed Denboba	Moonlight Cleaning, LLC	612-919-1628	7721 Jocelyn Ave S	Cottage Grove	MN	55016
Nathan Roalson	Nate's Building Services, LLC	763-227-6990	7717 59th Place North	Crystal	MN	55428
Nazarene Deenanath	Tony Services Inc.	612-232-1234	3601 1st Avenue South	Minneapolis	MN	55409
Neng Yang		651-399-8139	1237 Skillman Ave E	Maplewood	MN	55109
Nicolas Lema	SNL Enterprise, LLC	612-245-8301	6516 Eliot View Road	St. Louis Park	MN	55426
Nikone Wathanaphone	Nik Enterprise Ventures LLC	763-691-5606	4505 Nathan Lane	Plymouth	MN	55442
Noke Sihanantharath	Noke Corp	612-244-3388	6407 City W Pkwy	Eden Prairie	MN	55344
Norma Diaz	LN Juntos, LLC	952-846-7503	2275 Van Sloun Road	Chaska	MN	55318
Norma Salvador	Los Christian Services Corp.	651-747-7101	2537 Edgcumbe Road	St. Paul	MN	55116
Pa Yong Lee	P&L Cleaning Service, LLC	651-424-3233	1823 Ivy Ave E	St. Paul	MN	55119
Pang Yang	G & P Services, LLC	651-497-8288	8682 Hadley Avenue S	Cottage Grove	MN	55016
Peter Yang	PY Services, LLC	218-221-3678	1945 Polaris Place N	St. Paul	MN	55109
Rene Diaz - Barban	Diaz Marquez Ventures, LLC	763-228-8528	15983 Havelock Court	Apple Valley	MN	55124
Ricky Lee	RNL Services, LLC	763-267-8904	4012 Joyce Lane	Brooklyn Center	MN	55429
Rigoberto Rubi & Natdanai Praidan	On-Point LLC	612-703-6948	560 Mendota St	St. Paul	MN	55106
Rina DeLopez	Rina's Cleaning, LLC	612-404-7339	1079 North Circle NE	Fridley	MN	55432
Robert Lee	RTLPN Services, LLC	763-639-0140	2665 78th Ave N	Brooklyn Park	MN	55444
Roger Vue	Brightlite Cleaning Services	651-261-4958	5501 France Ave N.	Brooklyn Center	MN	55429
Safire Thao	SPT Services, LLC	763-592-9629	1642 162nd Ave NE	Ham Lake	MN	55304
Samuel F. Moliwulo	Suebateh, LLC	763-202-0376	1440 109th Ave NW	Coon Rapids	MN	55433
Sao Vang	SKY Service, LLC	763-344-9960	2010 Queen Ave N	Minneapolis	MN	55411
Sara Dia Moua	S&S Enterprise, LLC	651-424-6831	1881 Todd Dr	Arden Hills	MN	55112
Sheng Lee & Lia Chang	Promote Clean, LLC	612-269-6292	2061 Radatz Ave	Maplewood	MN	55109
Sheng Xiong	Sheng Cleaning Service, LLC	612-601-3775	1140 Albemarle St	St. Paul	MN	55117
Shuamor Her	SM Shine Bright, LLC	763-567-1902	6277 Century Blvd	Brooklyn Park	MN	55429
Silvia Rodriquez	Cleaning The World, LLC	612-991-6336	1878 139th Ave NW	Andover	MN	55304
Sodbaatar Ganbaatar	SGL Services, LLC	612-708-4503	17815 3rd Ave N	Plymouth	MN	55447
Song Vang	Xon Cleaning Service LLC	612-598-0279	1642 Stillwater Ave	St. Paul	MN	55106
Song Yang	S Yang Enterprise, LLC	763-291-4939	1945 County Road CC	New Richmond	WI	54017
Soua Vang	SV Enterprise, LLC	651-358-8750	716 Rose Avenue E	St. Paul	MN	55106
Sultan Butta	SB Enterprise, LLC	612-226-2927	132 Stonybrook Way NE	Fridley	MN	55432
Thao Xiong	ISO Clean, LLC	651-387-6291	7124 Colorado Ave	Brooklyn Park	MN	55429
Tong Her	TS Service LLC	651-808-2732	1977 Nortonia Ave	St. Paul	MN	55119
Tong Xiong	TX Services, LLC	651-367-4231	758 Magnolia Ave E	St. Paul	MN	55106
Tou Yang	TY Ventures, LLC	952-715-2477	1464 Reaney Ave	St. Paul	MN	55106

<u>Vang Thao</u>	<u>Janitorial Five Star Enterprise, LLC</u>	<u>907-310-8393</u>	<u>8032 Douglas Drive N</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55443</u>
<u>Veronica Sosa</u>		<u>952-277-9544</u>	<u>206 W 104th Street</u>	<u>Bloomington</u>	<u>MN</u>	<u>55420</u>
<u>Vincen Vang</u>	<u>KV Ventures, LLC</u>	<u>763-381-1839</u>	<u>7308 Noble Ct N.</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55443</u>
<u>Vue Yang</u>	<u>PFC Services, LLC</u>	<u>715-523-3580</u>	<u>1590 Park Street</u>	<u>Shoreview</u>	<u>MN</u>	<u>55126</u>
<u>Wanida Xiong</u>	<u>WX Services, LLC</u>	<u>651-242-6359</u>	<u>359 Lark Avenue</u>	<u>Maplewood</u>	<u>MN</u>	<u>55117</u>
<u>Xai Lor</u>	<u>Excel Enterprise, LLC</u>	<u>651-706-5122</u>	<u>885 Hazelwood St.</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Xai Thao</u>	<u>XT Services, LLC</u>	<u>651-309-7724</u>	<u>11648 Jefferson St NE</u>	<u>Blaine</u>	<u>MN</u>	<u>55434</u>
<u>Xeng Yang</u>	<u>XP Cleaning, LLC</u>	<u>952-658-9878</u>	<u>9019 Jefferson St NE</u>	<u>Blaine</u>	<u>MN</u>	<u>55434</u>
<u>Xiong Vang</u>	<u>XCT Yang Ventures, LLC</u>	<u>612-806-7961</u>	<u>878 Marshall Ave</u>	<u>St Paul</u>	<u>MN</u>	<u>55104</u>
<u>Ya Thao</u>	<u>Total One Services, LLC</u>	<u>651-528-1952</u>	<u>9588 County Road 5 NE</u>	<u>North Branch</u>	<u>MN</u>	<u>55056</u>
<u>Yankee Lee</u>	<u>Paradigm Services, LLC</u>	<u>651-706-3060</u>	<u>2197 Powers Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55119</u>
<u>Yeng Ka Yang & Mailee Thao</u>	<u>YKY Ventures, LLC</u>	<u>907-310-0637</u>	<u>8032 Douglas Drive N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55443</u>
<u>Yer Yang</u>	<u>Y & C Enterprise, LLC</u>	<u>651-348-9433</u>	<u>386 Rose Ave E</u>	<u>St Paul</u>	<u>MN</u>	<u>55130</u>
<u>Yevgeniya Serbinenko</u>	<u>Unique Ventures, LLC</u>	<u>651-249-1580</u>	<u>1204 Willow Tr.</u>	<u>Farmington</u>	<u>MN</u>	<u>55024</u>
<u>Yia Vang</u>	<u>Y&S Enterprise, LLC</u>	<u>651-424-9634</u>	<u>706 Elizabeth Lane</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55411</u>
<u>Yorbi Lopez & Angelica Bibiano</u>	<u>Lopez Bibiano, LLC</u>	<u>651-560-5468</u>	<u>2055 Montreal Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55116</u>
<u>Youa Xiong & Xiong Ge Yang</u>	<u>Comfortable Cleaning, LLC</u>	<u>612-423-6608</u>	<u>2815 Morgan Ave N</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55411</u>
<u>Youa Yang Vang</u>	<u>S&Y Enterprise, LLC</u>	<u>651-276-4406</u>	<u>1125 Pioneer Trail</u>	<u>Cambridge</u>	<u>MN</u>	<u>55008</u>
<u>YouaVang Pachao</u>	<u>YVP Services, LLC</u>	<u>612-398-5403</u>	<u>19528 Albany St NW</u>	<u>Elk River</u>	<u>MN</u>	<u>55330</u>
<u>Younes Elidrissi</u>	<u>Certified Mold Removal, LLC</u>	<u>763-250-8494</u>	<u>256 N Lexington Ave</u>	<u>Le Center</u>	<u>MN</u>	<u>56057</u>
<u>Zang Lee</u>	<u>ZL Enterprise, LLC</u>	<u>612-517-5385</u>	<u>11648 Jefferson St NE</u>	<u>Blaine</u>	<u>MN</u>	<u>55434</u>
<u>Zone & Pangia Xiong</u>	<u>ZPX Enterprise, LLC</u>	<u>763-291-5402</u>	<u>13025 Saratoga Lane</u>	<u>Champlin</u>	<u>MN</u>	<u>55316</u>

Exhibit E to the Franchise Disclosure Document

REGIONAL MASTER FRANCHISEE'S LIST OF FRANCHISEE OUTLETS TERMINATED, NOT-RENEWED, ETC.

<u>Franchisee Name</u>	<u>Business Name</u>	<u>Phone</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
<u>Abdi Shone & Hebano Gishe</u>		<u>612-636-4980</u>	<u>383 Virginia Street</u>	<u>St. Paul</u>	<u>MN</u>	<u>55103</u>
<u>Adam Hassan</u>		<u>763-291-3002</u>	<u>2509 98th Avenue N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55444</u>
<u>Ahmed Jibril</u>	<u>Heban Gandabdi Enterprise, LLC</u>	<u>952-406-1831</u>	<u>14814 Willemite Street NW</u>	<u>Ramsey</u>	<u>MN</u>	<u>55303</u>
<u>Alvaro Cortes</u>	<u>ACB Enterprise, LLC</u>	<u>651-230-2718</u>	<u>1116 Marion St.</u>	<u>St. Paul</u>	<u>MN</u>	<u>55117</u>
<u>Angela Elizabeth Paredes Lopez</u>	<u>Catalan Cleaning Services, LLC</u>	<u>651-600-5337</u>	<u>1292 Maynard Drive E APT 331</u>	<u>St. Paul</u>	<u>MN</u>	<u>55116</u>
<u>Arona Lor & Vang Xeng Lee</u>	<u>A&V Services, LLC</u>	<u>651-604-7392</u>	<u>1674 Sims Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Ausa Chang</u>	<u>AC Ventures, LLC</u>	<u>651-354-1856</u>	<u>1217 Farrington St</u>	<u>St. Paul</u>	<u>MN</u>	<u>55117</u>
<u>Battur Darjaa</u>	<u>Sutai, LLC</u>	<u>612-408-7118</u>	<u>6616 Gettysburg Ave N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55428</u>
<u>Chanthalat Thao</u>	<u>Chan Services, LLC</u>	<u>763-204-0305</u>	<u>8265 Scott Ave N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55443</u>
<u>Ge Thao</u>	<u>G&P Ventures, LLC</u>	<u>651-529-5296</u>	<u>1534 Birmingham Street</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Hanan Bedru & Mikias Lulseged</u>	<u>ANL Pro, LLC</u>	<u>510-435-9374</u>	<u>11499 Halstead Trail</u>	<u>Woodbury</u>	<u>MN</u>	<u>55129</u>
<u>Houa Lor</u>	<u>HL Ventures, LLC</u>	<u>651-424-3448</u>	<u>658 Hawthorne Ave E</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Jamal Ali</u>	<u>Three Brothers Mash'allah, LLC</u>	<u>612-695-1835</u>	<u>11004 Edgewood Ave N</u>	<u>Champlin</u>	<u>MN</u>	<u>55316</u>
<u>Jason Yang</u>	<u>JY Ventures, LLC</u>	<u>651-347-7748</u>	<u>1840 Montana Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55119</u>
<u>Ka Lao</u>	<u>K & M Ventures LLC</u>	<u>612-968-5600</u>	<u>6200 Lee Avenue N</u>	<u>Brooklyn Center</u>	<u>MN</u>	<u>55429</u>
<u>Kao Song Yang</u>	<u>ZMK Enterprise LLC</u>	<u>651-331-8509</u>	<u>305 Cook Ave E</u>	<u>St Paul</u>	<u>MN</u>	<u>55130</u>
<u>Kao Vang & Ka Her</u>	<u>KV Services, LLC</u>	<u>763-273-3205</u>	<u>1517 Winchell Street</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Kishore Nimnauth</u>		<u>952-201-8094</u>	<u>3544 Texas Ave S</u>	<u>St. Louis Park</u>	<u>MN</u>	<u>55426</u>
<u>Kong Chang</u>	<u>KC Master, LLC</u>	<u>651-325-8539</u>	<u>390 67th Ave NE</u>	<u>Fridley</u>	<u>MN</u>	<u>55432</u>
<u>Leon Glover</u>	<u>Invision Cleaning, LLC</u>	<u>612-800-4266</u>	<u>15650 Galaxie Ave Apt 215</u>	<u>Apple Valley</u>	<u>MN</u>	<u>55124</u>
<u>Maruan Hassan</u>	<u>MHMA Enterprise, LLC</u>	<u>612-532-2803</u>	<u>2841 15th Ave S</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55407</u>
<u>Norman Davenport</u>	<u>Vision 619, LLC</u>	<u>612-430-2644</u>	<u>7148 Morgan Ave N</u>	<u>Brooklyn Center</u>	<u>MN</u>	<u>55434</u>
<u>Rafael Ibarra</u>		<u>952-652-9148</u>	<u>15540 Float Lane</u>	<u>Apple Valley</u>	<u>MN</u>	<u>55124</u>
<u>Rafael Manuel Fidalgo</u>	<u>Triple I Imports LLC</u>	<u>612-859-8250</u>	<u>6222 Hedgecroft Ave S.</u>	<u>Cottage Grove</u>	<u>MN</u>	<u>55016</u>
<u>Ruben Ramirez</u>	<u>MR Services, LLC</u>	<u>651-253-1152</u>	<u>8000 5th Ave S</u>	<u>Bloomington</u>	<u>MN</u>	<u>55420</u>
<u>Sweetie Sumo</u>	<u>SK & Sons, LLC</u>	<u>763-600-2074</u>	<u>6500 Zealand Ave N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55428</u>
<u>Telason Amare & Hermon Redae Debas</u>	<u>TH Enterprise, LLC</u>	<u>651-434-2659</u>	<u>935 3rd Avenue NE</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55413</u>
<u>Tony Yang</u>	<u>TY Ventures, LLC</u>	<u>651-399-3597</u>	<u>1651 Stillwater Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Tou Yang</u>	<u>R&T Ventures, LLC</u>	<u>651-354-2393</u>	<u>1716 Leone Ave</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Toua Vang</u>	<u>TSB Investments, LLC</u>	<u>715-288-7118</u>	<u>991 Lawson Ave E</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>
<u>Toua Vang</u>	<u>TV Enterprise LLC</u>	<u>651-815-8315</u>	<u>1455 Conway St</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>

|

Exhibit F to the Franchise Disclosure Document

FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

We need to make sure that you understand the terms of your Franchise purchase. You must honestly answer the below questions.

1. Have you personally reviewed your Franchise Agreement and each of its exhibits?

Yes No

2. Do you understand all of the Franchise Agreement and each of its exhibits?

Yes No

If “No”, what parts of the Franchise Agreement do you not understand?
(Attach additional pages, if necessary.)

3. Have you personally reviewed our Franchise Disclosure Document (“FDD”)?

Yes No

4. Do you understand all of the information in this FDD?

Yes No

If “No”, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

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

Yes No

6. Do you understand that the success or failure of your business will depend mostly on your skills and abilities, competition from other businesses, labor and supply costs, and other economic and business factors?

Yes No

7. Has any employee or other person speaking for us made any statement or promise about your Franchise that is contrary to or different from the information in our FDD?

Yes No

8. Has any employee or other person speaking for us made any statement or promise about the amount of money or profit/revenue you may earn in operating your Franchise that is different from what is in Item 5 of our FDD?

Yes No

9. Has any employee or other person speaking for us made any statement, promise or agreement about the assistance that we will furnish to you that is different from the information in the FDD?

Yes No

If you have answered "Yes" to any of questions 7 through 9, please provide a full explanation of your answer in the following blank lines. (Attach additional pages if necessary and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

10. Do you understand that our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us and not you and them?

Yes No

You understand that we will rely on your answers to these questions. By signing this Franchisee Disclosure Questionnaire, you are representing that you have honestly answered each question.

Name of Franchisee/Applicant

Date: _____, 20__

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:

State	Effective Date
Minnesota	April 25, 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.

ITEM 23 RECEIPT

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

If KLJ VENTURES, INC. offers you a franchise, KLJ VENTURES, INC. must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If KLV VENTURES 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, or the authorized state administrator listed in Item 1.

Franchise Seller(s): Kevin Johnson, Craig Bergman
 33 10th Ave S, Ste 200
 -Hopkins, MN 55343
 952-238-1005

KLJ VENTURES' agent in this state authorized to receive service of process is listed in Item 1.

Issuance date: ~~April 25, 2023~~ May 3, 2024

I received a disclosure document dated that included the following Exhibits:

- A - Franchise Agreement
- B - Table of Contents - Operations Manual
- C - Financial Statements (Regional Master Franchisee and JPI)
- D - List of Our Current Unit Outlets
- E - List of Our Terminated, Not-Renewed, Etc. Unit Outlets
- F – Franchisee Disclosure Questionnaire

Date: _____ Your Name (Please print) _____
 Your signature: _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Kevin Johnson at 33 10th Avenue S., Suite 200, Hopkins, MN 55343; or by faxing or emailing (as an attachment) a copy of the signed receipt to Kevin Johnson at (952)-933-5455. You may keep the second copy for your records.

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