

FRANCHISE DISCLOSURE DOCUMENT

SUBCONTAIN

Subcontain, LLC
A South Carolina limited liability company
121 Venture Blvd., Suite A
Spartanburg, SC 29306
888-870-4018
www.subcontain.com

As a Subcontain franchisee, you will operate a business that provides semi-inground waste container sales, installation coordination, and the associated waste disposal services, using Molok® brand containers.

The total investment necessary to begin operation of a Subcontain franchise is \$266,900 to \$969,500. This includes \$87,000 to \$208,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Ian Paradis at 121 Venture Blvd., Suite A, Spartanburg, SC 29306 and 888-870-4018.

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

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

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

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 Subcontain 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 Subcontain franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 arbitration or litigation only in South Carolina. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in South Carolina than in your own state.
2. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
6. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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Exhibits

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
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 - D. Financial Statements
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 - G. State Addenda to Disclosure Document
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- State Effective Dates
Receipt (2 copies)

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

In this disclosure document, “we”, “us,” or “our” refers to Subcontain, LLC (but not to our officers, director, agents, employees, affiliates, parents or subsidiaries). “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

About Us

Our name is Subcontain, LLC. Our principal business address is 121 Venture Blvd., Suite A, Spartanburg, SC 29306. Our parent entity is Clayton Management, LLC, which has the same business address as us. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

We do not have any predecessors.

We use the names “Subcontain, LLC” and “Subcontain”. We do not intend to use any other names to conduct business.

Our agent for service of process in South Carolina is Harry Clayton, and the agent’s principal business address is 121 Venture Blvd., Suite A, Spartanburg, SC 29306. Our agents for service of process in other states are disclosed in Exhibit A.

We are a South Carolina limited liability company. We were formed on March 5, 2025.

We have offered franchises since May, 2025. None of our affiliates has offered franchises in other lines of business.

Our affiliate, Subcontain Upstate, LLC has operated Subcontain in Spartanburg, South Carolina since May 2025. This affiliate has the same business address as us.

Subcontain, LLC does not operate businesses of the type being franchised. We do not have any other business activities. We have not offered franchises in other lines of business.

The Franchise Agreement

If you sign a franchise agreement with us, you will develop and operate a business provides semi-inground waste container sales, installation coordination, and the associated waste disposal services under the trade name “Subcontain”. The containers and related items are produced by Molok North America Ltd of Canada, and we have the exclusive right to resell Molok® bins in the United States.

The general market for a Subcontain business includes (but is not limited to) single-site restaurants and retail, multifamily properties (such as apartments and condominiums), municipalities, schools, public parks and recreational areas, storage facilities, and hotels and

resorts. The market is highly developed. We do not expect there to be any material seasonal variations in the market.

Your primary competitors are traditional waste management companies.

Laws and Regulations

You will need to comply with laws and regulations specifically applicable to the waste removal, transport, and disposal. You will need to evaluate and obtain the necessary licenses, certification, permits and approvals necessary to establish and operate a Subcontain business in your territory. You will also be required to comply with commercial vehicle and driver licensure laws, waste hauler licensing laws, contracting licensing laws, and regulations and laws regulating the type of waste that may be transported and disposed.

Item 2 BUSINESS EXPERIENCE

Harry Clayton – Chief Executive Officer; Director. Henry Clayton has been our Chief Executive Officer and a member of our Board of Directors in Spartanburg, SC, since March 2025. He has also been Chief Executive Officer of Clayton Construction in Spartanburg, SC, since 2003.

Ian Paradis – President; Director. Ian Paradis has been our President and a member of our Board of Directors in Spartanburg, SC, since March 2025. He was Chief Operating Officer of Worksmart in Greenville, SC, from May 2023 to December 2024. He was Chief Executive Officer of [bu:st] in Greenville SC from January 2023 to April 2023. He was Managing Director and Chief Operating Officer of The Hultquist Firm in Greenville, SC, from April 2020 to January 2022.

John Dobson – Vice President of Sales; Director. John Dobson has been our Vice President of Sales in Spartanburg, SC, since April 2026. He was Vice President of Operations from March 2025 to April 2026. He has also been a member of our Board of Directors in Spartanburg, SC, since March 2025. He has also been Director of Commercial Services for Spartan Waste in Spartanburg, SC, since January 2023. He was Owner of Ironworks Welding in Spartanburg, SC, from January 2021 to December 2024. He was a Sales Representative for Waste Connections in Duncan, SC, from January 2019 to July 2021.

Drew Johnson – Director of Operations. Drew Johnson has been our Director of Operations in Spartanburg, SC, since October 2025. He was Vice President: Operational Excellence for WorkSmart Staffing in Greenville, SC, from October 2023 to October 2025. He was Sr Manager: Process Improvement for American Credit Acceptance in Spartanburg, SC, from February 2021 to October 2021 and from October 2022 to October 2023. He was Regional Manager for Custom Goods in Greenville, SC, from October 2021 to October 2022.

Item 3 LITIGATION

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$59,500 as the initial franchise fee for a territory with a population of approximately 250,000 people (a “Territory”). This fee is not uniform. If your Territory has a population of more than 250,000 people, your franchise fee increases by \$0.20 per person. This fee is not refundable.

If you and we agree that you will simultaneously purchase multiple contiguous territories of approximately 250,000 people each under a single Franchise Agreement, your initial franchise fee will be as shown in the chart below. If you have multiple territories, the franchise fee will be increased by \$0.17 for each additional person over and above 250,000 in the last territory.

Total Territories Purchased	Franchise Fee per Territory	Cumulative Franchise Fee
1	\$59,500	\$59,500
2	\$49,500	\$109,000
3	\$39,500	\$148,500

In 2025, initial franchise fees ranged from \$109,000 to \$622,500.

Initial Order of Containers

You will purchase your Molok® waste containers from us. You must place your initial order for containers within 30 days of signing your franchise agreement, unless we agree in writing to an extension of up to 60 additional days. The cost of your initial inventory of waste containers and related items (such as upgraded lifting liners, colored lids, and custom signage) will vary based on the amount and configuration you choose.

The minimum required initial purchase is eight M5000 Molok containers (the M5000 being the highest capacity model, primarily intended for larger-scale commercial, municipal, and mixed-residential facilities, with a 5000 liter (6.5 square yards) capacity), along with certain smaller bins, spare parts, and replacement bags.

This fee is not uniform. We estimate you will spend \$27,500 to \$60,000 on your initial purchase, including for shipping and delivery. You pay 50% upon ordering and the balance due upon delivery. This payment is not refundable.

Veteran Discount

For qualified individuals who were honorably discharged from any branch of the United States Military we offer a 5% discount off the initial franchise fee for your first Franchise Agreement for your first territory. This discount must be requested at the time of your initial franchise application, applies to your first Franchise Agreement only, and requires documented military service. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must have at least 51% ownership to qualify for this discount. You must provide us a copy of DD Form 214 reflecting your military status before we sign a franchise agreement.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of your adjusted gross sales, subject to the minimum royalty fee (see Note 2)	Monthly, on the 5th day of the following month	See Notes 1, 2 and 3. If we permit you to serve a customer outside of your territory, the royalty rate is 12% of adjusted gross sales.
Marketing Fund Contribution	Up to 2% of your adjusted gross sales; currently, 1% of your adjusted gross sales	Monthly, on the 5th day of the following month	
Local Marketing	1.5% of your adjusted gross sales, including \$500 in online marketing.	Monthly	We require you to spend at least \$500 per month in online marketing, and we can increase this amount to up to \$2,000 per month; this online marketing spend counts toward your 1.5% marketing requirement. We have the right to increase the local marketing requirement to 2% of your adjusted gross sales.
Market Cooperative Contribution	As determined by the cooperative. Currently, none.	Monthly, on the 5th day of the following month	We have the right to establish local or regional advertising cooperatives. If you are a member of a cooperative, you and other members may vote to require each member to contribute between 1% and 5% of adjusted gross sales to the cooperative.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently, \$700 per month; \$500 per month for a second truck and each additional truck.	Monthly, in advance on the fifth day of the month	<p>We reserve the right to charge a commercially reasonable fee for software and other technology products and services we provide. The technology fee will not necessarily be a pass-through of our exact costs. We may add, remove, or alter the software or technology products or services that we provide. The technology fee will not exceed \$1,400 per month for the first truck and will not exceed \$1,000 per month for each additional truck.</p> <p>Currently, our technology stack includes our required operating software (Hauler Hero), our website, CRM, training management software, trucking monitoring and camera system, emails, and phone numbers.</p> <p>The Technology Fee starts with the first full month after you sign your Franchise Agreement.</p>
Replacement / Additional Training fee	Currently, \$500 per person per day	Prior to attending training	<p>If you send a driver, manager, or other employee to our training program after you open, we will charge our then-current training fee.</p> <p>All truck driver must be properly trained to operate the crane and other equipment. We reserve the right to implement a certification program for truck driver / equipment operator training. We will not charge a fee for the training of your first driver at our headquarters.</p>
Third party vendors	Pass-through of costs, plus reasonable administrative charge, not to exceed the greater of \$500 or 10%. Currently, none.	Varies	<p>We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.</p>

Type of Fee	Amount	Due Date	Remarks
Non-compliance fee	\$500 per instance	On demand	We may charge you \$500 for any aspect of your business which is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection or enforcement	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us, or otherwise enforcing your franchise agreement.
Convention fee	As determined by us; currently, none.	Prior to convention	If we conduct a national or regional meeting or convention, we will charge you the attendance fee even if you do not attend. You are responsible for all travel and living expenses of attending any such meeting or convention. This fee will not exceed \$2,000.

Type of Fee	Amount	Due Date	Remarks
Breach of territory fee	The greater of (i) \$500 or (ii) 75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written permission, we may impose this fee per instance of serving the customer.
Special support fee	Our then-current fee, plus our expenses. Currently, \$500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). This fee will not exceed \$1,000 per person per day.
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses. For example, if we deem it appropriate to partially or fully refund a customer's payment, we may require you to reimburse us for the amount we refunded.
Audit costs	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported adjusted gross sales by more than 3% for any month. The costs that we charge to you will not exceed \$5,000.
Special evaluation fee	Currently \$500, plus our out-of-pocket costs	On demand	Payable only if we conduct an in-person evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. The special evaluation fee will not exceed \$1,000.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.

Type of Fee	Amount	Due Date	Remarks
Renewal fee	25% of the initial franchise fee paid by you	Upon renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term.
Transfer fee	\$20,000 plus any broker fees and other out-of-pocket costs we incur	\$2,000 when you notify us of your intent to transfer or sell your business; the balance due at the closing of the transaction	Payable if you desire to transfer or sell your business.
Temporary management fee	10% of adjusted gross sales plus our expenses	On demand	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, (ii) we exercise our right to purchase your business after your franchise agreement end, or (iii) you operate the business in a dangerous manner.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	All of our costs and losses from any legal action related to the operation of your franchise, or any act by you or your employees	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the development or operation of your franchise, or any act or omission by you or any employee of your business (unless caused by our intentional misconduct or gross negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. “Adjusted Gross Sales” is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. It also includes any proceeds you receive from business interruption insurance. Adjusted Gross Sales does not include (i) bona fide refunds to customers, (ii) sales allowances and discounts, or (iii) sales taxes collected.

2. Your minimum royalty fee per month is:

	Minimum Monthly Royalty					
Total Territories	Months 1 to 6	Months 7 to 12	Year 2	Year 3	Year 4	Year 5
1	\$0	\$1,100	\$1,650	\$3,300	\$4,300	\$5,500
2	\$0	\$1,100	\$3,300	\$6,200	\$8,650	\$11,000
3	\$0	\$1,100	\$4,200	\$8,500	\$12,000	\$16,500

“Month 1” begins the first day of the calendar month following the date on which you sign your franchise agreement. For example, if you sign your franchise agreement on January 20, 2026, you would have no minimum royalty for the period of January 20, 2026 through July 31, 2026. You would owe a minimum royalty fee for August 2026, which would be due on September 5, 2026.

3. We will access your management software to obtain your adjusted gross sales, calculate your royalty fee and other fees, and withdraw the appropriate amount.

4. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method. If we permit you to pay by credit card or any other method which causes us to incur a processing fee, you will be responsible for the amount of the processing fee.

Item 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	\$59,500 - \$148,500	Check or wire transfer	Upon signing the franchise agreement	Us
Rent, Utilities, and Leasehold Improvements (see Notes 2,3)	\$4,000 - \$11,000	Check or electronic transfer	As incurred	Landlord, utilities, contractors
Customized Service Vehicle with Crane and Compactor (see Notes 2, 4)	\$50,000 - \$450,000	Check or electronic transfer	Upon purchase or lease	Approved Dealer
Service Vehicle Delivery, Registration, and Tax	\$1,900 - \$15,000	Check or electronic transfer	As incurred	Approved Dealer, Government
Tow Vehicle (see Notes 2, 5)	\$3,000 - \$30,000	Check or electronic transfer	Upon purchase or lease	Dealer
Service Trailer (see Notes 2, 5)	\$50,000 - \$55,000	Check or electronic transfer	Upon purchase	Approved Dealer
Initial Order of Containers (see Note 2)	\$27,500 - \$60,000	Check or electronic transfer	50% upon ordering and 50% upon delivery	Us
Furniture, Office Expenses, and Uniforms	\$2,000 - \$5,000	Check or electronic transfer	As incurred or when billed	Vendors and suppliers
Computer Systems	\$4,000 - \$5,500	Check or electronic transfer	As incurred	Vendors and suppliers
Initial Marketing	\$4,000 - \$8,000	Check or electronic transfer	As incurred or when billed	Vendors and suppliers
Insurance (3 months)	\$5,000 - \$10,000	Check or electronic transfer	Upon ordering	Insurance company
Licenses and Permits	\$1,500 - \$3,000	Check	Upon application	Government

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Professional Fees (lawyer, accountant, etc.)	\$2,500 - \$5,000	Check or electronic transfer	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$2,000 - \$3,500	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 12 months) (see Note 5)	\$50,000 - \$160,000	Varies	Varies	Employees, suppliers
Total	\$266,900 - \$969,500			

Notes

1. None of the expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. You are considered “open” when you have completed our in-person training and you have begun promoting your Subcontain business to your community and potential customers. It is likely that you will be “open” before you have rented a commercial space, acquired your service vehicle, or received your initial inventory of containers. However, for the purposes of this Item 7, we count your rent, vehicle, and initial containers as pre-opening expenses.

3. You may be able to initially manage your business from your home, and only rent space to park your vehicle and store your inventory (which must be kept indoors). Alternately, you may rent commercial space for your office, parking, and storage needs. The estimate reflects one month of rent, a security deposit, utility deposits, and possibly minor leasehold improvements.

4. You will need a customized refuse truck / crane / compactor that meets our specifications. You must order and make a down payment for your vehicle within 30 days of signing your franchise agreement, unless we approve in writing an extension of up to 60 days. Currently, there are three configurations that we have approved. You must purchase your vehicle from a dealer that we approve. Your vehicle must be in excellent or better condition, clean, dent-free, and otherwise present a professional appearance. The low-end estimate assumes you lease the vehicle and make an initial payment. The high-end estimate assumes you purchase the highest-capacity configuration.

5. In addition to the primary refuse truck / crane / compactor, you will need a large-capacity dump trailer with an integrated retractable tarp and a telescopic crane. Mounted on a heavy-duty chassis and powered by an independent 13 HP Honda engine, this unit serves as a delivery mechanism for Molok bins, a mobile service station for container maintenance, and an emergency backup for commercial waste collection. You must purchase your trailer from a dealer that we approve.

You will also need a pick-up truck or other tow vehicle capable of hauling the trailer. The low-end estimate for the tow vehicle assumes you lease the tow vehicle and make an initial payment; the high-end estimate assumes you purchase a used vehicle. Your tow vehicle must be in excellent or better condition, clean, dent-free, and otherwise present a professional appearance. The tow vehicle is not wrapped or branded.

5. This includes any other required expenses you will incur before operations begin and during the initial 12-month period of operations, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Subcontain businesses by our affiliate and our franchisees, and our general knowledge of the industry.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these requirements.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Waste Containers and Related Items. You will purchase all of your Molok® waste containers and related items (such as upgraded lifting liners, colored lids, and custom signage) from us. You are not permitted to buy Molok containers and items from any other source, nor are you permitted to use containers and related items from any other manufacturer. You must place your initial order for containers within 30 days of signing your franchise agreement, unless we agree in writing to an extension of up to 60 additional days.

B. Primary Service Vehicle. You will need a customized refuse truck / crane / compactor that meets our specifications. Currently there are three configurations that we have approved. You must purchase your vehicle from an approved dealer. Your vehicle must be in excellent or better condition, clean, dent-free, and otherwise presenting a professional appearance. You must place your order and make your down payment on the vehicle within 30 days of signing your franchise agreement, unless we agree in writing to an extension of up to 60 additional days.

C. Service Trailer and Tow Vehicle. In addition to the primary service vehicle, you will need a large-capacity dump trailer with an integrated retractable tarp and a telescopic crane. Mounted on a heavy-duty chassis and powered by an independent 13 HP Honda engine, this unit serves as a delivery mechanism for Molok bins, a mobile service station for container maintenance,

and an emergency backup for commercial waste collection. You must purchase your trailer from a dealer that we approve.

You will also need a pick-up truck or other tow vehicle capable of hauling the trailer. Your tow vehicle must be in excellent or better condition, clean, dent-free, and otherwise present a professional appearance. The tow vehicle is not wrapped or branded. You may lease or purchase the tow vehicle from any source.

D. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iii) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

E. Computer software and hardware. You must purchase and use the computer software and hardware that we specify. See Item 11 for more details.

F. Required Bookkeeping Services. You must the third-party accounting service and software that we specify.

G. Advertising and Marketing. Except as otherwise provided in the Operations Manual and advertising or marketing materials that we furnish to you, you must submit all advertising and marketing materials to us for our written approval before use. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws. We have the right to establish and control all digital marketing.

Us or our Affiliates as Supplier

We are the sole source of your waste containers and related items.

Ownership of Suppliers

None of our officers owns an interest in any supplier (other than us) to our franchisees.

Alternative Suppliers

We will not permit you to buy waste containers and related items from any source other than us.

With regards to other products and services necessary to operate your business and for which we have an approved supplier or suppliers: if you want to use a supplier that is not on our

list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications after evaluating the intended changes. We may also conduct limited market testing in one or more outlets.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Our total revenue in the prior fiscal year was \$181,162. Our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was \$0. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 70% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

Hauler Hero will pay us monthly a rebate on their software based on the number of trucks (currently \$5 per truck for 1-10 trucks, \$20 per truck for 11-30 trucks, with further increases based on the number of trucks).

We are considering requiring truck dealers to pay us a fee to help offset our costs of supporting franchisees' truck operations. We do not currently have such a fee.

We have the right to receive payments from other or additional designated suppliers based on franchisee purchases. We are not required to give you an accounting of any payments we

receive from designated suppliers, nor are we required to share any benefits of supplier payments with you or with any other franchisee.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We have negotiated or intend to negotiate discounted rates from certain approved vendors, such as software, branded apparel, accounting service and PEO (Professional Employee Outsourcing) service. We may alter or cease such relationships at any time.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

**Item 9
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.3, 7.8, 8.4, 10.5, 11.2, 11.3, 11.13, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 9.1, 9.2, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8

Obligation	Section in agreement	Disclosure document item
k. Territorial development and sales quotas	§§ 2.2, 14.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§§ 2.4, 7.5	Item 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§§ 3.2, 18.11	Items 6 and 17
v. Post-termination obligations	Article 13, §§ 14.3, 14.4	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* You may be able to initially manage your business from your home, and only rent space to park your vehicle and store your inventory. Alternately, you may lease a commercial location for parking, storage, and operations. In either case, we do not own your site and we do not assist you in (i) locating your site and negotiating the purchase or lease of the site,

(ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. (Section 6.1)

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility (Section 7.5). We reserve the right to set minimum standards for employees (such as having commercial driver licenses and clean background checks).

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* You will purchase all waste containers and related items (such as upgraded lifting liners, colored lids, and custom signage) from us, and we will coordinate the delivery to you. We will provide you a list of our specifications and approved suppliers for your vehicle, equipment, signs, fixtures, other opening inventory, and supplies necessary to open your business. (Section 5.2) We do not provide these other items directly; we only provide the names of approved suppliers. We do not deliver or install these other items.

D. *Operations Manual.* We will give you access to our Operations Manual in such format as we deem appropriate. Currently, the Operations Manual is entirely digital. (Section 5.1)

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

F. *Initial Driver Training.* We will train your initial truck driver in operation of a Subcontain crane and equipment at our headquarters at no charge to you (Section 5.2). You are responsible for travel and other expenses of your driver. You are responsible for ensuring that your driver has the appropriate commercial driving license.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2)

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2)

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6 to 13 weeks. You are deemed “open” when you have completed our in-person training and you are promoting your services in your community and to potential customers. Accordingly, it is likely that you will be “open” before you have received your vehicle and your initial containers. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, schedule initial training, obtain your waste collection vehicle and waste containers, and hire employees.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* The franchise agreement does not obligate us to develop additional products or services that you will offer to your customers. (Section 7.3)

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3)

D. *Establishing prices.* Upon your request, we will provide guidance on prices for products and services. (Section 5.3). For regional or national accounts (including accounts which we expect to be served by multiple franchisees), we reserve the right to set pricing. We also reserve the right to set a maximum price on the amount you charge to sell and install a bin. Otherwise, you retain the discretion to determine prices you charge.

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* To the extent we determine, we will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon written request. (Section 9.3)

G. *Website.* We will maintain a website for the Subcontain brand, which will include your business information. (Section 5.3)

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. We have the right to establish and control all social media accounts and other digital marketing. You must ensure that all advertising or marketing

materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of adjusted gross sales and not more than 5% of adjusted gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Marketing Fund. You and all other franchisees must contribute to our Marketing Fund. Your contribution is currently 1% of adjusted gross sales per month. We may raise the contribution to 2% of adjusted gross sales per month. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we or our affiliates own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction program. You must spend at least \$4,000 on your initial marketing in the first three months after opening your business.

Required spending. After you open, you must spend at least 1.5% of adjusted gross sales each month on marketing your business; we can increase the minimum amount to 2% of adjusted gross sales. We require you to spend at least \$500 per month in online marketing, and we can increase this amount to up to \$2,000 per month; this online marketing spend counts towards your 1.5% marketing requirement.

Computer Systems

We require you to purchase computer systems and software as follows:

- one laptop or desktop computer for your administrative office
- one tablet computer for each service vehicle
- the business management software we determine, which is currently Hauler Hero (the cost of which is covered by your Technology Fee)
- accounting software we determine, which is currently QuickBooks
- typical office productivity software, anti-virus software, etc.

We estimate that these systems will cost between \$4,000 and \$5,500 to purchase.

Hauler Hero manages dispatching, delivery, communication, back-office processes, invoicing, and other functions. These systems will generate or store data on customers, employees, and financial and operational performance.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party (other than your subscription to Hauler Hero).

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$2,000 (not counting the Technology Fee you pay to us).

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operations Manual

The Operations Manual consists of approximately 514 pages. Its table of contents is attached to this Disclosure Document as Exhibit E.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Sales	11	0	Remote (3 hours); Spartanburg, SC (8 hours)
Bins (Installs & Site Evaluations)	8	0	Remote (2 hours); Spartanburg, SC (6 hours)
Systems and Tech	4	0	Remote (2 hours); Spartanburg, SC (2 hours)
Trucks / Support	5	0	Remote (1 hour); Spartanburg, SC (4 hours)
Servicing / Admin	8	0	Remote (4 hours); Spartanburg, SC (4 hours)
TOTALS:	36	0	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to six times per year. You are required to complete approximately 12 hours of online initial training before you attend on-site training at our offices and business location in Spartanburg, South Carolina. We also require you to complete 12 hours of post-opening training (focused on Systems & Tech, Trucks / Support, and Servicing / Admin) within one month of your on-site training.

We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operations Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led or supervised by John Dobson and Drew Johnson. John's experience is described in Item 2. He has 13 years of experience in our industry, and one year of experience with us or our affiliates. Drew is our Director of Operations. He has less than one year of experience in our industry and with us.

There is no fee for up to three people to attend training. You must pay the travel and living expenses of people attending training.

You must attend training. If you will not be personally managing the day-to-day affairs of your business, you must also send a manager to training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least one day before opening your business. You are considered "open" when you have completed in-person training and you have begun promoting your Subcontain business to your community and potential customers.

Except as described above, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

You may be able to initially manage your business from your home, and only rent space to park your vehicle and store your inventory (which must be kept indoors). Alternately, you may lease a commercial location for parking, storage, and operations.

Grant of Territory

Your franchise agreement will specify the area for your business operations. Each “territory” has population of approximately 250,000 people, and your franchise agreement may have one, two, or three contiguous territories. The boundaries of your territory (or territories) will usually be specified by zip codes, but we may use other mutually-acceptable methods (such as municipalities or counties) to specify your boundaries.

Relocation; Establishment of Additional Outlets

You may relocate your business headquarters anywhere in your territory.

You do not have the right to establish additional franchised outlets or expand into additional territory. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Exclusivity

We grant you an exclusive territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Subcontain outlet.

You must achieve the following minimum annual gross sales:

	Minimum Adjusted Gross Sales				
Total Territories	Year 1	Year 2	Year 3	Year 4	Year 5
1	\$100,000	\$250,000	\$500,000	\$650,000	\$800,000

2	\$100,000	\$500,000	\$900,000	\$1,300,000	\$1,600,000
3	\$100,000	\$550,000	\$1,200,000	\$1,800,000	\$2,400,000

If you fail to meet the minimum sales amount in any year, we may (1) alter your territory (including eliminating portions of your territory), (2) eliminate your exclusivity in the territory, and/or (3) declare you in default of the franchise agreement.

Continuation of your territorial exclusivity does not depend on any other contingency. There are no other circumstances that permit us to modify your territorial rights.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

Except as described in this paragraph, we will not serve customers in your territory, nor authorize another party to serve customers in your territory, under our Subcontain brand. However, we may serve (or authorize other franchisees to serve) customers in your territory if you are in default, or if you are incapable of meeting customer demand in your territory. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to properly serve such customer, if we reasonably believe that you will not properly serve such customer, or if you decline to serve a customer with whom we have a national or regional account relationship. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you.

Soliciting by You Outside Your Territory

You cannot solicit or market to potential customers outside of your territory, except for solicitations or marketing which are primarily targeted inside the territory and which incidentally reach potential customers outside of the territory. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your territory. You cannot serve customers outside of your territory without our prior written permission. If we do approve you to serve a particular customer outside of your territory, the royalty fee is increased to 12% from the standard 8%. We may withdraw permission at any time.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement allows us to do so.

**Item 13
TRADEMARKS**

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by us. It is registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Date	Registration Number
SUBCONTAIN	April 28, 2026	8228840

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

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

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified

or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. There may be other uses of marks similar to our trademarks that may affect your use of our trademarks. We cannot represent with certainty that we have exclusive or superior rights to our marks in all geographical areas.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operations Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operations Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and point-of-sale data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Subcontain business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operations Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your Subcontain business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

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

Your Participation

You are required to participate personally in the direct operation of your business and must devote substantial time and attention to the business. If you do not work full-time on your Subcontain business, then you must engage a full-time manager.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one owner as your “Principal Executive”. The Principal Executive is the owner primarily responsible for the business and has decision-making authority on behalf of the business. The Principal Executive must own at least 30% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B). We do not require owners’ spouses to sign a personal guaranty unless the spouse is also an owner.

“On-Premises” Supervision

When your business performs services for a customer, you are not required to personally conduct “on-premises” supervision of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor or general manager, and such person is not required to be an owner of the franchise; however, each person acting as on-premises supervisor or general manager (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager /on-site supervisor own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager/on-site supervisor (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law or that prohibits a person from being employed by another Subcontain franchisee. We do not require you to place any other restrictions on your manager or on-site supervisor.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement.

Provision	Section in franchise or other agreement	Summary
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for one additional 10 year term.
c. Requirements for franchisee to renew or extend	§§ 3.2, 18.11	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; must have substantially complied with the franchise agreement and other agreements with us throughout the term; have not defaulted more than twice under the franchise agreement; complied with all requirements of ethics and values; conform your business to then-current standards for new franchisees; sign then-current form of franchise agreement and related documents (including personal guaranty); pay renewal fee; sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either consider the agreement as having expired (meaning that you are in violation of our rights) or consider the term to continue on a month-to-month basis.</p>
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.2	We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity.

Provision	Section in franchise or other agreement	Summary
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; fail to open by the specified deadline; violation of law; violation of confidentiality; violation of non-compete; violation of ethics and values; violation of transfer restrictions; cease operations; slander or libel of us; refusal to cooperate with our audit or evaluation; fail to meet the annual minimum sales amount; operate in a manner dangerous to health or safety (if not corrected within 48 hours); three defaults in 12 months; cross-termination; charge or conviction of, or plea to, a felony, commit or be accused of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; cancel assumed names; cancel or transfer phone, post-office boxes, directory listings, and other digital marketing accounts; cease doing business; remove identification; purchase option by us.
j. Assignment of contract by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.

Provision	Section in franchise or other agreement	Summary
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business (other than to your co-owner or to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	§ 14.6	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your Subcontain business.
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor operating in your former

Provision	Section in franchise or other agreement	Summary
		territory or the territory of any other Subcontain business operating on the date of termination or expiration, subject to applicable state law.
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by internal dispute resolution, mediation, and then arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Spartanburg, South Carolina) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	South Carolina (subject to applicable state law)

For additional disclosures required by certain states, refer to Exhibit G - State Addenda to Disclosure Document.

**Item 18
PUBLIC FIGURES**

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

**Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Ian Paradis, 121 Venture Blvd., Suite A, Spartanburg, SC 29306, and 888-870-4018, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1
Systemwide Outlet Summary*
For Years 2023 to 2025**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	1	1
Total Outlets	2023	0	0	0
	2024	0	0	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
	2025	0	1	1

* For purposes of Item 20, each Subcontain business in a contiguous area is counted as a single outlet, regardless of the number of territories that it operates.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
N/A	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
South Carolina	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1

Table 5
Projected Openings As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Connecticut	2	2	0
Kentucky	0	1	0
Louisiana	1	1	0
Massachusetts	1	1	0
North Carolina	1	1	0
South Carolina	1	1	0
Texas	0	1	0
Totals	6	8	0

Current Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit F contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who 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 disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.

Exhibit D contains our audited financial statements for the fiscal year ended December 31, 2025. Our fiscal year end is December 31.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- H. State Addenda to Franchise Agreement

Item 23 RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 651 Bannan Street, Suite 00 Sacramento, CA 95811 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Connecticut	The Banking Commissioner The Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860)(240-8299	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Insurance and Securities Department 600 East Boulevard Ave. Bismarck, ND 58505-0320 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B
FRANCHISE AGREEMENT

SUBCONTAIN

FRANCHISE AGREEMENT

SUMMARY PAGE

- | | |
|---------------------------------|------------------|
| 1. Franchisee | _____ |
| 2. Initial Franchise Fee | \$ _____ |
| 3. Business Location | _____ |
| 4. Territory | See Attachment 4 |
| 5. Principal Executive | _____ |
| 6. Franchisee's Address | _____ |

FRANCHISE AGREEMENT

This Agreement is made between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”), and Franchisee effective as of the date signed by Franchisor (the “Effective Date”).

Background Statement:

A. Franchisor has created and owns a system (the “System”) for developing and operating businesses providing semi-inground waste container sales, installation coordination, and the associated waste disposal services under the trade name “Subcontain”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Subcontain business, (2) particular products and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a Subcontain business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, or judgment, or appeal thereof, whether formal or informal.

“**Adjusted Gross Sales**” means the gross total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit, and any proceeds of business interruption insurance, minus (i) bona fide refunds to customers, (ii) sales allowances and discounts, and (iii) sales taxes collected by Franchisee.

“**Advertising and Promotional Content**” means all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to Subcontain or the Business, including without limitation any printed materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, leaflets, direct mail materials, coupons, and published advertisements); promotional items (such as branded specialty and novelty items, products, and clothing); audio or video advertising (such as radio, television, or podcast ads or online video postings); and Digital Marketing.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Franchisor.

“**Business**” means the Subcontain business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers waste collection services.

“Confidential Information” means all non-public information of or about the System, Franchisor, and any Subcontain business, including the Manual, all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“Container” means the type of waste containers used by Franchisee for the Business.

“Corporate Account” means a local, regional, or national customer account designated by Franchisor which has multiple locations, and which Franchisor expects will not be confined to the territory of a single franchisee.

“Data Security Event” means any act, both actual or suspected, that initiates either internally or from outside the Business’ computers, point-of-sale terminals, and other technology or networked environment and violates any laws or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the System, other Subcontain businesses, or their data or to view, copy, or use Privacy Information or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of data; and changes to system hardware, firmware, or software characteristics without Franchisor’s knowledge, instruction, or consent.

“Digital Marketing” means social media accounts (such as Facebook, X, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or ad word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications that are intended to promote Subcontain and/or the Business.

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Franchisor’s confidential Operations Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established (or which may be established) by Franchisor into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Franchisor from time to time for use in a Subcontain business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Privacy Information**” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer’s interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer’s preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which Franchisor requires franchisees to use.

“**Service Trailer**” means a dump trailer and associated equipment used by Franchisee for the Business.

“**Service Vehicle**” means a waste collection truck used by Franchisee for the Business.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design, environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), refund and replacement policies, reporting, safety procedures, security

systems, Service Trailers, Service Vehicles, Technology, temporary operational changes due to special circumstances (such as a pandemic), and uniforms.

“**Technology**” means point-of-sale systems, back-office systems, information management systems, customer-facing software, and other software, computers, computer peripheral equipment, cash registers, smartphones, tablets, and similar equipment; communications systems (including email, audio, and video systems); backup and archiving systems; payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications to any Technology.

“**Territory**” means the territory described on Attachment 4.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Franchisor grants to Franchisee the right to operate a Subcontain business solely in the Territory. Franchisee shall develop, open and operate a Subcontain business in the Territory for the entire term of this Agreement. Franchisee shall exert its best efforts to promote and enhance the Business.

2.2 Protected Territory.

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without Franchisor’s prior written permission. Franchisor may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without Franchisor’s prior written permission, Franchisor may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid per service by such customer to Franchisee. This fee is a reasonable estimate of Franchisor’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of Franchisor’s other rights and remedies.

(c) Exclusivity. Franchisor shall not establish, nor license the establishment of, another business within the Territory or which serves customers located in the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Subcontain business. However, Franchisor and its affiliates retain the right to do the following (without any compensation to Franchisee):

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Franchisor's reasonable opinion);
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Franchisor reasonably believes that Franchisee will not properly serve such customer;
- (iii) serve (or authorize other franchisees to serve) Corporate Accounts in the Territory if Franchisee declines to do so.
- (iv) establish and license others to establish and operate Subcontain businesses outside the Territory;
- (v) operate and license others to operate businesses anywhere, including within the Territory, that sell the same or similar goods or services as a Subcontain business under trademarks or service marks that are not the same as or similar to the Marks; and
- (vi) sell and license others to sell any products and services to customers in the Territory under any trademarks or service marks (including the Marks), through channels of distribution (including the internet) so long as such products and services are not provided through a Subcontain outlet in the Territory, and are different from the products and services provided by Franchisee.
- (vii) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks; and
- (viii) engage in any action not specifically precluded by the express terms of this Agreement.

(d) Policies. Franchisor may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and Franchisor may waive or modify such policies in any circumstance as Franchisor determines. If Franchisee obtains a customer in the protected territory of another franchisee, then, in addition to all other rights and remedies Franchisor may have, Franchisor may in its discretion (i) require Franchisee to transfer the customer to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the sales received from such customer, or (iii) fashion such other remedy as Franchisor deems appropriate.

(e) Referrals. Franchisor may set policies binding on all franchisees regarding referral fees (and other terms and conditions) when a customer is referred from one Subcontain business to another. Franchisor may waive or modify such policies in any circumstance as Franchisor determines.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest

in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Franchisor within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. Franchisor is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 30% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Franchisor’s reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to Franchisor, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to Franchisor that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for one additional period of 10 years, subject to the following conditions prior to expiration:

- (i) Franchisee notifies Franchisor of the election to renew between 180 and 365 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee (and its affiliates) have been in substantial compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) throughout the term of this Agreement and any other such agreement(s);
- (iv) Franchisee did not (A) receive written notice of default under this Agreement from Franchisor more than twice during the term, or (B) failed to cure a written notice of default under this Agreement within the cure period (if any) provided in this Agreement;

- (v) Franchisee and its Owners complied with Section 7.25 of this Agreement at all times during the term;
- (vi) Franchisee has made or agrees to make (within a period of time acceptable to Franchisor) changes to the Business as Franchisor requires to conform to the then-current System Standards;
- (vii) Franchisee and its Owners execute Franchisor’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise agreement will be amended to provide that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than originally granted to Franchisee, and (C) the Territory will not be changed;
- (viii) Franchisee pays a renewal fee equal to 25% of the initial fee specified on the Summary Page; and
- (ix) Franchisee and each Owner executes a general release (on Franchisor’s then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable under any circumstances.

4.2 Royalty Fee.

(a) Standard Rate. Franchisee shall pay Franchisor a monthly royalty fee (the “Royalty Fee”) equal to 8% of Adjusted Gross Sales.

(b) Out-of-Territory Rate. With respect to any services provided to a location which is outside of the Territory (which Franchisee may conduct only with the express permission of Franchisor), the Royalty Fee with 12% of Adjusted Gross Sales.

(c) Minimum Royalty Fee. The minimum Royalty Fee payable by Franchisee is:

Total Territories	Minimum Monthly Royalty					
	Months 1 to 6	Months 7 to 12	Year 2	Year 3	Year 4	Year 5
1	\$0	\$1,100	\$1,650	\$3,300	\$4,300	\$5,500
2	\$0	\$1,100	\$3,300	\$6,200	\$8,650	\$11,000
3	\$0	\$1,100	\$4,200	\$8,500	\$12,000	\$16,500

For purposes of the calculating the minimum Royalty Fee, “Month 1” begins on the first day of the calendar month following the Effective Date.

(d) Due Date. Franchisee shall pay the Royalty Fee for any given month so that it is received on or before the 5th day of the following month.

4.3 Marketing Fund Contribution.

(a) Marketing Fund Contribution. Franchisee shall pay Franchisor a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 1% of Franchisee’s Adjusted Gross Sales (or such lesser amount as Franchisor determines), at the same time as the Royalty Fee. Franchisor may increase the Marketing Fund Contribution up to 2% of Franchisee’s Adjusted Gross Sales.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Adjusted Gross Sales (or other amount) determined by the Market Cooperative.

4.4 Technology Fee. Franchisor reserves the right to charge Franchisee a commercially-reasonable fee (the “Technology Fee”) in exchange for software and other technology-related services and products provided by or through Franchisor. The Technology Fee does not have to be a pass-through of Franchisor’s exact costs. Franchisor has no liability or obligation to Franchisee with respect any third-party software or other technology-related services and products that Franchisor provides to Franchisee. The Technology Fee for a given period is due and payable at the same time as the Royalty Fee, unless Franchisor determines otherwise. Franchisor may add, remove, or alter the software or technology products or services that it provides. Franchisor may change Technology Fee after at least 30 days’ notice. As of the date of this Agreement, the Technology Fee is \$700 per month for the Service Vehicle and \$500 per month for each additional Service Vehicle. The Technology Fee will not exceed \$1,400 per month for the first Service Vehicle and will not exceed \$1,000 per month for each additional Service Vehicle. The Technology Fee begins with the first full calendar month after the Effective Date and is due on the 5th day of each calendar month.

4.5 Replacement / Additional Training Fee. If Franchisee sends an employee to Franchisor’s training program after opening (including any driver certification program), Franchisor may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 per person per day. The training fee will not exceed \$1,000 per person per day.

4.6 Non-Compliance Fee. Franchisor may charge Franchisee \$500 for each instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to Franchisor) which Franchisee fails to cure after 30 days’ notice. Thereafter, Franchisor may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of Franchisor’s other rights and remedies (including default and termination under Section 14.2).

4.7 Reimbursement. Franchisor may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Franchisor does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Franchisor within 15 days after invoice by Franchisor accompanied by reasonable documentation.

4.8 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, Technology Fee, and any other amounts owed to Franchisor by pre-authorized bank draft or in such other manner as Franchisor may require. Franchisee shall comply with Franchisor's payment instructions, including executing all documents reasonably required by Franchisor. If Franchisor permits Franchisee to pay by credit card or other method which causes Franchisor to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.

(b) Calculation of Fees. Franchisee acknowledges that Franchisor has the right to remotely access Franchisee's software systems to obtain Adjusted Gross Sales and to calculate Royalty Fees and other fees.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Franchisor may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection and Enforcement. Franchisee shall repay any costs incurred by Franchisor in attempting to collect payments owed by Franchisee or to enforce any other provision of this Agreement (including, without limitation, reasonable attorney fees).

(f) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for (and shall immediately remit to Franchisor upon demand) all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Franchisor or its affiliates and on services or goods furnished to Franchisee by Franchisor or its affiliates, unless the tax is an income tax assessed on Franchisor or its affiliate for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Manual. Franchisor shall make its Manual available to Franchisee in such format as Franchisor deems appropriate.

5.2 Pre-Opening Assistance.

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Franchisor shall provide Franchisee with (i) applicable System Standards and other specifications as Franchisor deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) Franchisor's lists of Approved Vendors and/or Required Vendors.

(b) Sale of Containers. Franchisor will sell the pre-opening inventory of Containers and related items to Franchisee. Franchisee will pay the then-current prices charged by Franchisor (including shipping and delivery charges). Franchisee will purchase at the least the minimum inventory specified by Franchisor.

(b) Business Plan Review. If requested by Franchisee, Franchisor shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Franchisor accepts no responsibility for the performance of the Business.**

(c) Pre-Opening Training. Franchisor shall make available its standard pre-opening training to the Principal Executive and up to two other employees, at Franchisor's headquarters and/or at a Subcontain business designated by Franchisor. Franchisor shall also train Franchisee's initial Service Vehicle driver in operation of a Subcontain crane and equipment, at Franchisor's headquarters or at a Subcontain business designated by Franchisor. Franchisor shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Franchisor reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. Franchisor shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Franchisor shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Franchisor deems reasonable. If Franchisor provides in-person support in response to Franchisee's request, Franchisor may charge its then-current fee (not to exceed \$1,000 per person per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. If requested by Franchisee, Franchisor shall provide guidance to Franchisee on prices for products and services.

(c) Procedures. To the extent Franchisor determines in its sole discretion, Franchisor shall provide Franchisee with Franchisor's recommended administrative, bookkeeping, accounting, and inventory control procedures. Franchisor may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Franchisor shall manage the Marketing Fund.

(e) Internet. Franchisor shall maintain a website for Subcontain, which will include Franchisee's location (or territory) and contact information.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets Franchisor's System Standards within the Territory.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Franchisor, Franchisee must submit the proposed lease to Franchisor for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

6.3 Development. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with Franchisor's System Standards.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete Franchisor's training program for new franchisees to Franchisor's satisfaction at least one day before opening the Business. If the Principal Executive will not be managing the day-to-day affairs of the Business, then Franchisee must also send a manager to complete the training program to Franchisor's satisfaction. The Principal Executive (and the manager, if applicable) must attend and complete the training program within 60 days after the date of this Agreement, unless Franchisor agrees otherwise in writing.

6.5 Opening Date. Franchisee shall open the Business within 30 days after the Principal Executive completes Franchisor's initial training program. Franchisee shall not open the Business prior to completing the training. The parties agree that the Business will be deemed "open" when (i) the Principal Executive has completed Franchisor's initial training program and (ii) Franchisee has begun marketing services and soliciting potential customers.

6.6 Initial Order of Containers and Acquisition of Service Vehicle. Franchisee must place its initial order for Containers and place its order and make a down payment for its initial Service Vehicle no more than 30 days after the Effective Date, unless Franchisor agrees in writing to an extension of up to 60 days.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other

System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee’s compliance with all System Standards is of the utmost importance to Franchisor.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws, rules, ordinances, and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business. Franchisee is solely responsible for all such compliance, notwithstanding any information provided by Franchisor.

7.3 Products and Services; Prices. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer’s reasonable expectations and all applicable System Standards. Franchisee shall maintain sufficient levels of inventory at all times (including meeting any specific minimums required by Franchisor). Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Franchisor may require. Franchisee retains the sole discretion to determine the prices it charges for products and services, except (i) for Corporate Accounts where Franchisor has agreed-upon pricing with the Corporate Account and (ii) Franchisor may to set a maximum price on the amount Franchisee charges to sell and install a Container.

7.4 Minimum Sales. Franchisee must achieve the following minimum Adjusted Gross Sales in each year of operation (the “Minimum Sales Amount”):

Total Territories	Minimum Adjusted Gross Sales				
	Year 1	Year 2	Year 3	Year 4	Year 5
1	\$100,000	\$250,000	\$500,000	\$650,000	\$800,000
2	\$100,000	\$500,000	\$900,000	\$1,300,000	\$1,600,000
3	\$100,000	\$550,000	\$1,200,000	\$1,800,000	\$2,400,000

For purposes of this Section 7.4, “Year 1” begins on the first day of the calendar month following the Effective Date.

If Franchisee exceeds the Minimum Sales Amount in any year, the excess will not be credited towards the Minimum Sales Amount in any subsequent year.

If Franchisee fails to meet the Minimum Sales Amount in any year, Franchisor may exercise any one or more of the following remedies: (i) change the Territory (including eliminating any portion of the Territory), (ii) eliminate Franchisee’s exclusive rights in the Territory described in Section 2.2(c), or (iii) declare Franchisee in default of this Agreement and exercise all remedies available to Franchisor for Franchisee’s default, including termination without the opportunity to cure.

7.5 Personnel.

(a) Management. If the Principal Executive does not devote full-time efforts to the Business, then Franchisee must employ a full-time business manager.

(b) Drivers. Franchisee shall ensure that each driver engaged by the Business is appropriately licensed and has completed any training or certification programs required by Franchisor. Franchisor reserves the right to implement a certification program that every driver must complete. Franchisor may designate certain franchisees as “Certified Training Locations” that are approved to provide training for their drivers and other franchisees’ drivers in operation of a Subcontain crane and equipment, on such terms and conditions that Franchisor may require. Franchisor may charge the training fee described in Section 4.5 for training and/or certification of any driver after Franchisee’s first driver.

(c) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(d) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(e) Qualifications. Franchisor may set minimum qualifications for categories of employees employed by Franchisee.

(f) Staffing. Franchisee must hire or engage a sufficient number of personnel to service its volume of business, and Franchisee must comply with any System Standards regarding staffing levels.

(g) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Any directive in the Manual which purports to direct a term or condition of employment is null and void. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor. Within seven days of Franchisor’s request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not Franchisor) is the employee’s sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

7.6 Post-Opening Training. Franchisor may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge a reasonable fee for any training programs. Franchisor may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Technology. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all Technology required by Franchisor. Franchisor has the right to prohibit Franchisee from using any Technology which is not approved or required by Franchisor. Franchisee shall enter into any subscription and support agreements related to the Technology that Franchisor may require. Franchisee shall upgrade, update, or replace any Technology from time to time as Franchisor may require. Franchisee shall protect the confidentiality and security of all Technology, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Franchisor unlimited access to Franchisee's Technology used in the Business, by any means designated by Franchisor. Despite Franchisee's obligation to acquire and use Technology according to System Standards, Franchisee has sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading Franchisee's Technology; (b) the manner in which Franchisee's Technology interfaces with Franchisor's and any third party's computer system; (c) any and all consequences if Franchisee's Technology is not properly operated, maintained, and upgraded; (d) complying at all times with the most current version of the Payment Card Industry Data Security Standards, and (e) complying at all times with all laws governing the use, disclosure, and protection of Privacy Information.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Franchisor may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Franchisor may require Franchisee to reimburse Franchisor for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Franchisor shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs. Franchisor may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Franchisor (which may include, for example, cash, specific credit and/or debit cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Franchisor.

7.11 Corporate Accounts. If Franchisor designates a customer as a Corporate Account, then Franchisor may set mandatory terms, policies, and procedures for serving such customer, including, without limitation, prices, referral fees, qualifications, and customer relationship management. Franchisee must serve each Customer Account in the Territory in accordance with all such term, policies, and procedures.

7.12 Maintenance of the Location. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all property of the

Business in good repair. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

7.13 Vehicles.

(a) Service Vehicle. Franchisee shall acquire at least one Service Vehicle. Franchisee shall at time ensure that its Service Vehicle or Service Vehicles have sufficient capacity to serve all of Franchisee's customers (in Franchisor's reasonable opinion). Franchisee shall ensure that all Service Vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall not use any vehicle for waste collection or other business use other than a Service Vehicle approved by Franchisor. Franchisee shall keep all Service Vehicles in excellent or better condition, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to Franchisor's System. Franchisee shall use Service Vehicles solely for the Business. Any person driving a Service Vehicle must be appropriately licensed and meet any applicable System Standards.

(b) Service Trailer. Franchisee shall acquire at least one Service Trailer and a tow vehicle. Franchisee shall at time ensure that its Service Trailer or Service Trailers have sufficient capacity to serve all of Franchisee's customers (in Franchisor's reasonable opinion). Franchisee shall ensure that all Service Trailers comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall not use any vehicle or trailer for the business use other than a Service Trailer approved by Franchisor. Franchisee shall keep all tow vehicles and Service Trailers in excellent or better condition, clean, and free of dents and other damage, and shall ensure that they present a first-class image appropriate to Franchisor's System. Franchisee shall use Service Trailers solely for the Business. Any person driving a tow vehicle must be appropriately licensed and meet any applicable System Standards.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that Franchisor requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings. Franchisor may charge Franchisee the attendance fee for Subcontain's national or regional brand convention, regardless of whether the Principal Executive attends. The attendance fee will not exceed \$2,000. Franchisee is responsible for all travel and living expenses of attending any such meeting or convention.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Franchisor in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;

- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (iii) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list Franchisor and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Franchisor and its affiliates, (3) be primary and non-contributing with any insurance carried by Franchisor or its affiliates, and (4) stipulate that Franchisor shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request from Franchisor.

7.16 Obligations to Third Parties and Government. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Subcontain, the Business, or any particular incident or occurrence related to the Business, without Franchisor's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without Franchisor's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not use the assets of the Business for any purpose other than the Business. Franchisee shall not "co-brand" or associate any other business activity with the Subcontain Business in a manner which is likely to cause the public to perceive it to be related to the Subcontain Business. If Franchisee is an entity, the entity shall not own or operate any other business except Subcontain businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Franchisor, which will not be unreasonably withheld.

7.21 No Subcontracting. Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Franchisor.

7.23 Privacy Practices.

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent Franchisor does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

7.24 Communication. Franchisee shall respond promptly to requests for communication from Franchisor, and in any event within three business days. Franchisee and each Owner shall be courteous and respectful to Franchisor and its personnel and shall comply with any rules adopted by Franchisor from time to time establishing procedures and requirements for communications between Franchisee's personnel and Franchisor's personnel.

7.25 Business Practices and Values. Franchisee and each Owner shall comply with and uphold any code of ethics or statement of values adopted by Franchisor. Franchisee and each Owner shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Neither Franchisee nor any Owner shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in Franchisor's reasonable opinion.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Sources.

(a) Generally. Franchisee shall acquire all Inputs required by Franchisor from time to time in accordance with System Standards. Franchisor may require Franchisee to purchase or lease any Inputs from Franchisor, Franchisor's designee, Required Vendors, Approved Vendors, and/or under Franchisor's specifications. Franchisor may change any such requirement or change the status of any vendor. To make such requirement or change effective, Franchisor shall issue the appropriate System Standards.

(b) Specific Requirements. Without limiting the generality of Section 8.1(a), Franchisee agrees that as of the date of this Agreement, Franchisor is the sole source of Containers and related items (such as upgraded lifting liners, colored lids, and custom signage). As of the date of this Agreement, only Molok® bins as are approved as Containers. Franchisor does not promise that it will continue to sell Molok® bins for the entire term of this Agreement (in which case

Franchisor will, in its sole discretion, sell an alternate Container, or permit Franchisee to purchase Molok® bins from another supplier, or some other alternative.

8.2 Alternate Vendor Approval. If Franchisor requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may approve or disapprove the alternative vendor in its sole discretion. Franchisor may condition its approval on such criteria as Franchisor deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Franchisor shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request. Under no circumstances is Franchisor obligated to permit Franchisee to purchase Containers and related items from an alternate source, unless Franchisor ceases to have the legal right to sell Containers.

8.3 Alternate Input Approval. If Franchisor requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may approve or disapprove the alternative Input in its sole discretion. Franchisor shall provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request. Under no circumstances is Franchisor obligated to permit an alternate to the approved Containers and related items, unless the then-current type of Container becomes permanently unavailable.

8.4 Purchasing. Franchisor may negotiate prices and terms with vendors on behalf of the System. Franchisor may receive rebates, payments, or other consideration from vendors in connection with purchases by franchisees. Franchisor has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor, and to impose a reasonable markup or charge for administering the payment program (not to exceed the greater of \$500 or 10% of Franchisee's payment). Franchisor may implement a centralized purchasing system. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

8.5 No Liability of Franchisor. Franchisor and its affiliates shall not have any liability to Franchisee for any claim, loss or other Action related to any product provided or service performed by any third-party Approved Vendor or Required Vendor, including without limitation for defects, delays, unavailability, failure, or breach of contract related to such products or services.

8.5 Shipment. Products and supplies purchased from Franchisor shall be delivered to Franchisee's designated destination by Franchisor's designated carrier. Franchisee shall pay the cost of freight for shipment of all other products and supplies from Franchisor pursuant to freight prices designated and revised by Franchisor in its discretion. If Franchisor is required to ship products or supplies to Franchisee on an expedited basis for any reason, then Franchisee shall pay Franchisor for the increased cost of freight resulting from such expedited shipments. If any shipment is missing any products or supplies, or the products or supplies included are misstated,

misidentified, or damaged, then Franchisee shall notify Franchisor within five days of receipt. Franchisee shall not resend or otherwise transport any products or supplies obtained from Franchisor across any national border without Franchisor's prior written consent.

8.6 Shortages and Unavailability. Franchisor shall not have liability to Franchisee for unavailability of, or delay in shipment or receipt of, any products or supplies from any vendor (including Franchisor or its affiliates) resulting from shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the control of Franchisor.

8.7 Warranties. If Franchisor obtained a transferable warranty for any products sold by Franchisor to Franchisee, then Franchisor shall transfer that warranty to Franchisee upon Franchisee's purchase. Franchisor otherwise makes no warranty to Franchisee or to Franchisee's customers for such items. Franchisor shall not be responsible for providing warranty service to Franchisee or to any Franchisee customer for any items. FRANCHISOR PROVIDES NO WARRANTY TO FRANCHISEE OR FRANCHISEE'S CUSTOMERS WITH RESPECT TO ITEMS NOT MANUFACTURED BY FRANCHISOR. THE WARRANTIES, IF ANY, OF THE THIRD-PARTY MANUFACTURER OR SUPPLIER OF SUCH ITEMS, ARE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, OR FITNESS FOR A PARTICULAR PURPOSE.

8.8 Notice of Defect; Compliance with Recall Procedures. If Franchisee becomes aware that any items purchased from Franchisor or an approved supplier, or any component thereof, is or may become harmful to persons or property, or that the same is mislabeled, then Franchisee shall promptly notify Franchisor of that problem or defect, and shall provide to Franchisor all information in Franchisee's possession with respect to that problem or defect. Franchisee shall take all steps required by law to protect the interests of the public, and any additional steps as Franchisor may specify related to that problem or defect, and shall comply diligently with all product recall procedures established by Franchisor or any governmental or regulatory agency. If Franchisee fails or refuses to comply with any such steps or recall procedures, then Franchisor may (but is not required to) take any action Franchisor deems necessary to suspend the sale of any affected products at any Franchisor location and otherwise to protect consumers, and Franchisee shall reimburse Franchisor for any costs and expenses Franchisor thereby incurs.

ARTICLE 9. MARKETING

9.1 Advertising Standards. Except as otherwise provided in the Manual, Franchisee may use only Advertising and Promotional Content that Franchisor has furnished or approved in writing in advance. Franchisee must ensure that all Advertising and Promotional Content that Franchisee uses is clear, factual, ethical, and not misleading; complies with all laws; and conforms to System Standards. Except as otherwise provided in the Manual and Advertising and Promotional Content that Franchisor furnishes to Franchisee, Franchisee must submit to Franchisor for its written approval, at least 14 days before use, copies of all proposed Advertising and Promotional Content that Franchisee intends to use or implement. If Franchisor does not respond, the material is deemed rejected. Franchisor has the right to approve or disapprove any Advertising and Promotional Content, as well as the media in which Franchisee intends to use them, in its sole discretion.

Franchisor reserves the right to require Franchisee to discontinue the use of any Advertising and Promotional Content for any reason.

9.2 Digital Marketing. Franchisor may (but is not obligated to) establish and operate all Digital Marketing and has the sole right to control all aspects of Digital Marketing, including those related to the Business. Without limiting the generality of Section 9.1, Franchisee shall not, directly or indirectly, conduct or be involved in any Digital Marketing without the prior written consent of Franchisor. If Franchisor permits Franchisee to conduct any Digital Marketing, Franchisee must (a) comply with any System Standards and must immediately modify or delete any Digital Marketing that Franchisor determines, in its sole discretion, is not compliant with such System Standards; (b) only use materials that Franchisor has approved and submit any proposed modifications to Franchisor for approval; (c) not use any Mark (or words or designations similar to any Mark) in any domain name, electronic address, website, or other source identifier except as Franchisor expressly permits; (d) include only the links that Franchisor approves or requires; and (e) immediately take all actions necessary or that Franchisor requests to provide Franchisor with access to, or to transfer ownership of, all Digital Marketing relating to the Business to Franchisor, including, without limitation, providing login and password details and promptly signing all directions and authorizations as Franchisor deems necessary to effect the intent and provisions of this Section. If Franchisee uses any Mark (or words or designations similar to a Mark) in any domain name, electronic address, website, or other source identifier, Franchisor may register such name, address, website, or identifier and then license use of the registered item back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that Franchisor approves and maintains on Franchisee's behalf. Franchisor may withdraw its approval for any Digital Marketing at any time.

9.3 Implementation. Franchisee shall implement any advertising or marketing materials, plans or campaigns (including Digital Marketing) required by Franchisor.

9.4 Use by Franchisor. Franchisor may use any Advertising and Promotional Content developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Franchisor for such purpose.

9.5 Marketing Fund. Franchisor has established or may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Franchisor has established a Marketing Fund:

(a) Account. Franchisor is not required to hold the Marketing Fund Contributions in a bank account separate from Franchisor's other accounts.

(b) Use. Franchisor shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level) for Subcontain, and related overhead. The foregoing includes such activities and expenses as Franchisor reasonably determines, and may include, without limitation: marketing and sales related to Corporate Accounts, development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities;

e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Franchisor's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Franchisor is not obligated to (i) have all other Subcontain businesses (whether owned by other franchisees or by Franchisor or its affiliates) contribute to the Marketing Fund, or (ii) have other Subcontain businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Franchisor may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Franchisor may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Franchisor shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Franchisor's fiscal year and shall provide the financial statement to Franchisee upon written request.

9.6 Market Cooperatives. Franchisor may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Territory has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Territory is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from Franchisor. Franchisor shall not require Franchisee to be a member of more than one Market Cooperative. If Franchisor establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Franchisor. Franchisor may require the Market Cooperative to adopt bylaws or regulations prepared by Franchisor. Unless otherwise specified by Franchisor, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Franchisor will be entitled to attend and participate in any meeting of a Market Cooperative. Any Subcontain business owned by Franchisor in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Franchisor may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Franchisor's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Franchisor pursuant to Section 9.1. Franchisor may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Adjusted Gross Sales.

(e) Enforcement. Only Franchisor will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Franchisor may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.7 Required Spending. After the Business opens, Franchisee shall spend at least 1.5% of Adjusted Gross Sales each month on marketing the Business. Franchisor retains the right to increase the minimum up to 2% of Adjusted Gross Sales per month. After the Business opens Franchisee shall spend at least \$500 per month on Digital Marketing. Franchisor retains the right to increase the minimum up to \$2,000 per month on Digital Marketing. The amounts that Franchisee spends on Digital Marketing will be counted towards overall marketing minimum requirement. Within 10 days after request by Franchisor, Franchisee shall furnish proof of its compliance with this Section. Franchisor has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.8 Market Introduction Program. Franchisee must develop a market introduction plan and obtain Franchisor's approval. Franchisee must spend at least \$4,000 on marketing in the first three months after opening the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;

- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document, within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Franchisor of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Franchisor may request.

(c) Government Inspections. Franchisee shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Franchisor such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Franchisor may reasonably request (either upon specific request or on a regular basis as directed by Franchisor, as applicable). Franchisor acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant Franchisor the right to access personnel records of Franchisee's employees.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may reasonably request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Franchisor may specify in the Manual or otherwise in writing.

10.5 Records Audit. Franchisor may examine and audit all books and records related to the Business (other than personnel records of Franchisee's employees), and supporting documentation, at any reasonable time. Franchisor may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Franchisor. Franchisee shall also reimburse Franchisor for all costs and expenses of the examination or audit (not to exceed \$5,000) if (i) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Adjusted Gross Sales by 3% or more for any month.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Franchisor. Franchisor may supplement, revise, or modify the Manual, and Franchisor may change, add or delete System Standards at any time in its discretion. Franchisor may inform Franchisee thereof by any method that Franchisor reasonably deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, Franchisor’s master copy will control.

11.2 Business Evaluation. Franchisor may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, Franchisor may enter the premises of the Business from time to time at any reasonable time (including during normal business hours) and conduct an evaluation. Franchisor will use commercially reasonable efforts to not disrupt Franchisee’s business operations during any such evaluation. Franchisee shall cooperate with Franchisor’s evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Franchisor may videotape and/or take photographs of the evaluation. Franchisor may set a minimum score requirement for evaluations, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Franchisor’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If Franchisor conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then Franchisor may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

11.3 Franchisor’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Franchisor may (i) require that Franchisee pay cash on delivery for products or services supplied by Franchisor, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

11.5 Business Data. All customer data collected by or generated by the Business and all data collected or generated by the primary software operating system of the Business (other than data related to employees of the Business) is Confidential Information and is exclusively owned by Franchisor. Franchisor hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Franchisor all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee or its employees, agents, or contractors. Franchisor will automatically own all Innovations and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Franchisor to document Franchisor’s ownership of Innovations.

11.7 Communication Systems. If Franchisor provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Franchisor to access such communications.

11.8 Communication with Employees. Franchisee irrevocably authorizes Franchisor to communicate with Franchisee’s employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with Franchisor on any matter related to the System or the Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes Franchisor to communicate with Franchisee’s landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

11.10 Delegation. Franchisor may delegate any duty or obligation of Franchisor under this Agreement to an affiliate or to a third party.

11.11 System Variations. Franchisor may vary or waive any System Standard for any one or more Subcontain franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.12 Franchisor’s Discretion. Franchisor may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor’s exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. Franchisor’s decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor’s decision or action is intended, in whole or significant part, to promote or benefit the System or the Subcontain brand generally even if the decision or action also promotes Franchisor’s financial or other individual interest. Examples of items that will promote or benefit the System or the Subcontain brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or

encouraging modernization, and improving the competitive position of the System and Subcontain outlets.

11.13 Temporary Management. If (i) the Principal Executive dies or becomes incapacitated, (ii) this Agreement is terminated or expires and Franchisor elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in Franchisor's reasonable opinion, constitutes a danger to the health or safety of any person, then Franchisor may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by Franchisor, or Franchisor returns the Business to Franchisee. Franchisor's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then Franchisor will account to Franchisee for all net income from the Business during the period in which Franchisor operates the Business. Franchisor may collect a temporary management fee equal to 10% of Adjusted Gross Sales for the period in which Franchisor operates the Business, plus all expenses (including internal costs of personnel and overhead) incurred by Franchisor, which is in addition to Royalty Fees, Marketing Fund Contributions, or other amounts owed under this Agreement. If Franchisor or a third party assumes the Business's management, Franchisee acknowledges that Franchisor or the third party will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any losses the Business incurs or obligations to creditors.

11.14 Temporary Public Safety Closure. If Franchisor discovers or becomes aware of any aspect of the Business which, in Franchisor's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Franchisor's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Franchisor shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Franchisor, and only in the manner as Franchisor may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Franchisor.

12.2 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Franchisor makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Franchisor shall defend Franchisee (at Franchisor's expense) against any

Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Franchisor shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of any possible infringement of a Mark by a third party. Franchisor may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Franchisor shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word "Subcontain" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by Franchisor, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Franchisor (except for Confidential Information which Franchisor licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely. Nothing in this Section or elsewhere in this Agreement shall be deemed to limit or prohibit Franchisee from communicating about potential law violations with the Federal Trade Commission or other government agency acting within its statutory mandate.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other Subcontain business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to

protect the legitimate business interests of Franchisor. Franchisee agrees that the existence of any claim it may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Franchisor, Franchisee shall cause its general manager and other key employees that Franchisor reasonably designates to sign Franchisor's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Franchisor violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Franchisor receives written notice of termination.

14.2 Termination by Franchisor.

(a) Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Franchisor gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Franchisor's satisfaction within 30 days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement.

(c) Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Franchisor;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by

- Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
 - (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 7.25 (business practices and values), Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
 - (vi) Franchisee ceases operation of the Business for more than 15 consecutive days, Franchisee informs Franchisor that Franchisee is going to permanently close the Business prior to the end of the term of this Agreement, or Franchisor reasonably concludes that Franchisee has ceased operation of the Business;
 - (vii) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;
 - (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by Franchisor or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.
 - (ix) Franchisee fails to meet the Minimum Sales Amount in any year;
 - (x) the Business is operated in a manner which, in Franchisor's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Franchisor or otherwise);
 - (xi) Franchisee has received two or more notices of default (or a single notice of more than one default) and Franchisee commits another breach of this Agreement, all in the same 12-month period;
 - (xii) Franchisor (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
 - (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
 - (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Franchisor's opinion is reasonably likely to materially and unfavorably affect the Subcontain brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to

non-competition (Section 13.2(b)), confidentiality (Section 13.1), indemnity (Article 16), and dispute resolution (Article 17), will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Franchisor based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Franchisor all copies of the Manual, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks; and (b) to cancel or transfer to Franchisor or its designee all telephone numbers, post office boxes, directory listings, and Digital Marketing accounts used by Franchisee in connection with the Business or the Marks, including, without limitation, by providing login and password details and promptly signing all directions and authorizations necessary or appropriate to accomplish the foregoing. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing. The telephone company, the postal service, registrars, Internet service providers and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such accounts and its authority to direct their transfer; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Subcontain business, to the reasonable satisfaction of Franchisor. Franchisee shall comply with any reasonable instructions and procedures of Franchisor for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Franchisor may enter the Location to remove the Marks and de-identify the Location. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Franchisor.

14.5 Liquidated Damages. If Franchisor terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Franchisor a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor under this Agreement for the last 12 full months that Franchisee operated the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 36 or (2) the number of months

remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12 months, then (x) will equal the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor during full months that Franchisee operated the Business. The “average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor” shall be based on the obligations stated in Article 4 (including any minimum Royalty Fees per Section 4.2(c)), and shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions agreed to by Franchisor, unless this Section 14.5 is specifically amended. Franchisee acknowledges that a precise calculation of the full extent of Franchisor’s damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee’s payment to Franchisor under this Section will be in lieu of any direct monetary damages that Franchisor may incur as a result of Franchisor’s loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Franchisor after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Franchisor’s right to injunctive relief for enforcement of Article 13, and any attorneys’ fees and other costs and expenses to which Franchisor is entitled under this Agreement. Except as provided in this Section, Franchisee’s payment of this lump sum shall be in addition to any other right or remedy that Franchisor may have under this Agreement or otherwise. If liquidated damages are prohibited by applicable law or are otherwise deemed unenforceable for any reason, then Franchisee shall be liable for Franchisor’s actual damages (including, without limitation, lost future profits) instead of liquidated damages.

14.6 Purchase Option.

(a) Option. When this Agreement expires or is terminated, Franchisor will have the option (but not the obligation) to purchase any or all of the assets related to the Business. To exercise this option, Franchisor must notify Franchisee no later than 30 days after this Agreement expires or is terminated.

(b) Price. The purchase price for all assets that Franchisor elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee’s last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 20 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor’s purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or “going concern” value for the Business.

(c) Due Diligence. For a period of 30 days following the determination of the fair market value (the “Due Diligence Period”) whether by agreement or by the determination by the appraiser as provided herein, Franchisor shall have the right to conduct a due diligence investigation of the assets related to the Business. Franchisee must give Franchisor reasonable access to Franchisee’s facilities, books, and records during the Due Diligence Period. Franchisor shall have the right to require Franchisee to continue to operate the Business during the Due Diligence Period, and Franchisor shall also have the right to operate the Business during the Due Diligence Period in accordance with Section 11.13. Franchisor is under no obligation to continue

with due diligence or to exercise its purchase option, and Franchisor may withdraw its exercise of the purchase option at any time before it pays for the assets.

(d) Closing. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Franchisor. Franchisor will be entitled to all customary warranties and representations in connection with this asset purchase, including representations and warranties as to ownership and condition of and title to assets, as to liens and encumbrances, validity of contracts, and liabilities affecting the assets. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (i) all amounts due from Franchisee; (ii) Franchisee's portion of the cost of any appraisal conducted hereunder; and (iii) amounts which Franchisor paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, Franchisor may pay a portion of the purchase price directly to the lienholder to pay off such lien. Franchisor may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid.

(e) Assignment. Franchisor may assign this purchase option to an affiliate or a third party.

ARTICLE 15. TRANSFERS

15.1 By Franchisor. Franchisor may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Franchisor may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Franchisor at least 60 days prior notice of the proposed Transfer, and without obtaining Franchisor's consent. In granting any such consent, Franchisor may impose conditions, including, without limitation, the following:

- (i) Franchisor receives a transfer fee equal to \$20,000 plus any broker fees and other out-of-pocket costs incurred by Franchisor (of which a non-refundable \$2,000 is due when Franchisee notifies Franchisor or asks Franchisor to consider a Transfer, and the balance is due when the Transfer is effective) ;
- (ii) the proposed Transferee and its owners have completed Franchisor's franchise application processes, meet Franchisor's then-applicable standards for new franchisees, and have been approved by Franchisor as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes Franchisor's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the form will be amended

to provide that the proposed Transferee will not be required to pay an initial franchise fee);

- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Franchisor and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Franchisor or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as Franchisor may require;
- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of Franchisor in a form satisfactory to Franchisor; and
- (ix) the Business fully complies with all of Franchisor's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Franchisor, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Franchisor, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Franchisor (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Franchisor's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, or to a co-Owner, or to a spouse, sibling, or child of an Owner), Franchisor will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Franchisor a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Franchisor's receipt of such copy, Franchisor will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions. If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Franchisor) Franchisor, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against Franchisor and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the development or operation of the Business (including any Data Security Event), or the acts or omissions of Franchisee or any of Franchisee’s Owners, officers, directors, employees, or agents. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from Actions which Franchisee proves arose solely as a result of any Indemnatee’s intentional misconduct or gross negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnatee may elect to assume the defense of any Action subject to this indemnification and control all aspects of defending the Action (including negotiations and settlement), at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Agreement to Use Procedure. The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Franchisor under Section 17.6 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

17.2 Initiation of Procedures. The party that initiates these procedures (“Initiating Party”) must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party’s claim for relief including the damages sought, and (if Initiating Party is not an individual person) identifying the persons with authority to settle the dispute on their behalf. The party receiving the notice (“Responding Party”) has seven days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party’s behalf (the “Authorized Persons”).

17.3 Internal Dispute Resolution. The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by Franchisor within 14 days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within 30 days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

17.4 Mediation.

(a) Selection of Mediator. The Authorized Persons will have seven days from the date on which one party gives notice that he, she, or them is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 17.5 to supply a list of qualified potential mediators. Within seven days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest-ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

(b) Time and Place for Mediation. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for in-person mediation, to be conducted within 10 miles of Franchisor's principal address. Unless circumstances make it impossible, the time may not be later than 30 days after selection of the mediator.

(c) Exchange of Information. If either party to this Agreement believes he, she, or them needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

(d) Summary of Views. At least seven days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

(e) Representatives. In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or them any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

(f) Conduct of Mediation. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position

papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

(g) Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

(h) Fees of Mediator, Disqualification. The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

(i) Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

17.5. Arbitration. Except as provided in Section 17.6, and if not resolved by the negotiation and mediation procedures described in Section 17.4 above, any dispute, controversy, or claim between Franchisee and/or any of Franchisee's Owners, on the one hand, and Franchisor and/or any of Franchisor's affiliates, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with, or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement; (e) the parties' relationship; (f) any System Standard; (g) any claim based in tort or any theory of negligence; and/or (j) the scope or validity of the arbitration obligation under this Agreement, shall be determined in Spartanburg, South Carolina, by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Franchisor of

any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

(a) Administration. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one (1) arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

(b) Counterclaims. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

(c) Individual Basis Only. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third-parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of claims is unenforceable then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 17.10.

(d) Authority. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. The arbitrator may not, under any circumstance, (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, (iii) certify a class or a consolidated action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement, or any reasonable standard of business performance that Franchisor sets. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 17.5 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

(e) Orders. The arbitrator can issue summary orders disposing of all or part of a claim, and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

(f) Subpoena Powers. The arbitrator will have subpoena powers limited only by the laws of the State of South Carolina.

(g) Discovery. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the State of South Carolina.

(h) Other Procedural Matters. All other procedural matters will be determined by applying the statutory common laws and rules of procedure that control a court of competent jurisdiction in the State of South Carolina.

(i) Confidentiality. Other than as may be required by law (including Franchisor's obligation to disclose facts related to arbitration in a Franchise Disclosure Document), the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

(j) Finality. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

(k) Advancing Costs. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

(l) Reasoned Award. The Arbitrator shall render a reasoned award unless otherwise requested by the parties. If Franchisor requests a more detailed award, i.e. "findings of fact and conclusions of law," the parties shall evenly split the excess cost above the cost required for a reasoned award. However, if Franchisee requests an award more detailed than a reasoned award, i.e. "findings of facts and conclusions of law," Franchisee shall bear the entire additional cost required for such award, which cost is above the cost for a reasoned award.

17.6 Exceptions to Arbitration and Mediation.

(a) Equitable Relief. Notwithstanding the provisions of Sections 20.4 and 20.5 of this Agreement, Franchisor shall be entitled, with a bond of not more than \$1,000, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Franchisee's, and/or any of Franchisee's Related Party's, use of the Marks; (b) Franchisee's confidentiality and non-competition covenants; (c) Franchisee's obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by Franchisee. If Franchisor secures any such injunction (i.e. temporary restraining order, preliminary injunction, or permanent injunction) or order of specific performance, Franchisee agree to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any such provision.

(b) Exceptions. At the election of Franchisor or its affiliate, the mediation and arbitration provisions of Sections 17.4 and 17.5, inclusive of all subparts, shall not apply to: (i)

any claim by Franchisor relating to Franchisee's failure to pay any fee due to Franchisor under this Agreement; and/or (ii) any claim by Franchisor or its affiliate relating to use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or (c) any claim by Franchisor relating to a breach of Franchisee's confidentiality and/or non-competition obligations under this Agreement.

17.7 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.8 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.9 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by Franchisor related to non-payment of Royalty Fees and other amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.10 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where Franchisor's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Franchisor's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts. Each party irrevocably waives trial by jury in any litigation.

17.11 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.12 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against Franchisor's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against Franchisor's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for Franchisor's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Franchisor is not a fiduciary of Franchisee. Franchisor does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Franchisor's interest in the System and the Marks, and the goodwill established in them, and not

for the purpose of establishing any control, or duty to take control, over the Business. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Franchisor, and Franchisor's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Franchisor's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance, or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any South Carolina law for the protection of franchisees or business opportunity purchasers (including the South Carolina Business Opportunity Sales Act, S.C. Code of Laws, §39-57-10 *et. seq.*) will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Franchisor, addressed to 121 Venture Blvd., Suite A, Spartanburg, SC 29306. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the

foregoing, Franchisor may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

18.10 Force Majeure. If either party is unable to perform an obligation due to riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines), or any other act of God or nature beyond the reasonable control of such party (a “Force Majeure”), such party’s performance of the obligation shall be excused for so long as the Force Majeure exists, but not longer than 180 days. This section shall not excuse a party’s obligation to make a payment owed under this Agreement.

18.11 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time thereafter (regardless of any communication or course of dealing by Franchisor), Franchisor may determine that (a) this Agreement expired as of the date of expiration with Franchisee then operating the Business without a license to do so and in violation of Franchisor’s rights or (b) this Agreement continues on an interim basis until 30 days after one party notifies the other party of termination (the “Interim Period”), in which case all of Franchisee’s obligations hereunder remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed at the expiration of this Agreement will take effect upon termination of the Interim Period.

18.12 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.13 South Carolina Business Opportunity Disclaimer. The parties acknowledge and agree that:

(1) Franchisor does not and has not represented that Franchisor will provide locations or assist the purchaser in finding locations for the use or operation of vending machines, racks, display cases or other similar devices, or currency-operated amusement machines or devices, on premises neither owned nor leased by Franchisor or Franchisee; or

(2) Franchisor does not and has not represented that Franchisor will purchase any or all products made, produced, fabricated, grown, bred, or modified by Franchisee using in whole or in part, the supplies, services, or chattels sold to Franchisee; or

(3) Franchisor does not and has not represented that Franchisor guarantees that the Seller will derive income from the business opportunity which exceeds the price paid for the business opportunity; or that Franchisor will refund all or part of the price paid for the business opportunity, or repurchase any of the products, equipment, supplies, or chattels supplied by the seller, if the Franchisee is unsatisfied with the business opportunity.

18.13 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor.

Agreed to by:

FRANCHISOR:

SUBCONTAIN, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ New York
- _____ North Dakota
- _____ Ohio
- _____ Rhode Island
- _____ Washington

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. Form of Ownership. Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State: _____

2. Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. Officers. If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Subcontain, LLC, a South Carolina limited liability company (“Franchisor”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Franchisor for the franchise of a Subcontain business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Franchisor to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Franchisor and its affiliates that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Franchisor or its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates upon demand from Franchisor. Guarantor waives (a) acceptance and notice of acceptance by Franchisor of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled. Guarantor also agrees that no modification, extension, or indulgence granted to Franchisee (including any amendment or modification of the Franchise Agreement) shall release Guarantor from this Guaranty, and that this Guaranty shall continue in full force and effect as to any renewal, extension, amendment, or modification of the Franchise Agreement.

2. Confidential Information. With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term

of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Franchisor or its affiliates (except for Confidential Information which Franchisor licenses from another person or entity). Guarantor acknowledges that all customer data collected or generated by the Business and all data collected or generated by the primary software system (other than data regarding employees) is Confidential Information belonging to Franchisor. This Section will survive the termination or expiration of the Franchise Agreement indefinitely. Nothing in this Section or elsewhere in this Guaranty or the Franchise Agreement shall be deemed to limit or prohibit Guarantor from communicating about potential law violations with the Federal Trade Commission or other government agency acting within its statutory mandate.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other Subcontain business operating on the date of expiration, termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Guarantor agrees that the existence of any claim it or Franchisee may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Franchisor may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of South Carolina (without giving effect to its principles of conflicts of law). The parties agree that any South Carolina law for the protection of franchisees or business opportunity purchasers (including the South Carolina Business Opportunity Sales Act, S.C. Code of Laws, §39-57-10 *et. seq.*) will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute

Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Franchisor and its affiliates all costs incurred by Franchisor or its affiliates (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Attachment 3 to Franchise Agreement

CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Assignment of Brand Accounts (this “Assignment”) is executed by the undersigned (“Franchisee”) in favor of Subcontain, LLC, a South Carolina limited liability company (“Franchisor”).

Background Statement: Franchisor and Franchisee are parties to a Franchise Agreement pursuant to which Franchisor granted Franchisee a license to operate a Subcontain franchised business (the “Business”). Franchisor or its affiliates are the sole owner of the Subcontain brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect Franchisor’s interest in and control of Subcontain, Franchisee acknowledges and agrees that Franchisor has the right to control all telephone numbers, directory listings, and internet marketing accounts related to Subcontain.

Franchisee agrees as follows:

1. Conditional Assignment. Franchisee hereby assigns to Franchisor (or its designee) all of Franchisee’s rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Brand Accounts”) associated with Subcontain and registered by Franchisee from time to time in connection with the operation of Franchisee’s Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from Franchisor to Franchisee, at which time Franchisor will have the right to assume ownership of any one or all Brand Accounts.

2. Transfer or Deletion. Franchisee hereby authorizes the service provider of each Brand Account (the “Provider”) to transfer the Brand Account to Franchisor (or its designee) or to delete the Brand Account upon the written instruction of Franchisor. Franchisee hereby grants Franchisor an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. Franchisor will have no liability or obligation of any kind to a Provider arising prior to the effective date of transfer or deletion. Franchisee agrees to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by Franchisor) of each Brand Account.

[Signatures on next page]

Executed by:

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

Attachment 4 to Franchise Agreement

TERRITORY

1. For purposes of Sections 4.2(c) and 7.4, Franchisee is deemed to have ___ territories.
2. Franchisee's Territory is:

EXHIBIT C

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Subcontain, LLC, a South Carolina limited liability company (“Franchisor”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____
Date: _____

EXHIBIT D
FINANCIAL STATEMENTS

SUBCONTAIN

SUBCONTAIN, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025



SUBCONTAIN, LLC

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Independent Auditor's Report

To the Members
Subcontain, LLC
Spartanburg, SC

Opinion

We have audited the accompanying financial statements of Subcontain, LLC, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, members' deficit, and cash flows for the nine months then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Subcontain, LLC as of December 31, 2025, and the results of its operations and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Kezas $\frac{3}{4}$ Dunlay

St. George, Utah
April 27, 2026

SUBCONTAIN, LLC

BALANCE SHEET

For the Nine Month Period Ended December 31, 2025

	<u>2025</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 183,395
Accounts receivable, net	197,045
Prepaid expenses	3,822
Deferred contract costs - current portion	88,824
Total current assets	<u>473,086</u>
Non-current assets	
Deferred contract costs, net of current portion	772,564
Operating lease right-of use-asset	113,484
Total non-current assets	<u>886,048</u>
Total assets	<u>\$ 1,359,134</u>
Liabilities and Members' Deficit	
Current liabilities:	
Accounts payable	\$ 183,290
Accrued expenses	38,498
Deferred franchise revenue - current portion	136,500
Operating lease liability - current portion	54,678
Total current liabilities	<u>412,966</u>
Non-current liabilities:	
Deferred franchise revenue, net of current portion	1,186,306
Operating lease liability, net of current portion	58,806
Total non-current liabilities	<u>1,245,112</u>
Total liabilities	<u>1,658,078</u>
Members' deficit	(298,944)
Total liabilities and Members' deficit	<u>\$ 1,359,134</u>

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

SUBCONTAIN, LLC
STATEMENT OF OPERATIONS
For the Nine Month Period Ended December 31, 2025

	2025
Operating revenue	
Franchise fees	\$ 42,194
Product sales	138,968
Total operating revenue	181,162
Cost of sales	137,379
Gross profit	43,783
Operating expenses	
Franchise related costs	26,837
Advertising expenses	55,876
Compensation and related costs	253,065
Professional fees	51,130
General and administrative	55,819
Total operating expenses	442,727
Net loss	\$ (398,944)

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

SUBCONTAIN, LLC
STATEMENT OF MEMBERS' DEFICIT
For the Nine Month Period Ended December 31, 2025

	<u>2025</u>
Beginning members' equity	-
Contributions	100,000
Net loss	<u>(398,944)</u>
Ending members' deficit	<u><u>(298,944)</u></u>

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

SUBCONTAIN, LLC
STATEMENT OF CASH FLOWS
For the Nine Month Period Ended December 31, 2025

	2025
Cash flow from operating activities:	
Net loss	\$ (398,944)
Adjustments to reconcile net loss to net cash used in operating activities:	
Recognition of deferred costs	26,837
Recognition of deferred revenue	(42,194)
Changes in operating assets and liabilities:	
Accounts receivable	(197,045)
Prepays	(3,822)
Accounts payable	183,290
Accrued expenses	38,498
Deferred franchise revenue	1,365,000
Deferred contract costs	(888,225)
Net cash provided by operating activities	83,395
Cash flows from financing activities:	
Contributions from shareholders	100,000
Net cash provided by financing activities	100,000
Net change in cash and cash equivalents	183,395
Cash at the beginning of the period	-
Cash at the end of the period	\$ 183,395

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

SUBCONTAIN, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Nine Month Period Ended December 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Subcontain, LLC (the "Company") was organized as a limited liability company in March, 2025 in the state of South Carolina. The Company was formed to offer franchisees the opportunity to own and operate a semi-underground waste system that is multipurpose, multifacility waste containers that are cleaner, safer and more effective than traditional dumpsters. The members of the Company are protected by the limited liability structure afforded to limited liability companies under the laws of the state of Virginia. Pursuant to the state of Virginia regulations, members' personal liability for the debts, obligations, and liabilities of the Company is generally limited to their respective capital contributions to the Company.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Risks and Uncertainties

The Company has a limited operating history, making it challenging to assess its future performance based on historical results. There is no assurance that the Company will achieve or sustain profitability. The markets in which the Company operates may be highly competitive and subject to rapid technological advancements. In addition, the Company may face challenges in establishing and maintaining a competitive position, attracting customers, and adapting to changing market conditions. The success of the Company may be dependent on the skills, experience, and continued contributions of key personnel and the loss of key personnel could have a material adverse effect on the Company's operations and prospects.

(c) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(d) 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 and disclosures. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2025, the Company had cash and cash equivalents of \$183,395.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties, marketing revenues and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

SUBCONTAIN, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Nine Month Period Ended December 31, 2025

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for doubtful accounts and net receivables of \$197,045.

(g) Revenue Recognition

Upon inception, the Company has adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company’s performance obligations.

The Company’s revenues consist of initial franchise fees, royalties, and marketing fees based on a percentage of gross revenues, as well as product sales.

Royalties, advertising fee and, product sales

Upon evaluation of the five-step process, the Company has determined that royalties, marketing fees and product sales are to be recognized in the same period as the underlying sales.

Advertising fund contributions

The Company has established an advertising fund to provide regional and national advertising for the benefit of franchisees. Marketing fund fees, equal to 1% of gross sales, are billed monthly and recognized as revenue as marketing activities are performed, consistent with the Company’s obligations under the franchise agreement and Franchise Disclosure Document (FDD).

The franchise agreement and FDD require unspent marketing funds to be carried forward from one period to the next. Accordingly, amounts collected in excess of expenditures are required to be deferred and are recognized in accordance with the Company’s revenue recognition policy. As of December 31, 2025, there were no advertising funds recorded as deferred revenue

Initial franchise fees

The Company enters into franchise agreements that grant franchisees the right to operate under the Company’s trade name and business system for a specified term, typically 10 years. The initial franchise fee provides the franchisee with access to the Company’s trademarks and intellectual property, training and pre-opening support and ongoing access to the Company’s franchise system.

The Company has concluded that these promised goods and services are highly related to the ongoing right to access the Company’s intellectual property and franchise system. Accordingly, the initial franchise fee represents consideration for a single performance obligation consisting of a right to access the Company’s intellectual property and franchise system over the term of the franchise agreement.

SUBCONTAIN, LLC
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Revenue from initial franchise fees is therefore recognized on a straight-line basis over the term of the franchise agreement, which reflects the pattern in which the franchisee simultaneously receives and consumes the benefits of the Company's performance.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of South Carolina. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the Company had not yet filed its initial federal or state income tax returns for the period ended December 31, 2025.

(i) Advertising costs

Advertising costs are charged to expense as incurred. Advertising expenses for the nine month period ended December 31, 2025, were \$55,876.

(j) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(k) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Contract Balances

The Company capitalizes costs of obtaining customer contracts, primarily sales commissions, when the Company expects to recover those costs. Deferred commissions are included in current assets on the balance sheet.

Contract liabilities represent amounts billed to or received from customers in advance of the Company's performance obligations and are recognized as revenue when the related services are performed. Contract liabilities are included in deferred revenue on the balance sheet.

SUBCONTAIN, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Nine Month Period Ended December 31, 2025

The following table represents the activity of the Company's deferred commissions for the nine month period ended December 31, 2025:

	2025
Beginning deferred commissions	\$ -
Additions (cash paid for commissions)	888,225
Expenses recognized	(26,837)
Ending deferred commissions	\$ 861,388
Deferred commissions, current	\$ 88,824
Deferred commissions, non-current	772,564
	\$ 861,388

The following table represents the activity of the Company's deferred revenue for the nine month period ended December 31, 2025:

	2025
Beginning deferred revenue	\$ -
Additions (cash received from franchisees)	1,365,000
Revenue recognized from beginning deferred revenue	-
Revenue recognized from contracts executed in the current year	(42,194)
Ending deferred revenue	\$ 1,322,806
Deferred revenue, current	\$ 136,500
Deferred revenue, non-current	1,186,306
	\$ 1,322,806

(5) Disaggregation of Revenue

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows for the nine month period ended December 31:

	2025
Performance obligations satisfied at a point in time	\$ -
Performance obligations satisfied over the life of the contract	42,194
Total initial franchise fee revenue	\$ 42,194

(3) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

SUBCONTAIN, LLC
NOTES TO THE FINANCIAL STATEMENTS
For the Nine Month Period Ended December 31, 2025

(4) Subsequent Events

Management has reviewed and evaluated subsequent events through April 27, 2026, the date on which the financial statements were issued.

EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

1.0	Franchise Overview & Brand Standards	28 pgs
2.0	Sales and Business Development	196 pgs
3.0	Bin Management	72 pgs
4.0	Trucks and Fleet Management	6 pgs
5.0	Servicing and Operations	143 pgs
6.0	Operator Training & Safety	5 pgs
7.0	Administrative and Office	64 pgs

Because the Operations Manual is electronic and includes videos and other materials which cannot be printed, the number of pages per section is our good faith estimate of equivalent printed pages.

EXHIBIT F

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Franchisees who had signed franchise agreements but were not yet open as of the end of our last fiscal year:

Location Name	Office Address	Phone	Franchisee
Subcontain Lowcountry	520 Folly Road Suite 25 #211 Charleston, SC 29412	843-310-6102	Elizabeth Burwell
Subcontain Central Connecticut	20 Dellwood Drive Waterbury CT 06708	860-616-1725	Gibson Gouveia
Subcontain Southern Coastal Connecticut	530 Pemburn Dr Fairfield CT 06824	203-516-4202	Andrew Campbell
Subcontain of Louisiana	6883 Airline Hwy Baton Rouge, LA 70805	225-535-3313	Andrew Phillips
Subcontain Southcoast	15 Cranberry Lane Berkley, MA	508-938-8255	Brandon Burns
Subcontain Queen City	601 S Kings Drive Suite F - PMB #168 Charlotte, NC 28204	704-271-4393	Jeff West
Subcontain Upstate	121 Venture Blvd St A Spartanburg, SC 29306	864-707-9394	John Dobson

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who 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 disclosure document issuance date:

None

EXHIBIT G
STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE, WWW.SUBCONTAIN.COM, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND BUSINESS OVERSIGHT AT WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA.

REGISTRATION OF THIS FRANCHISE OFFERING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

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

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person

acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Spartanburg, South Carolina, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of South Carolina. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS. <https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf>.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

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

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

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

Item 5 and Item 7 are amended to add the following:

All initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The Illinois Attorney General's Office has imposed this fee deferral requirement due to Franchisor's financial condition.

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

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 5 and Item 7:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until Franchisor completes its pre-opening obligations under the franchise agreement.

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

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

The following is added as risk factor:

No Experience. We have no experience operating a franchise of this nature, and we have almost no experience operating the type of business you will be operating as our franchisee. This franchise is likely a risky investment.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- Minnesota Statutes, Section 181.991 prohibit the franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of a franchisee of the same franchisor or from soliciting or hiring an employee of the franchisor.
- Item 5 and Item 7 are amended to include the following:

All initial fees and payments owed by Franchisee shall be deferred until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has commenced business operations.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

SUBCONTAIN, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND SUBCONTAIN, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Fee Deferral. The following is added to Item 5 and Item 7:

All initial fees and payments owed to Franchisor shall be deferred until such time as all initial obligations owed to Franchisee under the franchise agreement or other documents have been fulfilled by the Franchisor and the Franchisee has commenced doing business pursuant to the franchise agreement.

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

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

SUBCONTAIN, LLC

April 28, 2026

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

SOUTH CAROLINA ADDENDUM TO DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

SOUTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of South Dakota only, this Disclosure Document is amended as follows:

Item 5 and Item 7 are amended to add the following:

Based upon the franchisor's financial condition the South Dakota Securities Regulation Office has required a financial assurance pursuant to SDCL 37-5B-5. Therefore, all initial fees and payments owed by franchisees to the franchisor or its affiliates shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the franchisee has commenced operations.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

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

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

The following statement is added to Item 17(r):

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

Item 17(t) is amended to read as follows:

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.

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

The following statement is added to Item 17(w):

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Estimated Initial Investment

The franchisee will be required to make an estimated initial investment ranging from \$266,900 to \$969,500. This amount exceeds the franchisor's stockholders' equity as of December 31, 2025, which is \$(298,944).

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit H for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT H
STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Governing Law. Illinois law governs the Agreements.

2. Jurisdiction. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Termination/Non-Renewal. Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Waivers Void. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

5. Fee Deferral. Article 4.1 of the Franchise Agreement is amended to include the following:

All initial fees and payments owed by Franchisee shall be deferred until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General’s Office has imposed this deferral requirement due to Franchisor’s financial condition.

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

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. Releases, Estoppels and Waivers of Liability. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

4. Statute of Limitations. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Fee Deferral. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until Franchisor completes its pre-opening obligations under the franchise agreement.

6. Jurisdiction. Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”
- Under Minnesota Statutes, Section 181.991 (a) no franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of a franchisee of the same franchisor, and (b) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of the franchisor.

Fee Deferral. Article 4.1 of the Franchise Agreement is amended to include the following:

All initial fees and payments owed by Franchisee shall be deferred until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has commenced business operations.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).

- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.

- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.

- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Fee Deferral. The following is added to Section 4.1 of the Franchise Agreement:

All initial fees and payments owed to Franchisor shall be deferred until such time as all initial obligations owed to Franchisee under the franchise agreement or other documents have been fulfilled by the Franchisor and the Franchisee has commenced doing business pursuant to the franchise agreement.

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

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

OHIO RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “**BOPA**” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Franchisee acknowledges that Franchisor is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of Franchisor constitutes an intent that BOPA apply to the transaction between Franchisor and Franchisee or an admission by Franchisor that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. Franchisor will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

6. Agent for Service of Process. The name and address of Franchisor’s agent authorized to receive service of process in Ohio is [_____].

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**OHIO
NOTICE OF CANCELLATION**

[Insert Date Agreement Signed by FRANCHISEE]

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Subcontain, LLC's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to Franchisor at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of Franchisor regarding the return shipment of the goods at Franchisor's expense and risk. If you do make the goods available to Franchisor and Franchisor does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to Franchisor, or if you agree to return them to Franchisor and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Subcontain, LLC, at 121 Venture Blvd., Suite A, Spartanburg, SC 29306, or send a fax to Franchisor at *[Insert facsimile number]* or an e-mail to Franchisor at *[Insert email address]*, not later than midnight of *[Insert date that is five business days after the date above]*.

I hereby cancel this transaction.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

- 1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. **Fee Deferral.** Notwithstanding any provision of the Agreement to the contrary, all initial fees and payments owed by Franchisee to Franchisor or its affiliate shall be deferred until Franchisor has performed its initial obligations under the Agreement and Franchisee has commenced operations.

- 3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

VIRGINIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Subcontain, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

- 1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

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

- 3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SUBCONTAIN, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Agreed to by:

FRANCHISOR:

SUBCONTAIN, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

STATE EFFECTIVE DATES

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

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

State	Effective Date
Illinois	April 30, 2026
Indiana	June 1, 2026
Maryland	Pending
Michigan	July 18, 2025
Minnesota	Pending
Virginia	Pending
Wisconsin	April 29, 2026

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

RECEIPT

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

If Subcontain, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Subcontain, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

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

Name	Principal Business Address	Telephone No.
Ian Paradis	121 Venture Blvd., Suite A, Spartanburg, SC 29306	888-870-4018

Issuance Date: April 28, 2026

I received a disclosure document dated April 28, 2026, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- D. Financial Statements
- E. Operations Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

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Return this copy to us.

**Subcontain, LLC
121 Venture Blvd., Suite A, Spartanburg, SC 29306**