# FRANCHISE DISCLOSURE DOCUMENT

LaundroLab, LLC
a North Carolina limited liability company
520 Elliot St.
Charlotte, NC 28202
704-251-9620
franchising@laundrolabusa.com
www.laundrolabfranchise.com

Franchisor franchises the right to operate a business offering laundromat services and related laundry services and products to customers on a walk-in, self-serve basis under the "LaundroLab" name and mark.

The total estimated initial investment necessary to begin operation of a LaundroLab franchise ranges from $1,104,730 to $1,767,230. This includes $67,500 that must be paid to the franchisor or its affiliates. Franchisor also offers qualified parties the right to open and operate multiple businesses in accordance with a development schedule the parties agree to under Franchisor's form of development agreement. The total estimated initial investment necessary to begin operations under a development agreement (with a commitment to 3 Businesses) ranges from $1,120,230 to $1,836,230. This includes $83,000 to$136,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 520 Elliot St., Charlotte, NC 28202, Attn: Dana Daugherty, via telephone at 704-327-6262 or by emailing franchising@laundrolabusa.com.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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.

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

The Issuance Date of this Franchise Disclosure Document ("FDD") is: April 29, 2026



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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 H. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit C includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only LaundroLab 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 franchise 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 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 that 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 mediation and/or litigation only in North Carolina. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and/or litigate with the franchisor in North Carolina than in your own states.

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

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 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. **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 service and support to you.

6. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

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**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, 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 subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 335-7567



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

Company

To simplify the language in this Franchise Disclosure Document, "Company," "Franchisor," "we" or "us" means LaundroLab, LLC, the franchisor of this business. "You" means the person or entity who buys the franchise and includes your owners and principals if you are a corporation or other business entity.

Company's Business Activities and the Franchise Offered under Franchise Agreement

We are a North Carolina limited liability company formed on November 10, 2020. Our principal business address is 520 Elliot St., Charlotte, NC 28202 and our telephone number is 704-251-9620. We do business under our corporate name LaundroLab, LLC, and the trade name "LaundroLab." We grant franchises for the establishment, development, and operation of businesses offering laundromat services and related laundry services and products to customers on a walk-in, self-serve basis under the "LaundroLab" name and mark ("LaundroLab Businesses").

We currently do not engage in any other business activities, and do not offer franchises in any other line of business. However, we reserve the right to engage in other business activities and offer other types of franchises in the future.

Each franchised LaundroLab Business operates using our proprietary operating system, which includes: (a) standards, specifications, methods, and procedures for laundromat services and operations; (b) interior and exterior designs, décor, and color schemes; (c) standards and specifications for the furniture, fixtures, and equipment necessary to operate a LaundroLab Business; (d) sales techniques, and merchandising, marketing, advertising, and inventory management systems; and (e) standardized procedures for operating and managing a LaundroLab Business (collectively, the "System").

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark "LaundroLab," distinctive trade dress, and any other trade names, trademarks, and service marks we may now or in the future designate in writing for use in connection with the System (collectively, the "Proprietary Marks"). We continue to develop, use, and control the Proprietary Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System's high standards of quality, appearance, and service.

You will operate your franchised LaundroLab Business (the "Business") pursuant to our current form of Franchise Agreement, which is attached to this Disclosure Document as Exhibit D. Under the Franchise Agreement, you are granted the right and obligation to open and operate a LaundroLab Business at a certain approved location ("Approved Location") within a certain designated territory ("Territory").

We and our parent, 2ULaundry (see below), have a Delivery Account Program in which we and 2ULaundry retain for ourselves and/or designated third parties (including franchisees) the exclusive right to negotiate and enter into agreements to provide laundry services to Delivery Account customers, even if those customers are located in your Territory. (We describe our Delivery Account Program in more detail in Item 12.) We maintain sole and absolute discretion regarding whether to offer you the opportunity to perform such work in the Territory, and we expressly reserve the right to provide such services ourselves in the Territory, or to allow 2ULaundry (or other third parties) to do so, without any compensation or consideration to you. If you do perform such work, you must comply with our and 2ULaundry's designated standards, specifications and procedures and will agree with us in advance on certain operational details of and terms for the work, such as the turnaround time for the laundry services, intake and packaging of items to be laundered, and the Delivery Account Servicing Fees we will pay you (which depend on your market area and economic conditions in that market. We reserve the right to set and modify the parameters for any Delivery Account Program, including the right to terminate your participation in the program, in consultation with 2ULaundry.

Development Agreement

We also offer qualified individuals the right to open and operate multiple LaundroLab Businesses within a designated geographic area (the "Development Area") by: (i) executing our current form of development agreement (the "Development Agreement") attached as Exhibit E to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Development Agreement, which will depend on the number of LaundroLab Businesses you agree to open (the "Development Fee").

If you sign a Development Agreement, you must also sign our then-current Franchise Agreement for each LaundroLab Business you commit to open. You must sign the Franchise Agreement for your first location when you sign the Development Agreement. You must then open and begin operating each additional LaundroLab Business in your Development Area according to the mandatory development schedule in your Development Agreement. In addition, we periodically offer a Senior Owner-Operator Development Incentive that reduces the Development Fee for qualified individuals who agree to personally devote full-time efforts to the operation of one of the franchised LaundroLab Businesses. See Item 5 for eligibility, Item 7 for the reduced initial investment, and Item 15 for the operational-participation requirements.

Parents, Predecessors and Affiliates

LaundroLab has no predecessors. LaundroLab's parent company, 2ULaundry, Inc. ("2ULaundry"), is a Delaware corporation established in April, 2016 with a principal place of business located at 520 Elliot St., Charlotte, NC 28202. 2ULaundry provides laundry services, dry cleaning services, and laundry pick-up and delivery services. As of the Issuance Date of this Disclosure Document, 2ULaundry currently (a) owns the Proprietary Marks and other intellectual property, and (b) provides services to the Delivery Account Program. No other affiliates are disclosable in this Item. 2ULaundry, Inc. has not previously offered franchises or business opportunities under any other mark, and no other affiliate of the franchisor offers franchises in any



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line of business or supplies any product or service used in the operation of franchised LaundroLab Businesses, except as disclosed in Items 8 and 12.

Market and Competition

Your Business will offer its products to the general public, and sales are not seasonal, other than any seasonality resulting from the site's physical and geographical location. Your Business will compete primarily with local, regional, and national laundromat and laundry delivery services.

The laundromat industry is mature and highly competitive. You will compete with local laundromats and national competitors. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry Specific Regulations

Your Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of a laundromat, including laws and regulations relating to occupational hazards and consumer protection laws. You must comply with federal hazardous waste treatment, storage and disposal regulations, wastewater treatment requirements, and state environmental regulations.

You will also be subject to laws or regulations that are not specific to the laundromat industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your franchised LaundroLab Business. You are solely responsible for investigating all applicable federal, state, and local laws, rules and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

## ITEM 2
## BUSINESS EXPERIENCE

Jason Lepes: CEO

Mr. Lepes has served as our CEO since September 2024. From June 2021 to September 2024, Mr. Lepes served as the President & Chief Operating Officer of Favor Delivery for H-E-B in Austin, TX. From January 2020 to June 2021, Mr. Lepes served as the Head of Merchandising Strategy for H-E-B in Austin, TX.



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Mark Vlaskamp: Senior Vice President of Franchising
Mr. Vlaskamp has been our Senior Vice President of Franchising since October 2025 and was our Senior Director of Operations from February 2025 to October 2025, and served as our Director of Operations from June 2023 to February 2025. Mr. Vlaskamp has also served as the Director of Operations for our parent, 2ULaundry, Inc. since June 2023, in Charlotte, NC. From February 2017 to June 2023, Mr. Vlaskamp was the Co-Founder and Managing Partner of The Folde in Austin, TX.

Myles Bragman: Senior Operations Manager
Mr. Bragman has served as Senior Operations Manager for 2ULaundry and LaundroLab since April 2024. From April 2023 and April 2024, he served as Purchasing and Sourcing Manager for Ledge Lounger in Katy, TX. From July 2019 through June 2023, Mr. Bragman served as Founder and Vice President of Operations of The Folde, Inc., a laundry pickup and delivery company later acquired by 2ULaundry in Houston, TX. From May 2012 through July 2019, Mr. Bragman served as Equity Partner and Vice President of Operations and Supply Chain for YakGear, Inc. in Houston, TX.

Dana Daugherty: Franchise Training & Compliance Manager
Ms. Daugherty has served as our Franchise Training & Compliance Manager since August 2025. From April 2023 to July 2025, she also served as Learning & Development Manager for our parent, 2ULaundry, Inc., and prior to that, served as our New Store Opening Project Manager from November 2021 through March 2023. From 2018 through October 2021, Ms. Daugherty served as the State Curriculum Specialist for Charter Schools USA in North Carolina and South Carolina.

Adam Ward: Senior Product Manager
Mr. Ward has served as the Senior Product Manager for 2ULaundry and LaundroLab since November 2025. From 2021 to November 2025, Mr. Ward was the Product Manager for 2ULaundry and LaundroLab.

Ashley Martin: Franchise Marketing Manager
Ms. Martin has served as Franchise Marketing Manager at LaundroLab since November 2024. From May 2024 to Nov 2024, Ms. Martin established Empathy Driven Solutions, LLC and worked as a consultant and fractional CMO for the Carolina Youth Coalition in Charlotte, NC. From September 2023 until May 2024, Ms. Martin served as Business Development Manager at Terrascope Public Relations in Charlotte, NC. From May 2023 to August 2023, Ms. Martin was an Operations Manager for Rein Communications in Charlotte, NC. From June 2018 to May 2023, Ms. Martin was a Flight Attendant with American Airlines.

Dan D'Aquisto: Executive Consultant
Mr. D'Aquisto has served our Executive Consultant since January 2026. Mr. D'Aquisto served as our President from our inception through December 2025. Mr. D'Aquisto has also served as a member of the Board of Directors for our parent, 2ULaundry, Inc., since 2016 and has served on our Board of Directors since our inception. Mr. D'Aquisto has also served as the Co-Founder and Chief Growth Officer for our parent, 2ULaundry Inc., in Charlotte, NC since April 2016.



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## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

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Franchise Disclosure Document

## ITEM 5
## INITIAL FEES

Initial Franchise Fee

You must pay us a $49,500 initial franchise fee when you sign the Franchise Agreement for a franchised LaundroLab Business ("Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned and nonrefundable upon payment. While the Initial Franchise Fee generally is uniform for all franchisees, we are allowing several of our earliest franchisees to pay a discounted initial franchise fee under a few Franchise Agreements they sign in the future. In 2025, the initial franchise fee ranged from $44,550 to $49,500.

New Franchised Business Opening Investment Services Fee

You must pay us an $18,000 fee for New Franchised Business Opening Investment Services when you sign the Franchise Agreement. If you purchase an existing LaundroLab location that we require you to remodel, you must also pay this fee. The fee is nonrefundable under any circumstances, including but not limited to termination of the franchise agreement, your breach of any provision of the Franchise Agreement, or failure of the LaundroLab Business to open for any reason. We collect this fee on behalf of our approved vendors who provide services in connection with the development and build-out process. This fee represents payment for services rendered and expenses incurred in connection with the development and build-out process.

The New Franchised Business Opening Investment Services include various consulting services regarding construction estimates; construction related lease requirements; sign package requirements; general contractor bidding and selection; obtaining building permits; site conditions and work progress; and obtaining occupancy approval.

U.S. Veterans' Discount

If (i) you are a Veteran, or (ii) the shareholders, members, or partners owning a majority (at least 51%) of the franchised business are Veterans, we will offer a 10% discount on our initial franchise fee for your first location. "Veteran" means honorably discharged from the U.S. Army, Navy, Air Force, Marines or Coast Guard and can provide proof of veteran or military status by providing a DD214 or military orders. The Veterans Discount applies only to the Initial Franchise Fee for the first LaundroLab Business and must be claimed at the time the Franchise Agreement is signed. We will verify the DD214 or military orders within ten (10) business days of receipt. The discount does not apply to the Development Fee, the New Franchised Business Opening Investment Services Fee, the Renewal Fee, or the Transfer Fee, and is not available retroactively if not claimed at signing.

Senior Owner-Operator Development Incentive

From time to time, we may offer a limited incentive program for certain individuals whom we approve to participate as "Senior Owner-Operators." Under this program, a qualified individual



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may be permitted to enter into a Development Agreement for the right to develop two (2) LaundroLab Businesses and pay a reduced Development Fee of $65,000. The reduced $65,000 Development Fee is allocated $49,500 to the Initial Franchise Fee for Unit 1 and $15,500 to the Initial Franchise Fee for Unit 2, payable in full at execution of the Development Agreement, with no balance due at signing of the second Franchise Agreement. If, after approval, the Senior Owner-Operator ceases to satisfy the full-time requirement at any time during the initial term, the franchisor may, after thirty (30) days' written notice and opportunity to cure, require repayment of the Development Fee discount as a condition of continued participation in the program.

Generally, this program is intended for individuals who are at least sixty (60) years of age at the time the Development Agreement is executed, who do not maintain other full-time or part-time employment, and who agree to personally devote their full-time efforts to the management and operation of at least one LaundroLab Business as an owner-operator, consistent with the operational participation requirements described in the Franchise Agreement and Item 15 of this Disclosure Document. Participation in this program is subject to our review and approval and may require documentation confirming eligibility. For purposes of this incentive, "full-time" means at least forty (40) hours per week of personal, on-premises management of the qualifying LaundroLab Business throughout the initial term of the Franchise Agreement.

If you are approved to participate in this program, the $65,000 Development Fee will apply to the development rights for two LaundroLab Businesses and will be credited toward the Initial Franchise Fees for the two Businesses to be developed under the applicable Development Agreement. Except for the reduced Development Fee described above, all other fees and obligations described in this Disclosure Document and the Development Agreement will apply.

This incentive program may not be available in all circumstances and may not be offered in all markets or to all prospective franchisees. We reserve the right to modify, suspend, or discontinue this program at any time in our discretion. However, any Development Agreement executed while the program is in effect will remain governed by the terms applicable at the time it was executed.

Area Development Fee

If we grant you the right to open more than one franchised LaundroLab Business under a Development Agreement, you must pay us a one-time Development Fee upon executing your Development Agreement. The Development Fee will depend on the number of franchised LaundroLab Business you are obligated to open, and will be calculated as follows: (i) $49,500 for the first franchised LaundroLab Business; plus (ii) $39,500 for the second franchised LaundroLab Business; plus (iii) $29,500 for the third franchised LaundroLab Business; plus (iv) $24,500 for the fourth franchised LaundroLab Business; plus (v) $19,500 for the fifth franchised LaundroLab Business, and for each subsequent franchised LaundroLab Business you are obligated to open under the Development Agreement.

The Development Fee will be deemed fully earned upon execution of your Development Agreement, and will not be refundable under any circumstances. The Development Fee is



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calculated and imposed uniformly to all developers who invest in a Development Agreement under this offering.

## ITEM 6
## OTHER FEES

| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| Royalty[2] | Royalties will not begin until 6 months after the opening date or 20 months from signing the franchise agreement, whichever occurs earlier (the "Waived Royalty Period"). Beginning in the month immediately after the Waived Royalty Period and continuing throughout the remainder of the franchise term, your Royalty will be the greater of: (i) $500 per month; or (ii) the applicable Tiered Royalty Rate of your Gross Revenues, determined as follows based on the total number of LaundroLab franchised businesses that are Open and Under Control by you and your Affiliates:<br>1 unit: 6.5%<br>2 units: 6%<br>3-4 units: 5.5%<br>5 or more units: 5% | Monthly via ACH on or before the last business day before the 15th of the month for the immediately preceding calendar month's Gross Revenues (or the next business day if the 15th falls on a weekend or federal holiday). | Gross Revenues are defined in Note 2 below. Royalties are paid to us. The applicable Tiered Royalty Rate applies to all of your Open and Under Control units, not just the incremental unit. A tier change takes effect on the first Tuesday royalty payment date after the additional unit opens for business to the public. See Note 2 below for definitions of "Open and Under Control" and "Affiliates." |
| Brand Fund Contribution[3] | 1.5% of Gross Revenues. | Monthly via ACH on or before the last business day before | Gross Revenues are defined in Note 2 below. |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | the 15th of the month for the immediately preceding calendar month's Gross Revenues (or the next business day if the 15th falls on a weekend or federal holiday). | |
| Local Advertising, Marketing, and Promotional Expenditures[4] | Beginning in the 4th month your Business is opened and continuing throughout the remainder of the Term, you must spend a minimum of $1,500 per month on local marketing and promotion, of which at least $500 must be allocated to digital marketing initiatives and at least $500 must be allocated to grassroots marketing efforts (including flyers, partnerships, signage, direct mail, or community events).<br><br>Once your Business achieves a minimum of $12 in revenue per square foot, the required local marketing contribution may be reduced to 2% of gross revenue. | Monthly | As of this Disclosure Document's issuance date, you must spend this amount directly for local advertising, marketing and promotional purposes. We may inspect or request copies of any records we determine to confirm you are complying with your expenditure requirements. You may be required to expend all or any portion of your local marketing expenditure requirement on items and/or services that are sourced from one or more of our then-current Approved Suppliers. We may audit your Local Marketing expenditures. In addition, we have the right to require you to pay any and all unexpended amounts directly to us or its designee. We and/or our designee may expend such amounts on local, regional and/or national marketing, as we |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | | determine in our sole discretion. |
| Renewal Fee[5] | $5,000 | Prior to end of 10-year term and upon signing a then-current form franchise agreement | The Renewal Fee is paid to us, over and above any Royalties, Brand Fund Contributions, or any other fees to which we are entitled. |
| Transfer Fee[6] | $15,000 plus applicable broker commissions, if any. | The transfer fee is paid upon application to transfer. | The Transfer Fee is paid to us. If you transfer your franchise to an immediate family member who has previously been approved and trained by us then we will waive the transfer fee. (Subject to State law) |
| Computer and POS System Fees[7] | Our then-current Computer and POS System Fees. Currently $0.00 per month, subject to change. We may develop proprietary software and may require you to use our proprietary software, or any other software. | As incurred | Paid to third parties |
| Technology Investment Contribution | Our then-current Technology Investment Contribution. Currently, $350 per month. | Deducted monthly from your bank account via ACH | You agree to pay all fees assessed by us and/or designated or approved suppliers in connection with the development and maintenance of the website, and the development, installation and maintenance of current and future developed software programs and platforms. |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | | See Note 5. You must start paying when your Business opens. We reserve the right to increase the Technology Investment Contribution at any time upon 30 days' prior written notice (however, if increased, the monthly contribution will not exceed $4,000). |
| Additional/Refresher Training[8] | Our then-current training fee. As of the issuance date of this Disclosure Document, our current fee is $500 per trainer per day, plus travel, lodging and meals expenses incurred by trainers. | As incurred prior to additional training. | The Fee for Additional Training is paid to us. |
| Audits; Reimbursement of Audit Costs[9] | Costs of Inspection or Audit | Upon invoice | Due if you do not provide reports, supporting records or other required information; or if you understate Gross Revenues by 2% or more. |
| Interest on Late Payments, Late Fees, Insufficient Funds | 18% per annum or highest rate allowed by law, late fee of $100 per occurrence; insufficient funds fee of $100 per occurrence, per payment period overdue | As incurred | Interest is paid to us from the date of nonpayment or underpayment. Subject to state law. |
| Indemnification[10] | Varies depending on circumstances. | As incurred | You must defend and indemnify us and for all damages, costs and expenses arising out of |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | | or related to claims relating to the Business's operations and/or your breach of the Franchise Agreement. |
| Non-Compliance Fee | $1,000 per month (or partial month) | As incurred | If you fail or refuse to perform designated laundry services for Delivery Accounts at the Business premises, we have the right to require you to pay us a monthly non-compliance fee for each month (or part of a month) during which you fail or refuse to perform the designated laundry services. In addition, after the second verified instance of non-compliance with Required Operating Hours within any rolling 12 month period, you must pay us a non-compliance fee of $1,000 for each subsequent violation of Required Operating Hours within that rolling 12 month period. Failure by you to attend more than 2 scheduled Marketing and Business Coaching Calls within any 90 day period will result in a non-compliance fee of $1,000 for each subsequent missed call beyond the second missed call within that 90 day period. |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| Convention; Annual Conference Fee | Our then-current registration fee. Currently, $1,000 (2 people mandatory payment) | 90 days prior to convention or annual conference. | We are permitted to establish an annual convention or meeting of franchisees (the "Annual Convention"), which you and your operations manager ("Operations Manager") must attend. We reserve the right to charge a registration fee for attendance regardless of whether you actually attend) at the Annual Convention and you will pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention. |
| Mystery Shopper Fee | Currently not charged, but we have the right to implement a Mystery Shopper Program and charge a fee to participate in the Program based upon the portion of the costs allocated to your Business. | On demand | We do not currently have a mystery shopper or third-party quality compliance program in place, but we may establish one at any time. If we establish any such program, we may require you to contribute an amount per mystery shopper visit to help defray the costs of these programs. |
| Relocation Fee[11] | Costs and expenses. | As incurred | The Relocation Fee is paid to us. |
| Testing or Supplier Approval Fee | Costs and expenses, or $500, whichever is greater. | Upon request | Testing or Supplier Approval fees are paid to us. |
| Non-Preferred Vendor Fee | $2,500 per Non-Preferred Vendor engagement | Prior to commencement of | Due if you elect to use a general contractor, architect, or engineer that |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | the Non-Preferred Vendor's work | has not been previously approved by us as a Preferred Vendor. You must submit a written request for approval of any Non-Preferred Vendor prior to engaging such vendor. We may approve or deny such requests in our sole discretion. Payment of this fee does not guarantee our approval of the vendor's plans or work product. We reserve the right to modify this fee upon 30 days' prior written notice. This fee is paid to us. |
| Legal fees, costs and expenses | Costs and expenses, including attorneys' fees, incurred in connection with our enforcement of your obligations, including for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement. | On demand | You will reimburse us for all costs, including reasonable attorneys' fees, as a result of your default and to enforce your obligations under the Franchise Agreement |
| Reimbursement of Costs and Expenses[12] | Costs and expenses | As incurred | Reimbursement of costs and expenses are paid to us or our affiliate. |
| Post-Termination or Post-Expiration Expenses[13] | Costs and expenses | As incurred | Reimbursement of our post-termination or post-expiration expenses is paid to us. |
| Insurance[14] | Cost of insurance | As required by insurer or broker | If you fail to comply with our minimum insurance requirements, we have the right to |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | | obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. |
| Remodeling and Refurbishment Expenses[15] | Actual costs incurred | At any time after the 5th year of the term of the Franchise Agreement | You shall repair, refinish, repaint, replace, and/or otherwise redo your Business's signs, furnishings, fixtures, equipment, decor, and any other tangible part or property of the Franchise at your sole expense in the manner necessary to bring it into conformance with other franchises of the type we and our franchisees are opening at such time. |
| Various Third-Party Supplier Fees | Our then-current Designated Fee | Payable on the date we designate | We may enter into arrangements with system suppliers of products and/or services and we may be required to pay these suppliers directly for products and/or services they provide directly to System franchisees. We have the right to require you to pay to us the fee we designate to cover the fees to the applicable supplier plus a mark-up for administration in the amount we designate. |
| Liquidated Damages | the average monthly Royalty fees paid during the 36 month period immediately preceding termination (or, if the Franchised | As incurred | If the franchise agreement is terminated by us because of your default or breach, or if you abandon the business or terminate the franchise |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | Business has been in operation for less than 36 months, the average monthly Royalty fees paid or payable during the period the Franchised Business has been in operation), multiplied by the lesser of (A) 24 or (B) the number of months remaining in the then-current Term at the time of termination. | | agreement without legal justification, then, in addition to any other amounts owed by you to us, you will pay us liquidated damages. The liquidated damages are subject to a minimum of $25,000 and a maximum of $250,000, and do not apply to a termination resulting from your death or permanent disability, provided that your estate or legal representative complies with the transfer provisions of Section 14 of the Franchise Agreement within 180 days of the date of death or onset of permanent disability. |
| Required Operating Hours Non-Compliance Fee | $1,000 per violation | Within 5 business days of written notice from us | Payable to us. Assessed only after a second verified instance of non-compliance with Required Operating Hours within any rolling twelve-month period. See Section 7.6.1 of the Franchise Agreement. |
| Marketing and Business Coaching Call Non-Compliance Fee | $1,000 per missed call | As incurred | Payable to us. Assessed only for each missed call beyond the second missed call within any ninety-day period. See Section 7.7.7 of the Franchise Agreement. |
| Operations Manual Replacement Fee | Our then-current fee | On demand | Payable to us. Due if your copy of the Operations Manual is |



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| TYPE OF FEE[1] | AMOUNT | WHEN DUE | REMARKS |
|---|---|---|---|
| | | | lost, destroyed, or significantly damaged. See Section 3.9 of the Franchise Agreement. |
| Management Fee; Step-In Service Charge | 15% of Gross Revenues; plus, in the case of a step-in operation under Section 15.6, a 20% service charge on our reasonable costs | As incurred | Payable to us during any period in which we operate your Business on your behalf (or on behalf of your estate) following your death or disability under Section 14.2 of the Franchise Agreement, or under our step-in rights under Section 15.6 of the Franchise Agreement. |
| Proprietary Software License Fee | Our then-current fee, not to exceed $500 per month per franchised LaundroLab Business | Monthly | Payable to us if we develop or designate any Proprietary Software for System use. We may increase this fee on at least thirty days' prior written notice to you. See Section 7.8.5 of the Franchise Agreement. |

Notes:

Note 1. Except as otherwise noted, fees are collected by and are payable to us. No fees or other amounts payable to us or our affiliates are refundable. While all fees are generally uniformly imposed, we previously provided certain Royalty and Brand Fund concessions to a couple of our earliest franchisees for their initial development commitments. We reserve the right to grant economic concessions to certain franchisees in the future, based on factors such as the location and size of their proposed multi-unit development and other business considerations, at our sole discretion.

Before you open your franchised LaundroLab Business, you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for the Royalty, Brand Fund Contribution, Technology Investment Contributions and all other payments due to us or our affiliates under the Franchise Agreement or otherwise. If you change your account or transfer your account to a different bank, you must notify us within one (1) business day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three (3) business days. Failure to do so will constitute a material breach of the Agreement. However, we may require you to pay all amounts due by means other than automatic debit whenever we deem



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appropriate. Any charges you incur by your banking institution for services related to the electronic funds transfer are your responsibility. You shall make available to us all original books and records that we may deem necessary to ascertain your Gross Revenues for reasonable inspection at reasonable times.

Note 2. Royalty payments are paid monthly via ACH on or before the last business day before the 15th of the month for the immediately preceding calendar month's Gross Revenues (or the next business day if the 15th falls on a weekend or federal holiday).

Gross Revenues are defined in the Franchise Agreement to include all revenues you generate from all business conducted at or from your Business during the preceding reporting period, including amounts received from laundry services (including providing services to Delivery Accounts), products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. Gross Revenues, however, do not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority, provided that such taxes are stated separately when the customer is charged and are remitted to the respective governmental authority, and you pay such amounts as and when due to the appropriate taxing authority. Also, excluded from Gross Revenues are the amounts derived from the operation of approved, lawful arcade games, ATM machines, and approved vending machines within the premises and amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith in compliance with our standard procedures for issuing such refunds. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to you. Revenue from gift/loyalty/stored-value/affinity “cards” and similar items we approve for offer and sale at or in connection with LaundroLab Businesses, whether maintained on an App, on another electronic medium, or in another form (together, “Loyalty Program Media”), is included in Gross Revenues when the Loyalty Program Media are used to pay for services and products (although we have the right to collect our fees due on that revenue when the Loyalty Program Media are acquired by the customer). The Business has no right to issue or redeem any coupons or Loyalty Program Media unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We reserve the right to grant or withhold our approval at our sole discretion.

A franchised business is counted toward your Portfolio Count when it is (a) open for business to the public (based on its Opening Date, not its royalty commencement date or New Store Opening Fee date), and (b) "Under Control," meaning you or your Affiliate holds at least a 50% direct or indirect ownership interest in, or has the power to direct the management and policies of, the entity operating that franchised business. A partial ownership change does not remove a unit from the count unless your ownership falls below 50% and you no longer control the entity. A complete transfer to a non-Affiliate removes the unit from your Portfolio Count as of the transfer's effective date.



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"Affiliates" for this purpose means any person or entity that controls you, is controlled by you, or is under common control with you, or is 50% or more owned by any of your owners, principals, or guarantors.

Note 3. We currently require you to contribute 1.5% of the Business's Gross Revenues to the Brand Fund ("Brand Fund Contribution"). Brand Fund Contributions are paid to us, are not refundable, and are uniform among all franchisees except that a limited number of our earliest franchisees were grandfathered at a lower contribution rate or allowed to defer contributions until a couple of years after their LaundroLab Businesses opened. Our affiliate-owned stores contribute on the same basis. See Item 11 for the use of Brand Fund proceeds.

Note 4. We require that you spend a minimum of $1,500 per month on local advertising, marketing and promotional programs ("Local Advertising") beginning with the 4th month after your franchised LaundroLab Business opens and continuing throughout the remainder of the Term. Of this amount, a minimum of $500 must be allocated to digital marketing initiatives, and a minimum of $500 must be allocated to grassroots marketing efforts (including but not limited to flyers, partnerships, signage, direct mail, and community events). Once your franchised LaundroLab Business achieves a minimum of $12 in revenue per square foot, the required Local Advertising contribution may be reduced to 2% of gross revenue. All Local Advertising must be implemented in a format and using materials and designs approved by us and will be paid to approved third parties. There are currently no advertising cooperatives in our System. We reserve the right, at our sole discretion, to create a local or regional advertising cooperative and to require you to contribute to this advertising cooperative. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising, if we establish any in the future. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web-based platforms such as Facebook, Instagram, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your franchised LaundroLab Business whether created by us, you or a third party). You are prohibited from using any Social Media Platform or Social Media Materials without obtaining our prior written approval, which may be withheld or revoked at any time in our sole discretion. If we authorize you to use Social Media Platforms and/or Social Media Materials, you are required to adhere to the social media guidelines outlined in our Operations Manual or as we otherwise designate in writing. We reserve the right to modify the social media guidelines at any time.

Note 5. You have the right to renew the Franchise Agreement for successive 5-year renewal terms provided certain conditions of renewal are met, as set forth more fully in the Franchise Agreement.

Note 6. If you wish to transfer your Business, you will be required to pay us a transfer fee of $15,000, payable upon submission of the application for transfer. If the sale of your Business is



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facilitated through a broker, you will be responsible for any commissions due to the broker, which are separate and in addition to the transfer fee due to us.

Note 7. The POS System fee covers the lease of our required software and the following items of hardware: [1] customer service terminal and [1] receipt printer.

Note 8. Training for you and up to 2 other people is included in the franchise fee. We may require that you complete additional training as needed. If we provide you with additional training, we reserve the right to charge you for such training. Additional training will be charged at our then-current rate for additional training, which as of the date of this disclosure document is $500 per trainer per day, plus all travel, lodging and meal expenses for our trainers. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.

Note 9. We reserve the right to conduct an audit of the books and records of the Business, either by ourselves or through an independent auditor. If it is determined that your Gross Revenues have been underreported in any report by 2% or less, you will be required to pay the underreported amount plus interest within 15 days of receiving written notice. If it is determined that you underreported your Gross Revenues in any report by more than 2%, then you must pay within 15 days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. In addition to our right to terminate subject to the Franchise Agreement, if you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Business, you must pay within 15 days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

Note 10. In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.

Note 11. If you relocate your Business, you will be required to pay us any costs and expenses we incur in assisting you to relocate your Business including, but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.

Note 12. If after notice, you fail to cure any deficiency in the Business and/or your operation of the Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency. You also must reimburse us and our affiliate for any damage you cause to laundry provided by Delivery Accounts for cleaning.



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Note 13. Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Business. If we do so, you must reimburse us for our costs and expenses.

Note 14. If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. You must pay us the premium cost of any insurance, plus an initial administrative fee equal to 18% of the premium cost for obtaining insurance on your behalf. We have the right to increase or otherwise modify the minimum insurance requirements upon thirty days prior written notice to you, and you must comply with any modification within the time specified in the notice.

Note 15. If you fail or refuse to initiate promptly and timely complete the necessary actions described in the notice, after notice of default and 30-day opportunity to cure, we have the option to perform the necessary repairs, replacements, maintenance or refurbishment and charge you for our costs.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### A. SINGLE-UNIT FRANCHISE AGREEMENT

| TYPE OF EXPENDITURE[1] | AMOUNT[2] | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Initial Franchise Fee[3] | $49,500 | Lump sum | When you sign the Franchise Agreement | Franchisor |
| New Franchised Business Opening Investment Services[4] | $18,000 | Lump Sum | When you sign the Franchise Agreement | Franchisor |
| Lease Deposit Note: First Month[5] | $3,000 to $7,000 | Lump Sum | Upon signing of lease | Landlord |
| New Store Opening Advertising[6] | $25,000 to $30,000 | Lump Sum | 1 month before New Store Opening | Third-party suppliers |
| Leasehold Improvements[7] | $480,000 to $670,000 | As agreed | Before opening | Contractor/Third-party suppliers |



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| TYPE OF EXPENDITURE[1] | AMOUNT[2] | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Signage[8] | $20,000 to $45,000 | As agreed | Before opening | Third-party suppliers |
| Laundry Equipment & Install[9] | $375,000 to $710,000 | As agreed | Before opening | Third-party suppliers |
| Ancillary[10] | $33,230 to $39,230 | As agreed | Before opening | Third-party suppliers |
| Licenses and Professional Services[11] | $1,000 to $2,000 | As agreed | Before opening | Governmental Authorities; Service Providers |
| Prepaid Insurance Premium[12] | $7,500 to $12,500 | Lump Sum | Before Opening | Insurance Carrier or Agent |
| Training Expenses[13] | $1,000 to $3,000 | As incurred | As incurred | Hotels, Restaurants, Service Providers |
| Additional funds – 6 Months[14] | $75,000 to $145,000 | As incurred | Before opening and during first 6 months of operation | Third Parties |
| Low Voltage/ Technology/ Security System[15] | $7,500 to $12,000 | As incurred | Before opening | Third-party suppliers |
| Furniture[16] | $4,000 to $6,000 | As incurred | As incurred | Third-party Suppliers |
| Opening Supplies[17] | $3,000 to $8,000 | As incurred | Before opening | Third-party suppliers |
| Legal Fees | $2,000 to $10,000 | As incurred | As incurred | Legal Counsel |
| Total [18] | $1,104,730 to $1,767,230 | | | |



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Notes:

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Neither we nor our affiliates offer direct or indirect financing for any part of the initial investment. See Item 10 for additional information about financing. The Estimated Initial Investment assumes a premises consisting of 3,000 to 4,000 square feet.

Note 2. The estimated ranges in these rows reflect the costs and expenses you are estimated to incur for leasehold improvements, signage, other equipment and supplies, camera and security systems, and vending machines. These estimates are based on our experience and may vary depending on the specific circumstances of your location and market conditions.

Note 3. The Initial Franchise Fee is $49,500 for your franchised LaundroLab Business, which is non-refundable and is described in greater detail in Item 5 of this Franchise Disclosure Document. See Item 5 for the U.S. Veterans' 10% discount and the Senior Owner-Operator Development Incentive, each of which may reduce the Initial Franchise Fee or Development Fee for qualified applicants.

Note 4. We have designated vendors that provide New Franchised Business Opening Investment Services. You must use our approved vendors for such services. We will collect this fee on behalf of our required vendors.

Note 5. This estimate represents a security deposit and 1 month of pre-paid base rent. The estimated range is based on a 3,000 to 4,000 square foot facility with a lease rate of approximately $17 per square foot plus TICAM (taxes, insurance, common area maintenance) costs of approximately $4.50 per square foot. Actual costs will vary based on your specific location, market conditions, and lease terms. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

Note 6. You are required to spend at least $25,000 on advertising for the grand opening of your Franchised Business. This advertising should take place within your Territory, starting 60 days before the opening and continuing for 90 days after the opening.

Note 7. Costs for architectural and engineering services, general contractor work, and other construction required to build out the franchised location, including items such as washer bulkheads and other structural or built-in components. The total cost will vary depending on the condition of the premises, the scope of the buildout, and local construction requirements. These estimates do not include potential state, county, or city charges, which may include water and gas meter fees, tap fees, impact fees, utility upgrades, or other local permitting and development costs.

Note 8. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows. Additionally, these figures include various other elements of brand identification within the location such as wall graphics. The low estimate is for standard construction and installation of signage and image



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materials at a smaller location, while the high estimate of $45,000 applies to some custom fabrication of signage for a larger location, such as individually crafted dimensional lettering of the brand logo. An insert on any pylon sign will additionally raise the cost. While franchisees may purchase the signage package outright, we strongly recommend leasing the signage package through our approved vendors, which can significantly reduce initial capital requirements.

Note 9. The low end of the range represents a Business with 200G extract washers, while the high end of the range represents a Business with 450G touch-screen washers. This estimate includes equipment installation costs. As a benefit to our franchisees, LaundroLab has established preferred vendor relationships and negotiated volume-based pricing with approved equipment manufacturers, which may result in cost savings on equipment purchases. However, actual costs may vary and are subject to change based on market conditions, vendor terms, and equipment specifications.

Note 10. Ancillary expenses include vending machines, coin changers, laundry carts, WDF scales, and similar equipment.

Note 11. You are responsible for applying for, obtaining, and maintaining all necessary permits and licenses required to operate your Business. These fees represent the costs associated with engaging professionals such as attorneys and accountants for the initial review and advisory services during the start-up of a franchised business. We strongly advise that you engage professional advisors, including an attorney and accountant, when evaluating this franchise opportunity and reviewing this disclosure document and the Franchise Agreement. It is also advisable to engage these professionals for reviewing any lease or other contracts that you will be entering into as part of establishing your franchised LaundroLab Business.

Note 12. This estimate is for the cost of deposit in order to obtain the minimum required insurance. You may choose to prepay insurance on an annual basis. We estimate that the annual cost of insurance is $12,500; this figure is an estimate only and is subject to change based on a number of factors, including the location of your Business.

You are required to maintain the following types of insurance coverage:

(1) General Liability Insurance: You must carry broad form comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Business operations. This includes product liability insurance with minimum coverage of $2,000,000, and broad form contractual liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 in the aggregate, or as we may prescribe from time to time.

(2) Property Insurance: You must maintain property insurance for your building (if you own it), leasehold improvements, and business personal property. Coverage should be on a Special Form with replacement cost valuation.

(3) Workers' Compensation and Employer's Liability Insurance: You must carry workers'



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compensation insurance in statutory amounts as required by law, plus unemployment insurance and state disability insurance as required by applicable law. Employer's liability limits must be no less than $1,000,000 per accident, $1,000,000 per policy limit, and $1,000,000 per employee.

(4) Employment Practices Liability Insurance: You must maintain employment practices liability coverage of at least $1,000,000, or such other amount as we may reasonably determine.

(5) Automobile Liability Insurance: You must carry owned and/or non-owned automobile liability insurance with minimum combined single limits of $1,000,000.

(6) Commercial Umbrella Insurance: You must maintain commercial umbrella insurance in a minimum amount of $1,000,000.

(7) Property and Inland Marine Insurance: You must carry property and inland marine insurance including "Special/All Risks perils" in an amount adequate to cover the replacement cost of the building and property in the event of an insured loss. This must include business income and extra expense coverage, at least $25,000 in Bailee's Coverage for customers' property in your care, custody or control, Equipment Breakdown coverage in an amount adequate to cover production equipment, and Crime Coverage with a limit of at least $25,000 covering Employee Dishonesty, Forgery, Money and Securities.

(8) Additional Insurance: You must maintain any other insurance that we may specify in the Operations Manual or otherwise in writing from time to time.

We may provide additional information on insurance requirements in the Manual. You must provide us with proof of coverage upon our request.

You should check with your local insurance carrier for actual premium quotes and costs, as well as the actual cost of any required deposit. The cost of coverage will vary based upon the area in which your Business will be located, your experience with the insurance carrier, the loss experience of the carrier, and other factors beyond our control. You should consult with your insurance agent or broker regarding these requirements and any additional insurance that you may wish to consider before you enter into any agreement.

Note 13. This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), plus two people to attend the initial training program held in Charlotte, North Carolina. We do not charge tuition for training up to three people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is five days. This estimate does not include cost of labor.



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Note 14. This is an estimate of the amount of additional operating capital that you may need pre-opening and to operate your Business during the first 6 months after commencing operations. This estimate includes, but is not limited to, initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable). These costs are offset by the revenue generated by the Franchisee's Business. These items are not all-inclusive. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Business is located in a new or mature market and your business experience.

Note 15. This estimate includes the cost of low voltage infrastructure and technology systems required to operate the business, including but not limited to installation of ethernet cabling, networking equipment (such as routers, switches, and related hardware), security camera systems, televisions, and mounting hardware. This category also includes the labor and installation costs associated with these systems. Actual costs may vary based on the size and layout of the premises, local labor rates, equipment specifications, and vendor pricing.

Note 16. This estimate includes the cost of furniture for the business, consisting primarily of customer seating and tables, excluding folding tables. Actual costs may vary based on the size and layout of the premises and material selections.

Note 17. This estimate includes the cost of initial operating supplies and miscellaneous items required to open and operate the business, including but not limited to point-of-sale peripherals (such as receipt printers and receipt paper), floor mats, key tags and labels, safes, wash-dry-fold ("WDF") supplies, uniforms, cleaning supplies, etc.

Note 18. We considered the experience of our affiliate in developing LaundroLab Businesses in preparing these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each LaundroLab Business established under a Development Agreement.

## B. DEVELOPMENT AGREEMENT[1]

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Development Fee - Standard | $118,500 (see Note 1 | Lump Sum[2] | Upon Signing the Development Agreement[2] | Franchisor |



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| | | | | |
|---|---|---|---|---|
| | for more information) | | | |
| Development Fee – Senior Owner-Operator Incentive (2 locations)[2] | $65,000 | Lump Sum[2] | Upon Signing the Development Agreement[2] | Franchisor |
| Initial Investment for the First franchised LaundroLab Business[3] | $1,055,230 to $1,717,730 | See the charts above. The low range is equal to the low range of the total from Table A, less the Initial Franchise Fee, and the high range is equal to the high range of the total from Table A, less the Initial Franchise Fee. See Note 3. | | |
| Total[4] | $1,120,230 to $1,836,230 | This is the total estimated initial investment when signing a Development Agreement for the right to develop 3 franchised LaundroLab Businesses, as well as the costs to open and commence operating your first franchised LaundroLab Business for the first 3 months (as described more fully in Table A of this Item 7). The low range assumes operation under the Senior Owner-Operator Incentive. | | |

**Explanatory Notes**

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to develop 3 franchised LaundroLab Business, as well as the initial investment to open your first franchised LaundroLab Business under your Development Schedule. If you choose to open more than three franchised LaundroLab Business, your Development Fee will increase $24,500 for the fourth franchised LaundroLab Business; and $19,500 for the fifth franchised LaundroLab Business, and for each subsequent franchised LaundroLab Business you are obligated to open under the Development Agreement. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. Qualified individuals who meet the eligibility requirements described in Item 5 may enter into a Development Agreement for the development of 2 LaundroLab Businesses and pay a reduced Development Fee of $65,000. This amount will be credited toward the Initial Franchise Fees for the two Businesses developed under the Development Agreement.

Note 3. This figure represents the total estimated initial investment required to open the first franchised LaundroLab Business under your first Franchise Agreement only, minus the Initial Franchise Fee applicable to the first franchised LaundroLab Business since that amount is included in the Development Fee (see the Item 7(A) Chart above for additional details). This estimated initial investment for each franchised LaundroLab Business you are obligated to develop under the



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Development Agreement is subject to change for future franchised LaundroLab Businesses, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Table A. As stated in the table above, the estimate included only applies to the first franchised LaundroLab Business you open under the Development Agreement. You will incur initial investment expenses for each franchised LaundroLab Business you are obligated to open under the Development Agreement, and that initial investment estimate may increase in the future.

Note 4. This figure represents the total estimated initial investment in entering into a Development Agreement for the development of 3 franchised LaundroLab Business, including the estimated initial investment to open your first Business under the Development Agreement. This figure does not include the cost to develop the second and subsequent franchised LaundroLab Businesses developed under the Development Agreement. These figures are estimates.

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

We have spent considerable time, effort and financial resources to develop the System, and we continue to develop and refine our standards and specifications to maintain the quality and consistency of LaundroLab Businesses. We have established standards and specifications for most of the goods and services used in the operation of LaundroLab Businesses. The System is subject to modification, change and improvement going forward. You must conform to our System standards, including high standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You must adhere to these changes. Our requirements are critical to assure the quality, safety and consistency of the goods and services provided by franchised LaundroLab Businesses, and to protect and enhance the image of the Mark and the System.

You must, at your expense, construct, improve and operate the franchised LaundroLab Business under the System and in accordance with the Franchise Agreement and our standards and specifications, as set forth in our Manual and other publications we issue from time to time. You must, at your expense, purchase or lease, install and use all fixtures, signage, equipment, furnishings, improvements, supplies, other products and items (including point of sale, computer hardware and software, security systems), decor items, related items and services we require, all of which must conform to the Manual and our standards, specifications and other publications we issue from time to time. You may not install or permit to be installed at the Business any fixtures, furnishings, equipment, decor items, signs, games, or other items that do not comply with our standards or that we have not approved without our prior written consent. You must ensure (and confirm to us) that any device, game, or similar equipment used in the operation of your Business is legal in the jurisdiction where your Business operates.

You must purchase and install our then-current approved security system, including all required security cameras, from our approved or designated suppliers and in accordance with our standards and specifications as set forth in the Manual. We shall have unlimited, administrative-level access to inspect and review all security camera footage from your Business at any time, whether remotely or in person, without prior notice to you. You must provide us with all materials,



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credentials, login information, and any other items necessary to enable such access, even if we already have independent access to your security systems, and you must keep all such credentials current and immediately update us upon any change.

You must maintain in sufficient supply, use and sell at all times only the services, items, products, materials, supplies and goods designated by us. You may not deviate from our standards and specifications in any way without obtaining our written consent first, which we are not required to give. You must sell and offer for sale only those items, products and services that we expressly approve for sale in writing. You must offer for sale all programs, products and services we require in the manner and style we require. You must immediately discontinue offering for sale any items, products and/or services we may disapprove in writing at any time.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion, at any time. We will provide written notice to you of any changes. We require you to purchase certain products, services, signs, furnishings, supplies, fixtures, inventory, computer hardware and software, and equipment from distributors we have approved or designated (collectively, "suppliers"). You must purchase all goods, items and services required for the development and operation of your Business from our approved or designated suppliers for any given item of service. We will provide you with a list of suppliers, which may change over time. You must comply with all changes.

Currently Required Purchase from Us or our Affiliates

You are required to use the New Franchised Business Opening Investment Services offered by us in the development and build-out of your Business. We will collect the required $18,000 fee for these services on behalf of our approved supplier. We received a total of $64,000 for these services during 2025. We and our affiliates currently are not designated or approved suppliers of any products or services you will buy or lease in order to operate your Business. However, if we and our parent company 2ULaundry, Inc. establish the Delivery Account Program in your market (although we and 2ULaundry, Inc. have no obligation to do so at all or within a certain timeframe), we expect that 2ULaundry, Inc. will be the designated source of laundry pick-up and delivery services for your Business.

We and/or our affiliates reserve the right to derive revenue and other material consideration, including through rebates and mark-ups on your purchases, on account of these and other purchases without restriction. If imposed, the amount of markup and pricing for required purchases is determined by us in our sole and absolute discretion.

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of franchised LaundroLab Businesses operating under the System, the experience of franchised LaundroLab Businesses over time and other factors. We will have full control and discretion over any of these developments and you must comply with all reasonable requirements, including



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offering and selling new or different products or services specified by us. System modifications may be transmitted via the Internet, mail or through modifications to the Manual.

Authorized Suppliers

We provide you with a list of all then-current approved suppliers and distributors during the training program, or before you open your Business. We may designate additional suppliers, or remove any supplier from our approved list at any time. We reserve the right to require you to purchase items, goods, and/or services from us and/or our affiliates at any time in the future.

Products/Items Bearing the Marks

If you wish to purchase any items bearing the Marks, you must submit a sample of the items bearing the Marks to us for approval before purchasing them from a third-party supplier, which we may grant or withhold in our sole and absolute discretion. We reserve the right to require you to purchase these and other items from us, our affiliates and/or one or more designated suppliers at any time in the future.

Derived Revenue

As noted above, however, we did collect $64,000 in New Franchised Business Opening Investment Services fees from our franchisees for services we provided in connection with the development and build-out of their Franchised Businesses. During fiscal year 2025, we derived $16,000 in revenue from required purchases by franchisees, which represented 1.5% of our total 2025 revenue of $1,072,283.69.

We may derive revenue on account of your purchases and/or leases of any and all products, items, goods, equipment, fixtures, furnishings and services without limitation. We and/or affiliates may charge you markups on any item, product and service sold to you by us and/or our affiliates and there is no limitation on the amount of any such markups.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, we have not established any purchasing arrangements with designated suppliers. We have established a purchasing arrangement with an approved supplier of certain laundry-related supplies, but you currently have no obligation to buy from that supplier. We do not currently receive any payments on the basis of required franchisee purchases. However, we reserve the right to establish purchasing arrangements with designated suppliers and to receive payments and other consideration on the basis of franchisee purchases at any time in the future.

Furniture, Fixtures and Equipment

You must purchase furniture, fixtures, equipment, including point of sale and computer hardware, software, security systems, inventory, signage, decor and services we require under specifications set forth in the Manual.



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You must at your expense, construct, improve and operate your Business under the System and in accordance with our standards and specifications as set forth in the Manual and other publications we may issue from time to time. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications will be based on our affiliates' experience in operating businesses of the type we are franchising, and through research and testing. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the Business during training, before you conduct your new store opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices.

As of the issuance date of this Disclosure Document, you are required to purchase the following items and services from our designated or approved third-party suppliers (and, in our discretion, from us or our affiliates): (i) washers, dryers, and related laundry equipment; (ii) exterior and interior signage; (iii) the security camera system and related hardware; (iv) the required software programs (currently LaundryPulse, LaundryPay, Parlevel, CleanCloud, and QuickBooks Online); and (v) any detergents, laundry supplies, vending consumables, or other items that we may designate from time to time in accordance with Section 7.4 of the Franchise Agreement.

As of the issuance date of this Disclosure Document, no officer of the franchisor or anyone listed in Item 2 has any ownership or other interest in any supplier.

New Products and Services, Review Criteria

If you would like to purchase any goods or services in establishing and operating the franchised LaundroLab Business that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether (a) the goods or services comply with our standards and specifications, and/or (b) the supplier meets our approved supplier criteria. We are not obligated to approve any such requests. You must pay our expenses to evaluate goods, services or suppliers. We anticipate the cost of testing to range from $500 to $1,500. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services from the supplier. Our criteria for approving or revoking approval of suppliers may change over time. We will provide those criteria to you if we are willing to consider an alternative supplier for the particular item or service at issue. As of the issuance date of this Disclosure Document, we take into consideration any or all of the following: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production delivery and capability; and dependability and general reputation. We may approve or revoke approval of suppliers in our sole discretion. We will notify you if we revoke approval of a supplier that no longer meets our criteria or for any other reason.



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Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier, as applicable. Additionally, we may, but are not required to, negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

We estimate that approximately 60% to 80% of your expenditures for leases and purchases in establishing your Business will be for goods and services that must be purchased from us, our affiliates or an approved or designated supplier. We estimate that approximately 5% to 15% of your expenditures on an ongoing basis will be for goods and services that must be purchased from us, our affiliates or approved suppliers.

We do not guarantee the availability of independent sources of supply for any particular item, product or service required to establish or operate your Business. We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our franchise System.

At our request, you must sign a Security Agreement which creates a security interest for our benefit in your inventory items, fixtures and equipment and other assets owned by you and used for the operation of, or related to, your Business, in order to secure your obligations to us. The Security Agreement is included in Item 22 below of this Disclosure Document. You must sign a Collateral Assignment of Lease agreement assigning all of your rights under your lease agreement to us, at our option, if your Franchise Agreement is terminated or expires. The Collateral Assignment is included in Item 22 of this Disclosure Document.

Advertising

We have a database of pre-approved advertising materials for your use in marketing your Business. If you choose to use advertising materials that have not been pre-approved by us, we require that you submit such advertising materials to us for approval before first publication or use. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe, as required under your lease agreement for the Business's premises, and as required under applicable laws, rules and regulations.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VIII or better, or an equivalent rating as determined by us in our sole



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discretion or another nationally recognized rating agency. All policies must include a waiver of subrogation in favor of LaundroLab, LLC. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies at your sole cost and expense.

If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep same in force and effect. In such case, you shall reimburse us, on demand, for the premium cost thereof and administrative costs of 18% in connection with our obtaining the insurance. You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24-hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days prior written notice to us from the insurance carrier. You must submit a certification of insurance that demonstrates compliance with these requirements. We reserve the right, in our sole discretion, to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in our notice.

Leases and Leasehold Improvements

We, through our approved New Franchised Business Opening Investment Services team, will assist you with finding and building out a proposed retail space for your Business which meets our standards and specifications. If you find a proposed retail space without the assistance of our approved New Franchised Business Opening Investment Services team, you must submit the proposed space to us for approval before you lease/purchase the location. In determining whether to approve your location, we will consider whether it meets our System standards and specifications. If you present us with a proposed leased retail space, we will condition our approval of your lease upon, among other conditions, you and your landlord's signing of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit C), through which your landlord grants us the rights to assume your rights and obligations under the lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Business.

Remodeling

After 5 years of operation, you may be required to remodel the Business pursuant to our then-current standards and specifications. The remodeling standards and specifications may vary over time. Certain items, including washers and dryers, may be inspected annually and we may require you to replace such items when they are no longer up to our standards or specifications.



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Laundry Equipment, Supplies, and Tools

You must purchase all laundry equipment exclusively from our designated vendor(s) and in accordance with our specifications, as disclosed in our then-current buildout and operations manuals. Through our established vendor relationships, you may benefit from our negotiated volume-based pricing discounts for equipment purchases. Any attempt to purchase equipment from non-designated vendors shall constitute a material breach of the Franchise Agreement. We reserve the right, in our sole discretion, to modify vendor designations at any time, upon providing you with written notice.

Signage

You must purchase the LaundroLab Business sign that you affix to your business and all interior signage from our designated vendor(s) and pursuant to our specifications will be disclosed in our buildout and operations manuals.

Computer Hardware and Software Components

You must purchase the computer hardware, software, and peripherals we designate for use in connection with the operation of your Business. Your Approved Location must have high-speed Internet Wi-Fi access with enough bandwidth to support the operation of your Business and the general access needs of the Business's customers. We may require you to purchase any of these items from one of our Approved Suppliers. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

Loyalty Program Media

You are required to participate in, and comply with the requirements of, our Loyalty Program Media and customer loyalty/affinity and similar programs. Your participation will include paying us transaction-processing fees or merchant-services fees or reimbursing us or a third-party for any costs incurred for transactions through our Loyalty Program Media and customer loyalty/affinity programs.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other Items of this Disclosure Document.**



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| OBLIGATION | SECTION IN FRANCHISE AGREEMENT | SECTION IN DEVELOPMENT AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|---|
| a. Site selection and acquisition / lease | 1.3, 7.1 and Site Selection Addendum | 1 and Exhibit A | Items 7, 11 and 12 |
| b. Pre-opening purchases/leases | 7.4 and 7.8 | Not Applicable | Items 7 and 8 |
| c. Site development and other pre-opening requirements | 7.1, 7.1.2, 7.1.3, 7.1.4 | 1 and Exhibit A | Items 6, 7, 8 and 11 |
| d. Initial and ongoing training | 7.2 and 8 | Not Applicable | Item 11 |
| e. Opening | 7.3 | 5 | Item 11 |
| f. Fees | 1.7, 3.1, 3.2, 3.4, 3.8, 3.13, 7.8, 7.19, 12.5 and 12.7 | 2 | Items 5 and 6 |
| g. Compliance with standards and policies/ operations manual | 6.1, 7.5 and 7.6.4 | Not Applicable | Items 8 and 11 |
| h. Trademarks and proprietary information | 4 and 5 | Not Applicable | Items 13 and 14 |
| i. Restrictions on products/ services offered | 7.4 and 7.5 | Not Applicable | Items 8, 12 and 16 |
| j Warranty and customer service requirements | 7.6.3 | Not Applicable | Item 15 |
| k. Territorial development and sales quotas | 7.10 | 1 and 5 | Items 12 and 17 |
| l. Ongoing product/ service purchases | 7.4, 7.5 and 7.6.7 | Not Applicable | Items 8 and 11 |



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| OBLIGATION | | SECTION IN FRANCHISE AGREEMENT | SECTION IN DEVELOPMENT AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|---|---|
| m. | Maintenance, appearance and remodeling requirements | 2.2.3, 6.2, 7.1.2, 7.1.4 and 7.19 | Not Applicable | Items 6, 8 and 11 |
| n. | Insurance | 9 | Not Applicable | Items 6 and 8 |
| o. | Advertising | 12 | Not Applicable | Items 6 and 11 |
| p. | Indemnification | 13.2 | Not Applicable | Item 6 |
| q. | Owner's participation/ management/staffing | 7.6.3, 7.6.4 and 7.6.5 | Not Applicable | Items 11 and 15 |
| r. | Records and reports | 3.3, 10 and 11 | Not Applicable | Item 6 |
| s. | Inspections and audits | 7.1.4,7.7, 7.8.4,11 and 16.1.10 | Not Applicable | Items 6 and 11 |
| t. | Transfer | 14 | 8 | Item 17 |
| u. | Renewal | 2.2 | Not Applicable | Item 17 |
| v. | Post term obligations | 16 and 17.2 | Not Applicable | Item 17 |
| w. | Noncompetition covenants | 17 | Not Applicable | Item 17 |
| x. | Dispute resolution | 18 | 12-15 | Item 17 |
| y. | Compliance with Customer Loyalty Programs | 12.9 | Not Applicable | Items 6 and 8 |
| z. | Delivery Account Service Obligations | 1.7 and Exhibit H | Not Applicable | Items 12 and 16 |



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## ITEM 10
## FINANCING

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

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

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

Pre-Opening Obligations.

Before you open the Business, we will perform the following obligations:

1. We will provide you with access to our proprietary and confidential Operations Manual in digital format, which remains our sole property at all times. We reserve the right to modify the Operations Manual at any time in our sole discretion. (Franchise Agreement, Section 6.1). The Table of Contents of the Operations Manual is attached as Exhibit B. As of the issuance date of this Disclosure Document, the Operations Manual contains approximately 216 pages.

2. You must attend and complete to our satisfaction our initial training program. The training will be held partly at our corporate location in Charlotte, North Carolina (or another location we designate) and partly online through our self-paced learning portal. You may bring up to three people in total to the initial training program. You will pay all lodging, meals, and travel costs for yourself and your attendees. We may require you to bring up to two additional employees to attend our initial training program. If you are a partnership, corporation, or limited liability company, at least one of the trainees must be your general partner, principal shareholder, or manager. (Section 8.1 of the Franchise Agreement). If you have a "Key Manager" (as defined in Section 7.6.5 of the Franchise Agreement), then he or she must attend and complete the required training. The required training will last up to 2 days and will consist of classroom instruction and practical experience.

**TRAINING PROGRAM – Instruction vs. Application**

| Subject | Hours Classroom (Digital/Live) | Hours On the Job/Scenario-based learning | Location |
|---|---|---|---|
| Culture/Company Values | 1 | 6 | Charlotte, NC |



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| Subject | Hours Classroom (Digital/Live) | Hours On the Job/Scenario-based learning | Location |
|---|---|---|---|
| Customer Service/Experience | 1 | 2 | Charlotte, NC |
| Financial Management & Reporting | 2 | 4 - 12 | Charlotte, NC |
| HQ Involvement/Audit | 1 | 6 | Charlotte, NC |
| Location Management | 1 | 2 | Charlotte, NC |
| Marketing, Sales, & Branding | 2 | 4 - 12 | Charlotte, NC |
| Services Offered (WDF/Delivery Accounts) | 1 | 2 | Charlotte, NC |
| Setting Up Your Franchise (e.g., Insurance, Security) | 1 | 0 | Charlotte, NC |
| Team Composition & Management | 1 | 4 - 12 | Charlotte, NC |
| The Machines & Software | 2 | 3 | Charlotte, NC |
| TOTALS | 13 | 32 - 57 | |

**TRAINING PROGRAM – Digital vs. Live**

| Subject | Virtual Classroom Hours | In-Person Training Hours | Location |
|---|---|---|---|
| Culture/Company Values | 1 | 0 | Charlotte, NC |
| Customer Service/Experience | 1 | 2 | Charlotte, NC |
| Financial Management & Reporting | 1 | 3 | Charlotte, NC |
| HQ Involvement/Audit | 1 | 1 | Charlotte, NC |



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| Subject | Virtual Classroom Hours | In-Person Training Hours | Location |
|---|---|---|---|
| Location Management | 1 | 2 | Charlotte, NC |
| Marketing, Sales, & Branding | 2 | 0 | Charlotte, NC |
| Services Offered (WDF/Delivery Accounts) | 0 | 3 | Charlotte, NC |
| Setting Up Your Franchise (e.g., Insurance, Security) | 1 | 0 | Charlotte, NC |
| Team Composition & Management | 2 | 0 | Charlotte, NC |
| The Machines & Software | 2 | 3 | Charlotte, NC |
| TOTALS | 12 | 14 | |

Our training manager may utilize other employees with similar levels of experience to assist with all aspects of training. Listed below are our training manager and other trainers involved in the training program and their years of experience with us and within the industry as of the date of issuance of this disclosure document.

| Instructor | Years of Experience in the Field | Years of Experience with Franchisor or Affiliates |
|---|---|---|
| Mark Vlaskamp (Operations) | 9 | 3 |
| Rob Smeltz (Operations) | 11 | 4 |
| Henry Bennett (Operations) | 7 | 2 |
| Jason Carcache (Finance) | 12 | 3 |
| Dana Daugherty (Operations – Training & Compliance) | 13 | 4 |
| Ashley Martin (Marketing) | 10 | 2 |
| Myles Bragman (Operations) | 9 | 2 |



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| Instructor | Years of Experience in the Field | Years of Experience with Franchisor or Affiliates |
|---|---|---|
| Geni Perri (HR – General) | 14 | 1 |

You and your Key Manager (if applicable) must successfully complete the initial training program at least thirty days before opening your Business. (Section 8.1 of the Franchise Agreement). The two training tables above present the same training program from two different perspectives. The first table ("Instruction vs. Application") shows classroom hours and on-the-job / scenario-based learning hours; the second table ("Digital vs. Live") divides the same classroom hours into virtual (self-paced online) and in-person (classroom) components. The tables are not additive. If you or your employee fails to complete the initial training program to our satisfaction, we may, at our sole option, require the respective person to repeat the course at your expense, or in the case of an employee, require you to send a replacement (the "Replacement Personnel") to the next available initial training program at your expense. Failure by you, your employee, Key Manager, or any Replacement Personnel to satisfactorily complete the initial training program constitutes a material breach of the Franchise Agreement and may result in termination of the Franchise Agreement. (Section 8.1 of the Franchise Agreement).

While there is no charge for the mandatory initial training itself, you will be responsible for all associated costs, including but not limited to, travel expenses, room and board, and the salaries of your attending employees. (Section 8.1 of the Franchise Agreement). We will conduct initial training programs on a quarterly basis, or more frequently as needed, with specific dates to be provided at least 60 days in advance. At your request, and subject to the availability of our personnel, we will train your additional and/or replacement managers at our then-current tuition which is currently $500 per trainer per day.

As part of the initial training program, we will provide you with 2 days of on-site assistance at your location immediately prior to and after the opening of your Business at no charge to you ("Additional On-Site Training"). Additional On-Site Training will include review and assessment of laundry services, staff training/performance, inventory management and final plans for opening. If additional training is required beyond the Additional On-Site Training, you will be advised of the adjustments needed to successfully complete the initial training program and be approved for opening. If you request additional on-site assistance outside of the Additional On-Site Training, we may provide such training to you in our sole discretion so long as you pay our then-current additional training fee, which is currently $500 per trainer, per day.

3. Your other employees may be trained by you, or at your request, and subject to the availability of our personnel, we will train your additional personnel at our affiliate-owned location at a fee of $500 per trainer per day. You are responsible for all travel, lodging, meal, and salary expenses for your employees attending this training. (Section 8.2 of the Franchise Agreement). All training related expenses for your additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. We will provide you with training materials for you to use in training your personnel. (Section 8.2 of the Franchise Agreement). You may only use the training materials that



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we provide to you to train your personnel. All training materials provided to you are our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. (Section 8.2 of the Franchise Agreement).

4. If applicable, we will provide specifications for, and designate, sources of supply from which you agree to purchase the inventory, goods, and supplies necessary for the startup and ongoing operations of the Business. (Section 6.3 of the Franchise Agreement). We will continue to refine and develop our system and reserve the right to create and designate proprietary products for sale at your Business. We may, at our discretion, provide you with assistance in establishing pricing.

5. You must spend at least $25,000 on new store opening advertising in your Territory during the period beginning 60 days prior to opening your Business and ending 90 days immediately following the opening of the Business. You must put together a new store opening marketing plan in accordance with our guidelines and present the plan to us by the date we designate in advance of the scheduled opening date. You must incorporate any modifications or adjustments we designate after we have had the opportunity to review your proposed plan. You must provide us with proof of all expenditures in the form and manner we designate, within the time frame we designate. (Section 6.4 of the Franchise Agreement). You must comply with the requirements regarding new store opening advertising expenditures as outlined in our then-current Operations Manual.

6. Provide you with New Franchised Business Opening Investment Services (Section 7.1.3 of the Franchise Agreement).

Site Selection and Opening

1. You are required to identify an Approved Location and secure a lease or purchase retail space for the Business within 120 days from the date of signing the Franchise Agreement, unless an extension is granted by us in writing. We do not select your site. However, our approved New Franchised Business Opening Investment Services supplier will work with you to find a location that meets our standards and specifications. If you find a proposed retail space without the assistance of our approved New Franchised Business Opening Investment Services team, you must submit the proposed space to us for approval before you lease/purchase the location. When reviewing a site for approval, we consider factors such as size, location, traffic patterns, and visibility from roadways. Your leased/purchased space should be between 3,000 and 4,000 square feet. (Sections 1.3 and 7.1 of the Franchise Agreement and the Site Selection Addendum to the Franchise Agreement).

2. We will provide you with a prototype layout and specifications for the buildout of your Business. You must retain an architect or engineer to adapt the prototype to your Approved Location. You may use an architect or engineer on our list of Preferred Vendors, or you may propose another architect or engineer for our approval, subject to the Non-Preferred Vendor Fee disclosed in Item 6 of this Disclosure Document.(Sections 1.3 and 7.1 of the Franchise Agreement,



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and the Site Selection Addendum to the Franchise Agreement). You are solely responsible for obtaining the applicable ordinances, building codes, and permits required to operate the Business from your Approved Location, and ensuring your compliance with all applicable laws and regulations, including the Americans with Disabilities Act; however, our approved suppliers will assist with this during the buildout of your Business. All costs connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, and signs are your responsibility, including the costs to our approved New Franchised Business Opening Investment Services team as disclosed in Item 7 of this Disclosure Document. If you choose to use your own architects, engineers, or contractors that are not on our then-current list of Preferred Vendors, you must submit these vendors to us for approval and, if approved, pay us a Non-Preferred Vendor Fee of $2,500 per vendor engagement prior to the commencement of their work. See Item 6 of this Disclosure Document. Additionally, all subsequent and material changes to the plans and drawings must be submitted to us for approval before such changes are implemented (Section 7.1.2 of the Franchise Agreement). We reserve the right to require you to use designated or approved suppliers for build-out and construction and related services.

3. You are required to submit at least one potential site for our review and approval within 90 days from the date of signing the Franchise Agreement. Any request for an extension of this time period must be submitted in writing and we will not unreasonably withhold our consent. Additionally, you must obtain a location acceptable to us within 120 days of signing the Franchise Agreement; however, we will not unreasonably withhold our consent to an extension of this time period. Failure to do so may result in termination of your Franchise Agreement. We estimate that it will take approximately twelve months from the date of signing the Franchise Agreement or 6 to 9 months from the date of signing a lease for the site for you to open your Business. The actual length of this period will depend upon factors such as your ability to obtain a mutually acceptable site and the lease for that site, financing arrangements, training schedules, delivery schedules for inventory and equipment and other factors including the time necessary to obtain zoning permits, licenses, and variances. Under the Franchise Agreement, you are required to open your Business no later than 12 months after the parties sign the Franchise Agreement. If the Business has not been opened within this twelve-month time frame, we may, in our sole discretion, elect to terminate your Franchise Agreement. (Sections 7.3 and 15.3.4 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement).

Post-Opening Assistance

1. We will provide you continuing consultation and advice on issues such as store performance, financial reporting, marketing, human resources, etc. at no additional charge to you. We may provide such assistance, at our discretion, through various communication methods including but not limited to telephone, facsimile, and intranet communication. If you request on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current rate, which is currently $500 per trainer per day plus expenses, including our travel, lodging, and meal costs associated with providing such on-site service. (Section 6.5 of the Franchise Agreement).



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2. We may offer additional training programs and/or refresher courses to you, your manager, and/or your employees. We may require you and your employees' attendance at these programs and/or courses, at a location designated by us. As of the issuance date of this Disclosure Document, we anticipate these additional training programs will be provided tuition-free but you must pay for you and your employees' travel, meal, lodging, and payroll expenses while attending our additional training programs. We reserve the right to charge a tuition fee for these additional training programs in the future in our sole discretion without restriction. (Section 6.6 of the Franchise Agreement).

3. We may, in our discretion, hold an Annual Conference and/or Convention at a location to be selected by us. We will determine the topics and agenda for such a conference. You must attend the Annual Conference and/or Convention and pay our then-current registration fee. If you fail to attend our Annual Conference without our prior written consent, you must pay us the registration fee, which we anticipate being approximately $1,000. The $1,000 amount is a liquidated-damages payment for non-attendance under Section 6.7 of the Franchise Agreement; it does not represent a mandatory annual registration fee and is not assessed against franchisees who attend the Annual Conference. All expenses, including you and your employees' transportation to and from the Annual Conference/Convention, and lodging, meals, and salaries for you and your employees attending, are your sole responsibility. We may use Brand Fund Contributions from the Brand Fund for purposes related to the Annual Conference and/or Convention, including costs related to productions, programs, and materials. (Section 6.7 of the Franchise Agreement).

4. For each Delivery Account you service during the franchise term in compliance with the Delivery Account Participation and Service Requirements, we or our affiliate will pay you certain Delivery Account Servicing Fees. Servicing Fees may include one or more components (including, without limitation, per-order payments and monthly subsidy payments) as set forth in the applicable Service Level Agreement, and are specific to the servicing market in which you operate. (Exhibit H of the Franchise Agreement) The Servicing Fees and laundry processing terms for the Business will be reflected in a form of Service Level Agreement that is adapted for your market and signed by you and us. We or our affiliate will exercise best efforts to pay you an amount that results in your achieving positive annual profit margins on the Delivery Accounts for which you provide services, so long as you process orders at an average of 16 pounds per hour or more. Servicing Fees will be paid monthly.

Advertising

Advertising – New Store Opening

You must conduct a new store opening advertising campaign beginning 60 days before your Business opens and continuing for 90 days after opening. You must spend at least $25,000 on this campaign using advertising materials and methods that we designate or approve in advance. We will assist you with putting together a new store opening marketing plan specific for your Business that is in accordance with our guidelines. You must provide us with proof of all expenditures in the form and manner we designate, within the time frame we designate. (Sections 6.4 and 12.4 of the Franchise Agreement).



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Advertising – Brand Fund

We have established a Brand Fund (the "Brand Fund") for the benefit of all franchisees in the System. You must contribute 1.5% of your Gross Revenues to the Brand Fund each month in the manner we specify and participate in all Brand Fund programs (your "Brand Fund Contribution"). While all franchisees generally must contribute to the Brand Fund, a couple of our earliest franchisees were grandfathered at a lower contribution rate or allowed to defer contributions until a couple of years after their LaundroLab Businesses opened. Franchisor and affiliate owned locations will contribute to the Brand Fund on the same basis as franchisees. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including but not limited to: (a) the cost of preparing and producing television, radio, magazine, Internet, social media, and newspaper advertising and/or marketing campaigns; (b) the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining Internet websites and social media sites; (e) the cost of funding Loyalty Program Media and mobile applications, which may be used to collect customer orders, and conducting surveys; and (f) personnel and other departmental costs, including but not limited to salaries, benefits, bonuses, and overhead expenses of our employees who perform work related to the Brand Fund, whether such work is performed on a full-time or part-time basis, and other costs for advertising that we internally administer or prepare. While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 12.5 of the Franchise Agreement). During the last fiscal year of the marketing fund (ending on December 31, 2025), we collected $107,772.62 from franchisees that went towards the marketing fund. We contributed an additional $5,528.82 to the marketing fund. In the fiscal year 2025, we used the National Marketing Fund as follows: 25% for production costs and 75% for media placement related costs.

We will use Brand Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and/or by outside sources. If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund Contributions be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures. (Section 12.5 of the Franchise Agreement).

We have the sole right to determine how to spend the Brand Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to



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expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including compensation and employment costs of personnel who perform work related to the Brand Fund administration, creation and implementation of advertising, promotional and marketing programs, whether such personnel are dedicated exclusively to Brand Fund activities or perform Brand Fund duties as part of their overall responsibilities. (Section 12.5 of the Franchise Agreement).

Local Advertising, Marketing, and Promotional Expenditure

In addition to the Brand Fund Contributions described above, beginning in the 4th month after the franchised LaundroLab Business is opened and continuing throughout the remainder of the Term, you must spend a minimum of $1,500 per month on local marketing and promotion. Of this amount, at least $500 must be allocated to digital marketing initiatives, and at least $500 must be allocated to grassroots marketing efforts such as flyers, partnerships, signage, direct mail, or community events. Once your Business reaches a minimum of $12 in revenue per square foot, the required local marketing contribution may be reduced to 2% of gross revenue. For purposes of this reduction, the $12 per square foot threshold is calculated on a trailing twelve-month basis based on the rentable square footage of the Approved Location, and the reduction, if granted, is effective only upon our written confirmation. All local advertising and promotion must be implemented in a format and using materials and designs approved by us as your required Local Advertising, Marketing, and Promotional Expenditure.

You may spend any additional sums you wish on local advertising, provided the minimum allocations for digital and grassroots marketing are maintained. We have a database of pre-approved advertising materials for your use in marketing your Business. You are permitted to generate your own advertising materials, so long as you have submitted them to us for approval before your use. We have the right, in our discretion, to require you to submit receipts documenting this marketing activity in the Gross Revenues Reports (Section 12.7 of the Franchise Agreement). We reserve the right to require you to purchase advertising and/or materials and services from us and/or designated third-party suppliers at any time. We may conduct audits of your expenditures. If we discover that you failed to expend these amounts as required under your Franchise Agreement, we may require you to pay such unexpended amounts directly to us or our designee.

Regional Advertising Cooperative

We have the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to your Business. If a Cooperative is established applicable to the Business, you may participate in and contribute to such Cooperative at your option. A regional cooperative will comprise all franchised LaundroLab outlets in a designated geographic area. Franchisor or affiliate owned outlets will contribute to any



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Franchise Disclosure Document

Cooperative in the geographic area they are located in. Each Cooperative will be administered by its individual members. If we establish a Cooperative, governing documents will be available for review by franchisees prior to signing. Contributions will be made directly to each Cooperative. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. Cooperative contributions will be credited towards your Local Advertising, Marketing, and Promotional Expenditure, and Cooperative contributions will not exceed the Local Advertising, Marketing, and Promotional Expenditure. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. (Section 12.6 of the Franchise Agreement).

Franchise Advisory Council

We have formed a Franchise Advisory Council composed of 4 franchisee members and 1 franchisor liaison to advise us on advertising policies. Franchisee members are selected based on criteria including, but not limited to, their level of success, superior performance, outlet profitability, and geographic location. We reserve the right to change or dissolve the Franchise Advisory Council at any time and all decision-making power will reside with the Franchisor.

Pricing and Promotion Requirements

We further reserve the right to establish, modify, and terminate membership programs, loyalty rewards programs, and similar customer retention initiatives at any time, and you must participate in and honor all such programs as we designate. We reserve the right to require you to offer services, memberships and products at prices not to exceed the prices we publish from time to time, to the fullest extent permitted under applicable law. We reserve the right to require you and other franchised LaundroLab Businesses to offer and participate in all promotions and discounts we designate at any time, including charitable promotions. You acknowledge that any membership or loyalty program fees collected from customers may be subject to our specified revenue sharing arrangements.

Computer and POS System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a "back office" computer system that complies with our standards and specifications; (ii) the POS System from our designated supplier; (iii) all-in-one printer, scanner and fax machine; and (iv) Internet access mode and speed (collectively, the "Computer System"). We reserve the right to change the supplier of the POS System in our sole discretion. You will purchase, use and maintain any and all computer software programs ("Software") which we have developed or may



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develop and/or designate for use for the System, and will purchase such computer hardware as may be necessary for the efficient operation of the Software. You will strictly comply with our standards and specifications for all items associated with the Computer System and any Software. You may not use any computer systems or components, point-of-sale systems, or computer software that we have not approved or have disapproved. As of the issuance date of this disclosure document, we require you to purchase, use and maintain the following software programs: LaundryPulse, LaundryPay, Parlevel, CleanCloud, and QuickBooks Online. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Software as we direct from time to time in writing. You may use your own computer for back-office functions. In the event that you do not have a general-purpose computer with a combination printer, scanner and fax, we estimate that the cost of obtaining the computer will be roughly $1,500. You are required to acquire the POS System from our required vendor at the then-current cost. See Items 6 and 7 of this Disclosure Document for more information on these costs and fees.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our POS System and software. Based on our experience, the annual cost of supporting, maintaining, updating and upgrading your computer hardware and software typically ranges from $0 to $500 per calendar year, though actual costs may vary depending on factors such as the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances.

You recognize that we have the right to develop and/or designate for use in connection with the operation of the Business different, modified, or additional software programs. If and at such time we develop and custom design any software programs, including but not limited to conducting scheduling, accounting, inventory and point-of-sale functions or related activities ("Proprietary Software Program"), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Business, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operations Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and confidential information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then-current rates published by us. We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your business data, software systems, and related information necessary for franchise system operations, quality control, compliance monitoring, and brand protection, in compliance with all applicable data privacy laws and regulations. Such access includes but is not limited to sales data, inventory data, operational data, financial records, customer transaction



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information, employee scheduling and performance data, and any other information we deem necessary for effective franchise system management. You authorize us to access, collect, use, and analyze such data for system-wide purposes. You remain responsible for obtaining any necessary consents and for compliance with all data privacy laws applicable to your Business. (Section 7.8 of the Franchise Agreement). We have the right to possess and exercise administrative access to your POS System and Computer System using the information you must give us.

You will not allow any unauthorized person to access any proprietary intranet or other computerized systems, and you must implement and maintain industry-standard security measures to prevent unauthorized access, including but not limited to strong password policies, multi-factor authentication, and regular security audits. You grant to us unlimited independent access to the data generated by your computerized point of sale system, and will permit us to poll via electronic connection your computer systems for any purpose we deem appropriate, including in order to compile sales data, consumer trends, labor costs, and any other information, including financial and marketing information.

Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We may, but are not obligated to, establish an Internet website that provides information about the System and the products and services offered by LaundroLab Businesses. In the event we exercise our right to create such a website, we have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on its website(s) that contain information about your and other LaundroLab Businesses. If we do create these pages, we may require you to prepare all or a portion of the page for your Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Sections 12.3.1 and 12.3.2 of the Franchise Agreement).

Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Business, including any profile on Facebook, Pinterest, Twitter, LinkedIn, Instagram, YouTube or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Section 12.3.3 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name www.laundrolabusa.com, as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any Internet domain names that are confusingly similar. You agree not to register any Internet domain



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name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words (Franchise Agreement, Section 12.3).

At your sole cost and expense and pursuant to the terms of the Franchise Agreement, you must provide Internet Wi-Fi services to customers of the Business. With regard to providing and maintaining Internet Wi-Fi services, you agree to abide by all applicable data privacy laws, rules, and regulations, to implement reasonable measures to ensure the security of customer data, and to maintain appropriate insurance coverage for data breaches.

Computer Network, Intranet or Extranet Participation

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of or updates to the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete training. You agree to use the facilities of any computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. (Section 7.8.6 of the Franchise Agreement).

Development Agreement

Our obligations regarding site selection assistance, training, computer hardware and software selections, and advertising for additional franchised LaundroLab Businesses developed under a Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional franchised LaundroLab Business.

## ITEM 12
## TERRITORY

Franchise Agreement

Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will be granted a specific Territory with specific geographic boundaries, which will be mutually acceptable to you and us. Before you sign the Franchise Agreement (if you already have the site), your Territory will be defined and attached to the Data Sheet of your Franchise Agreement. If you do not yet have a site for the Business, the Territory will be identified after you find and secure the site. A Territory generally consists of a geographic area based on a 10-minute drive time from the Business location. These metrics are only estimates, and the size of



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your Territory may vary from other System franchisees based on the location and demographics surrounding the Approved Location. There is no minimum size for a Territory if you wish to establish your Business in what we deem to be a major metropolitan area.

Business Relocation

You may relocate your Business only with our prior written approval and payment of a relocation fee equal to the actual costs and expenses we incur in approving the relocation of your Business. Approval will not be unreasonably withheld provided that the proposed new location meets our then-current criteria for a Business.

Restrictions on Your Providing Pickup and Delivery Services and Other Activities

Except as specifically permitted under the Delivery Account Program, you do not have the right to offer, sell, or provide laundry pickup and delivery services, dry-cleaning pickup and delivery services, or dry-cleaning services within or outside of your Territory without our prior written approval. This restriction applies regardless of whether we, our affiliates, or our third-party licensees establish contractual or other commercial arrangements with Delivery Accounts located in your Territory. You do not have the right to solicit customers outside of the Territory. The franchise rights we grant you do not include: (i) any right to offer any product or service via e-commerce without our prior approval; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation; or (iii) any right to distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement. For this purpose, "e-commerce" means any sale, marketing, or order-fulfillment activity conducted through any digital channel, including the internet, mobile applications, third-party online marketplaces or aggregators, and online ordering or delivery platforms.

If we permit you to offer, sell, or provide any type of pickup and delivery services (whether laundry or dry-cleaning related) or any type of non-pickup and non-delivery services, you are obliged to comply with the conditions and specifications we designate from time to time.

Location-Specific Rights, Our Reservation of Rights, and Non-Traditional Venues

Although we do not grant exclusive territories, we do grant you certain territorial protections. Except as otherwise provided below, including with respect to Non-Traditional Venues, as long as you are complying with the Franchise Agreement, we will not establish and operate, or license any party other than you to establish and operate, any LaundroLab Business that is physically located within your Territory. Your territorial rights do not depend on meeting a certain sales quota or the opening of additional LaundroLab Businesses. The boundaries of your Territory will not change, even if the population within your Territory increases or decreases, during the initial term of your Franchise Agreement.

We and our affiliates reserve the right to:



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(a) own and operate LaundroLab Businesses at any locations outside your Territory or license others the right to own and operate LaundroLab Businesses at any locations outside your Territory;

(b) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution (including in connection with laundry services, laundry pickup and delivery services, and dry cleaning pickup and delivery services; POS, accounting, routing, and other technological channels; and sales of industry-specific products including laundry bags and custom detergents and softeners) and via the Internet at any location and with any customer within or outside your Territory (as long as the location within your Territory is not a LaundroLab Business location, but excluding a Non-Traditional Venue);

(c) own and operate or license others to own and operate LaundroLab Businesses at or within Non-Traditional Venues, as defined below, located within and outside your Territory;

(d) own and operate other businesses, or market similar products and services, including but not limited to laundry services, laundry pickup and delivery services, and dry-cleaning pickup and delivery services, at any locations and through any distribution channels inside your Territory under the Proprietary Marks (excluding a LaundroLab Business location inside your Territory other than at a Non-Traditional Venue) or under different marks, or to license others the right to do so;

(e) acquire, merge with, engage in joint ventures with, be acquired by, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Business, within or outside your Territory and under any trademark; and

(f) engage in any other activities not expressly prohibited in the Franchise Agreement.

As noted in clause (b) above, we, our affiliates and our and their third-party licensees have the right to provide laundry services, laundry pickup and delivery services, and dry-cleaning pickup and delivery services, including under the Proprietary Marks, in your Territory, and you are not entitled to any payment or any other consideration in connection with the provision of such services in your Territory.

We and our affiliates have the exclusive right, on behalf of ourselves and/or through other franchisees utilizing the Proprietary Marks, to operate LaundroLab Businesses at or within non-traditional venues, including but not limited to business and industrial complexes, healthcare facilities, military bases, hotels and motels, and colleges and universities, both within and outside your Territory (each, a "Non-Traditional Venue"). Any dispute as to whether a particular site is a Non-Traditional Venue will be determined by us in our sole discretion, and our determination will be final and binding. Our or our affiliates', licensees' or designees' operation of a LaundroLab Business at or within a Non-Traditional Venue within your Territory will not violate any of your rights relating to location exclusivity.



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Delivery Account Program

You have the right to negotiate and enter into agreements with the franchisor and/or its affiliates to provide laundry pickup and delivery services, and dry-cleaning pickup and delivery services, to customers located inside your Territory (each, a "Delivery Account") and to provide laundry services (and dry-cleaning services) within your Territory to each such Delivery Account. You have the right to negotiate and enter into other commercial arrangements with third-party pickup and delivery providers as approved by us in writing to provide laundry and/or dry-cleaning pickup and delivery and/or processing services.

You must not market, advertise, solicit, or otherwise promote Delivery Account services to customers located outside your Territory. All marketing and promotional activities for Delivery Accounts must be conducted exclusively within your Territory and directed solely at customers within your Territory. You must operate the Delivery Account Program solely under the LaundroLab Proprietary Marks licensed to you under the Franchise Agreement, except to the extent we separately license to you, in writing, the right to use the "2ULaundry" name for Delivery Account services.

You must perform laundry services at the Business premises, as part of the Business, for Delivery Accounts that you obtain within your Territory. You must perform such laundry services at the Business premises according to our (and, if applicable, our affiliates') standards, policies, and specifications for Delivery Accounts issued from time to time, including those (i) listed on Exhibit H to the Franchise Agreement (ii) specified in the Operations Manual or in a separate Delivery Account Service Manual, and (iii) identified in a separate Service Level Agreement to be signed by you and us. You will retain all revenues from providing such services to your Delivery Accounts, subject to payment of any applicable royalties and fees as set forth in the Franchise Agreement. If you fail to perform the laundry services for Delivery Accounts according to our standards, policies, and specifications, you will be in default. Besides any and all other remedies we reserve in case of a default, we have the right to require you to pay us a monthly $1,000 non-compliance fee for each month (or part of a month) during which you fail to perform the laundry services at the Business premises for the Delivery Accounts in compliance with our standards. This non-compliance fee applies only after you and we (or our affiliate) have entered into a Service Level Agreement pursuant to Section 1.7(b) of the Franchise Agreement.

We reserve the right to inspect your Business premises and operations to ensure compliance with our standards, policies, and specifications for servicing Delivery Accounts. You must permit us, our affiliates, or our designees to access the Business premises and observe your Delivery Account operations during regular business hours upon reasonable notice, or at any time without notice if we have reason to believe you are not in compliance with our standards or are marketing outside your Territory.

We have the right to suspend (for the timeframe we deem appropriate) or terminate permanently your right to operate the Delivery Account Program if you:

(i) fail to comply with our (and, if applicable, our affiliates') standards, policies, and specifications for servicing Delivery Accounts, including the prohibition on



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marketing outside your Territory, and to cure that failure within 30 days after receiving written notice of the failure. The suspension or termination will be effective as of the end of the 30-day cure period (if the default is not cured); or

(ii) fail to comply with any other provision of the Franchise Agreement and (only if a cure opportunity is provided) to cure that failure within the applicable cure period.

Any suspension or termination of your right to operate the Delivery Account Program will not otherwise affect your other rights and obligations under the Franchise Agreement, including your right to operate the Business and serve walk-in customers within your Territory.

As of the issuance date of this disclosure document, except as otherwise set forth in this Item with respect to the Delivery Account Program operated under the "2ULaundry" name, we do not plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same or similar to those the franchisee will sell. In addition, the franchisor places no restriction on serving walk-in customers regardless of where those customers reside. If a territorial dispute arises between two or more franchisees concerning customer overflow or proximity, the franchisor will attempt in good faith to mediate the dispute, taking into account each franchisee's opening date, marketing investment, and customer service patterns; the franchisor's determination is informal and non-binding, and franchisees retain whatever rights they have under the Franchise Agreement and applicable law.

Development Agreement

If you enter into a Development Agreement, you will obtain the right to open a certain number of franchised LaundroLab Businesses in a specific geographic area (the "Development Area") where you must open each Business in compliance with the Mandatory Development Schedule. Our Mandatory Development Schedule is as follows:

| Location | Required Opening Date |
|---|---|
| #1 | 12 months from the Effective Date of the Development Agreement |
| #2 | 18 months from opening location #1 |
| #3 | 12 months from opening location #2 |
| #4 and on | 12 months from opening the previous location |

If you enter into a Development Agreement for more than 3 franchised LaundroLab Businesses, then you must open each additional location within 12 months after opening the immediately preceding franchised LaundroLab Business. If you enter into a Development Agreement and later sign a Franchise Agreement for an additional unit under that Development Agreement, you must sign our then-current form of Franchise Agreement. The then-current form may include materially different terms, including higher royalty rates, longer terms, or more restrictive obligations than the Franchise Agreement you initially sign.



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The size of the Development Area will depend upon the number of franchised LaundroLab Businesses you are obligated to open, but will vary based on demographics and whether the Development Area is primarily urban or suburban.

In the event that you fail to meet your development obligations and the Development Agreement is terminated, you will retain your rights to any previously opened franchised LaundroLab Business pursuant to the Franchise Agreement for that Business, including the territorial rights described in that Franchise Agreement. Your rights to any franchised LaundroLab Business for which there is no executed Franchise Agreement will terminate immediately upon termination of the Development Agreement.

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

If you are fully complying with all of your obligations under the Development Agreement and all Franchise Agreements then in effect with us for the construction, development, and operation of franchised LaundroLab Businesses, then during the Development Agreement's term only, we (and our affiliates) will not—except with respect to LaundroLab Businesses proposed to be located at or within Non-Traditional Venues within the Development Area—establish and operate, or grant to others the right to establish and operate, LaundroLab Businesses that have their physical locations within the Development Area. We (and our affiliates) reserve the right without any restrictions whatsoever to pursue, establish, and operate, or franchise or license others to pursue, establish, and operate, LaundroLab Businesses to be located at or within Non-Traditional Venues within the Development Area. A "Non-Traditional Venue" is defined to include, but is not limited to, business and industrial complexes, healthcare facilities, military bases, hotels and motels, and colleges and universities. These rights with respect to Non-Traditional Venues are reserved and may be exercised whether or not you also could have the opportunity (if we were to approve) to pursue, establish, and operate a LaundroLab Business to be located at or within that Non-Traditional Venue.

The location exclusivity described above for LaundroLab Businesses (with the noted exception for Non-Traditional Venues within the Development Area) is the only restriction on our (and our affiliates') activities within the Development Area during the Development Agreement's term. We and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within and throughout the Development Area, including the types of activities in which we and our affiliates reserve the right to engage under the Franchise Agreements that we sign with you (which we describe above).

After the Development Agreement expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to: (i) establish and operate, and grant to others the right to establish and operate, LaundroLab Businesses having their physical locations within the Development Area; and (ii) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within and



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throughout the Development Area, subject only to your rights under Franchise Agreements then in effect with us.

Neither the Franchise Agreement nor the Development Agreement grants you any options, rights of first refusal, or similar rights to acquire additional franchises within your Territory, your Development Area, or any contiguous territories.

## ITEM 13
## TRADEMARKS

You must operate the franchised LaundroLab Business under the Mark. The Franchise Agreement licenses you the right to operate the Business under the Mark. We may require you to use other current or future developed trademarks to operate the Business. The term trademarks or marks means trade names, trademarks, service marks and logos used to identify the Business. Throughout this Disclosure Document, our trademarks, including those developed in the future and licensed to you for use in connection with the operation of the Business, may be referred to as the "Marks."

We have the right to add, modify, or remove Marks from those that we license to you. You must follow our rules when using the Marks. You are not permitted to use any of the Marks as part of a corporate, limited liability company, or other entity name, email address, electronic identifier, or Internet domain name. Additionally, your employees do not have the right to use the Marks unless approved by us in writing in advance of use. It is your responsibility and obligation to ensure that your employees comply with our policies regarding use of the Marks. You cannot use any of the Marks except for those we license to you. You may not use any of the Marks for the sale of any unauthorized product or service or in any manner we have not authorized in writing. The Marks licensed to you may only be used by you for the purpose of operating the Business in accordance with the Franchise Agreement, Manual and System.

| MARK | REGISTRATION NUMBER | REGISTRATION DATE | REGISTER |
|---|---|---|---|
| LAUNDROLAB | 6450554 | August 10, 2021 | Principal |
| LaundroLab | 6450606 | August 10, 2021 | Principal |



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| | | | |
|---|---|---|---|
| | 6457844 | August 17, 2021 | Principal |
| LAUNDROLAB | 6629377 | January 25, 2022 | Principal |
| LaundroLab | 6629378 | January 25, 2022 | Principal |
| LAUNDROPRENEUR | 6710498 | April 26, 2022 | Principal |

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks. Franchisor has filed all required affidavits.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks. You agree to cooperate fully in such actions and execute all documents and perform such acts as may be reasonably requested by us in connection with such proceedings.

All Marks are currently owned by our parent company, 2ULaundry, Inc., which has granted us a trademark license (the "TM license") and exclusive right to use and franchise the System in the United States under the Marks and associated trade names, trademarks, service marks, logotypes, and other commercial symbols, copyrights, and proprietary materials. The TM License does not contain any significant limitations on our right to use or license the Marks to you, and will continue for a term of 25 years, with consecutive 25-year renewal terms. If the TM License Agreement is terminated or not renewed, you would have the right to continue to use the Marks pursuant to the terms of your Franchise Agreement while operating the Business for not less than the then-remaining term under your Franchise Agreement. Except as disclosed in this Item, currently, there are no agreements that limit our rights to use or license the use of the marks. You are obligated to notify us if you learn of any apparent or potential infringement of any Marks, as well as any challenge to our or your use of the Marks. We have the right to control any administrative proceeding or litigation that arises out of any claim related to the use of the Marks, including whether to initiate litigation to challenge another person's infringing use.



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We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay reasonable costs of defending the action, including the cost of any judgment or settlement, provided that you promptly notify us of any such claim and fully cooperate in the defense. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are the lawful and sole owner of the domain name www.laundrolabusa.com. You cannot register any of the Proprietary Marks owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain, and modify, or discontinue use of a website using the Proprietary Marks and you may access our website. Except as we may authorize in writing in advance, you may not: (i) link to or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the Internet using the Proprietary Marks or in connection with the Business, except as we specifically authorize in writing; (iii) create or register any Internet domain name, social media account, or online identifier that incorporates the Proprietary Marks or any variation thereof, or that could be confused with our Proprietary Marks; or (iv) engage in any online advertising, including pay-per-click advertising, search engine optimization, or social media marketing using the Proprietary Marks, without our prior written approval.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Business and only at the Approved Location or in advertising for the Business, provided such advertising has been previously approved by us in writing. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name that we approve. You must promptly register at the office of the county in which your Business is located, or such other public office as provided



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for by the laws of the state in which your Business is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Business's premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your sole expense.

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

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and/or trade secret protection for several aspects of the franchise System including but not limited to our Operations Manual, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware of any unauthorized third party using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System, and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted materials. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, limited liability company or other entity any trade secrets, operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, technology, customer lists, any information contained in the Operations Manual, and other methods, trade secrets, and other methods,



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techniques and know-how concerning the operation of LaundroLab Businesses, and any and all other information related to your Business or other LaundroLab Businesses generally that is labeled proprietary or confidential (collectively, the "Confidential Information"). You acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, (v) sources of suppliers and purchasing arrangements with suppliers, and (vi) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media also constitute the trade secrets and Confidential Information of us. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement prior to commencement of employment stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process, or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

You (or at least one of your principals if you are a corporation, partnership, or other entity) must personally supervise the day-to-day operations of the Business. You must devote your



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personal full-time attention and best efforts to the management and operation of the Business. If you are a corporation, partnership, limited liability company, or other entity, you may, however, delegate the day-to-day operation of your Business to your Key Manager. We must approve your Key Manager and your Key Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Business must, at all times during operating hours, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employees acting as Key Manager of the Business, and any change in their employment status.

If you participate in the Senior Owner-Operator Development Incentive program described in Item 5, you must personally devote at least forty (40) hours per week of on-premises management to at least one of the LaundroLab Businesses developed under your Development Agreement throughout the initial term of the applicable Franchise Agreement, consistent with the operational-participation requirements stated in Item 5 and the Franchise Agreement.

In the event that your Key Manager resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then-current standards for Key Managers and who is approved by us in writing before hiring, within thirty days after the resignation or termination of the former Key Manager. You must train the new Key Manager within thirty days of hiring. Franchisor reserves the right, without the obligation, to train the new Key Manager directly. Your Key Manager will devote full time and best efforts to the day-to-day operation and management of the Business. The Key Manager is strictly prohibited from engaging in any other business activity without our prior written consent. Your Key Manager will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement and will be bound by the confidentiality and restrictive covenants of that agreement.

If you are an entity, all of your owners/shareholders/partners/members/managers (as applicable) and their respective spouses, must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B. If you are an individual, your spouse must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B.

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

You must offer and sell all of the products and services which we require and only the products and services which we authorize for the System, in the manner we prescribe, and you acknowledge that we may modify such requirements from time to time in our sole discretion. You will not offer to sell or provide at or through the Business any merchandise, products or services that have not been approved in writing or use the premises for any other purpose other than the operation of the Business. You may not use nor sell any products, materials, supplies, detergents, merchandise, fixtures, furnishings, signs, or equipment which do not meet our standards and specifications.

You must provide all services according to our standards and specifications, using the techniques we prescribe. We may require you to offer and sell additional or different goods or



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services. Our right to do so is unlimited. Therefore, as described in Item 12, we have the right to request that you perform certain designated laundry services at the Business premises, as part of the Business, for one or more Delivery Accounts. If we ask you to do so, you must, beginning no later than 60 days after we notify you of your obligation to provide such laundry services to Delivery Accounts, comply with our request and perform the designated laundry services at the Business premises according to our (and, if applicable, our affiliates') standards, policies, and specifications for Delivery Accounts issued from time to time, including those described in Exhibit H to the Franchise Agreement.

You are allowed to provide laundry services to any customer that visits your Business. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand. You must stop offering disapproved products or services immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

You may not offer, sell, or provide laundry pickup and delivery services, dry-cleaning pickup and delivery services, or dry-cleaning services within or outside your Territory without our prior written consent. This restriction applies even if we, our affiliates, or our third-party licensees establish contractual or commercial arrangements with Delivery Accounts in your Territory. You may not solicit customers outside your Territory. The franchise rights we grant you do not include: (i) any right to offer any product or service via e-commerce without our prior approval; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation; or (iii) any right to distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

If we permit you to offer, sell, or provide any type of pickup and delivery services (whether laundry or dry-cleaning related) or any type of non-pickup and non-delivery services, although we have no obligation to do so, we may require you to comply with the conditions and specifications we designate from time to time.

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

**This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document as Exhibit D.**

### A. SINGLE-UNIT FRANCHISE AGREEMENT



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| a. | Term of franchise | 2.1 | The term begins on the Franchise Agreement's effective date and expires 10 years from the 1st day of the lease term for the Business's premises. |
| b. | Renewal or extension of the term | 2.2 | The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. You have the right to renew the Franchise Agreement for additional 5 year renewal terms provided certain conditions of renewal are met. |
| c. | Requirements for you to renew or extend | 2.2 | You must: (i) notify us in writing of your intention to renew at least ninety (90) days prior to the expiration of the then-current term; (ii) have the right to operate the Business at the Approved Location for the duration of the renewal term or have secured an approved substitute location; (iii) have satisfactorily completed no later than ninety days before the expiration of the then-current term, all necessary maintenance, refurbishing, renovating, updating and remodeling of the Business premises to bring the Business and all equipment into full compliance with our then-current System standards and specifications; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates, and/or our major suppliers and vendors, and you have substantially complied with all such agreements during their respective terms; (v) have satisfied all monetary obligations you owe us, our affiliates, and/or our major suppliers and vendors; (vi) execute our then-current form of franchise agreement, which may contain materially different key terms than the Franchise Agreement you initially sign; (vii) satisfy our then-current training requirements; (viii) sign a general release in |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | the form we prescribe; and (ix) pay us a renewal fee of $5,000. |
| d. | Termination by you | Not Applicable | Except as otherwise provided by law, you do not have the contractual right to terminate the Franchise Agreement. |
| e. | Termination by us without cause | Not Applicable | Not Applicable. |
| f. | Termination by us with cause | 15 | We have the right to terminate the Franchise Agreement with cause. |
| g. | "Cause" defined - defaults which can be cured | 15.3 | We have the right to terminate the Franchise Agreement after providing you a fifteen-day cure period if you: (i) fail to pay any monies you owe us or our affiliates or any of our system suppliers or vendors; (ii) fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iii) fail to maintain a sufficient inventory level; (iv) fail to open the Business within twelve months from the date you execute the Franchise Agreement; (v) fail to operate the Business during the months, days and hours that we prescribe; (vi) fail to personally supervise operations or employ adequate personnel; (vii) fail to maintain our quality controls and standards; (viii) conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products; or (ix) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Business. If you obtained your Franchise Agreement under our Senior Owner-Operator Development Incentive Program, an additional 15-day-cure curable default applies if you fail to personally devote full-time efforts to the operation of the Business as required under Section 7 of the Franchise Agreement. |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | 15.4 | We have the right to terminate the Franchise Agreement after providing you a thirty-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement or any ancillary agreement between you and us or our affiliates. |
| h. | "Cause" defined - defaults which cannot be cured | 15.1 | The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Business; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty days, or a trustee or receiver is appointed for you or the Business without your consent, and the appointment is not vacated within sixty days; or (iii) you purport to sell, transfer or otherwise dispose of your interest in the Business without our written approval. |
| | | 15.2 | We have the right to terminate the Franchise Agreement with notice but without providing you an opportunity to cure if: (i) you take part in criminal acts or misconduct; (ii) you commit fraud or misrepresentation in the operation of the Business; (iii) you make any misrepresentations or omission in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you receive two or more written notices of default |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | within any twelve-month period; (vi) you materially breach any other agreement with us or our affiliates; (vii) you misuse the Proprietary Marks or Confidential Information; (viii) you violate any health, safety or sanitation law and do not cure such violation within the time period permitted by the party issuing such violation; (ix) you violate the in-term restrictive covenants of the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you, your principals or assets and is not released or bonded against within thirty days; (xi) you are insolvent; (xii) you abandon the Business; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Business; (xiv) you order or purchase supplies from suppliers not approved by us in writing; (xv) you misuse our proprietary software; (xvi) you fail to maintain adequate insurance or otherwise comply with the insurance requirements contained in the Franchise Agreement; (xvii) you fail to comply with any governmental notice of non-compliance with any law or regulation within fifteen days of the notice; (xviii) any governmental action is taken against you that results in any obligation upon us; (xix) you fail to comply with any laws or regulations regarding terrorism; (xx) you take any assets or property of the Business for your personal use; (xxi) there are insufficient funds in your bank account to cover a check or EFT payment to us three or more times in any twelve month period; (xxii) any audit reveals that you have understated your Gross Revenues by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any twelve-month period; or (xxiii) |



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| | Provision | Section in Franchise Agreement | Summary |
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| | | | you default in obligations under the lease agreement for the Approved Location. In addition, effective upon the amendment to the Franchise Agreement reflected in this Disclosure Document, (xxiv) your default under any Development Agreement with us that is not cured within the cure period provided in that Development Agreement, if any, is a non-curable default under the Franchise Agreement. |
| i. | Your obligations on termination/ non-renewal | 16 | Upon termination or expiration of the Franchise Agreement, you must: (i) immediately cease all operations under the Franchise Agreement; (ii) immediately pay all sums you owe us, our affiliates, suppliers or vendors; (iii) immediately cease using the Proprietary Marks and System; (iv) immediately return to us the Operations Manual and all other manuals, proprietary and Confidential Information, no later than 5 calendar days after termination or expiration; (v) immediately cease using your telephone number and listing and, if we exercise our rights under the collateral assignment of telephone numbers, transfer the numbers and listings to us within fifteen calendar days; (vi) vacate the Business premises if we exercise our rights under the Collateral Assignment of Lease, no later than 15 days after the termination or expiration of the Franchise Agreement; (vii) return to us all items reflecting the Proprietary Marks and all items which are part of the trade dress within five days; (viii) immediately cease holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Proprietary Marks; (x) allow us to inspect your financial records within one month of termination or |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | expiration; (xi) comply with the post-term covenants contained in the Franchise Agreement; (xii) immediately cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xiii) immediately cease from engaging in any contacts with customers or former customers of the Business; (xiv) pay liquidated damages, and (xv) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal. |
| j. | Assignment of contract by us | 14.5 | We have the right to change our ownership or form and to assign the Franchise Agreement and any other agreement without restriction. |
| k. | "Transfer" by you - definition | 14.3 | A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company. |
| l. | Our approval of transfer by franchisee | 14.1 | You may not transfer any rights in the franchise without our prior written consent, which shall not be unreasonably withheld. We have the right to condition our approval of any sale, transfer, assignment, or encumbrance as described below. |
| m. | Conditions for our approval of transfer | 14.3.2 | We will approve a proposed transfer if: (i) all of your accrued monetary obligations to us, affiliates, suppliers and vendors have been paid; (ii) all existing defaults under the |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | Franchise Agreement have been cured; (iii) you and your transferee execute a general release in favor of us and our affiliates; (iv) you provide us a copy of the executed purchase agreement; (v) the transferee meets our qualifications; (vi) the transferee executes our then-current franchise agreement; (vii) you or the transferee pay us a transfer fee of $15,000 plus any broker fees due; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post term provisions of the Franchise Agreement; (x) the transferee obtains all necessary licenses and permits required to operate the Business; (xi) to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; (xii) the transfer is made in compliance with all applicable laws; (xiii) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Business and performance under its franchise agreement; (xiv) you must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document; (xv) our approval of the transfer will not constitute a waiver of any claims we may have against the transferring party; (xvi) we will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning you and your Business as you have supplied us; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise. |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| n. | Our right of first refusal to acquire your business | 14.3.1 | You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within thirty days after receiving the offer, whether we wish to exercise our right to purchase your business. |
| o. | Our option to purchase your business | 16.2 | We have an option to purchase any personal property related to your Business upon termination or expiration of the Franchise Agreement. |
| p. | Your death or disability | 14.2 | Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 45 days of your death or disability, they execute the then-current franchise agreement, successfully complete our initial training program, and otherwise receive our approval. (subject to state law). |
| q. | Non-competition covenants during the term of the franchise | 17.1 | During the term of the Franchise Agreement, neither you, your principals, or Key Managers, nor any member of the immediate family of you or your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation, or business entity: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business deriving 10% or more of its revenue from providing laundry services, laundry pickup and delivery services, any other goods or services offered or authorized for sale by System franchisees, or dry-cleaning services; provided, however, that Section 17.1 does not apply to your operation of any other Business under the System; or (ii) divert or attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System. With respect to members of immediate family who have not had access to Confidential Information, Section 17.1 applies only to the extent set forth in the Personal Guaranty (Exhibit B) and the Confidentiality and Restrictive Covenant Agreement (Exhibit E). |
| r. | Non-competition covenants after the franchise is terminated or expires | 17.2 | For a period of two years after the expiration, transfer or termination of the Franchise Agreement for any reason, neither you, your principals, your Key Managers nor any member of your or their respective immediate families may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any person, partnership, corporation, or business entity: (i) own, maintain, engage in, be employed by, or have any interest in any other business deriving 10% or more of its revenue from providing laundry services, laundry pickup and delivery services, any other goods or services offered or authorized for sale by System franchisees, or dry-cleaning services (a) at the Business location, (b) within the Territory, or (c) within a radius of twenty-five miles of the perimeter of (1) your Territory or (2) any other Territory licensed by us as of the date of expiration or termination of the Franchise Agreement or (3) any other franchised LaundroLab Business; or (ii) solicit business from customers of your former Business or contact any of our suppliers or vendors for any competitive business purpose. With respect to members of immediate family who have not had access to Confidential Information, Section 17.2 applies only to the extent set forth in the Personal Guaranty |



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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| | | | (Exhibit B) and the Confidentiality and Restrictive Covenant Agreement (Exhibit E). |
| s. | Modification of the Franchise Agreement | 22.1 | The Franchise Agreement may only be modified or amended in writing signed by all parties. |
| t. | Integration/ merger clauses | 22.1 | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Franchise Agreement may not be enforceable. |
| u. | Dispute resolution by mediation | 18.2, 18.3 | You must bring all disputes before our CEO prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Charlotte, North Carolina, or our then-current corporate headquarters, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. (subject to state law). |
| v. | Choice of forum | 18.4 | All claims not subject to mediation must be brought before a court of general jurisdiction in North Carolina, or the United States District Court presiding over Charlotte, North Carolina. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Charlotte, North Carolina and the United States District Court for the Western District of North Carolina (subject to state law). |
| w. | Choice of law | 18.1 | The Franchise Agreement is governed by the laws of the State of North Carolina (subject to state law). |

*[Remainder of page intentionally left blank]*



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## B. DEVELOPMENT AGREEMENT

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

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| a. | Length of the development agreement term | 7.1 | The Development Agreement will commence on the date it is fully-executed and end on the last day of the calendar month that the final franchised LaundroLab Business is required to be opened and operating under the Mandatory Development Schedule. |
| b. | Renewal or extension of the term | Not Applicable | Not Applicable. |
| c. | Requirements for developer to renew or extend | Not Applicable | Not Applicable. |
| d. | Termination by developer | Not Applicable | Not Applicable. |
| e. | Termination by franchisor without cause | Not Applicable | Not Applicable. |
| f. | Termination by franchisor with cause | 7.2 | We may terminate the Development Agreement for cause. |
| g. | Cause defined – curable defaults | 7.2 | We may terminate the Development Agreement upon the occurrence of any of the following curable defaults: (i) if you fail to meet your development obligations under the Development Agreement during the Development Period and fail to cure such default within thirty (30) days after written notice from us; (ii) if you or any of your principals makes or has made any material misrepresentation or omission in connection with your application for development rights or in any other agreement with us, and fails to cure such default within thirty (30) days after written notice from us; (iii) if you or any of your principals is |



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| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| | | | convicted of, or pleads no contest to, a felony or any crime or offense that we reasonably believe is likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith, and fails to cure such default within thirty (30) days after written notice from us; (iv) if you attempt to transfer any rights under this Agreement without our prior written consent as required by Section 9, and fail to cure such default within thirty (30) days after written notice from us; (v) if you fail to pay when due any fees or other monetary obligations owed to us or any of our affiliates under any Franchise Agreement or other agreement and fail to cure such failure within ten (10) days after written notice from us; or (vi) if you lose any license, permit, or authorization required to operate or develop a franchised LaundroLab Business and fail to reinstate such license, permit, or authorization within thirty (30) days after written notice from us. |
| h. | Cause defined – non-curable defaults | 7.2 | We may terminate the Development Agreement if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three consecutive months, or any shorter period that indicates an intent by you to discontinue development of the franchised LaundroLab Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; or (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement. |
| i. | Developer's obligations on termination/ non-renewal | Not Applicable | Not Applicable. |
| j. | Assignment of contract by us | 9 | We have the right to change our ownership or form and to assign the Development Agreement and any other agreement without restriction. |



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| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| k. | "Transfer" by you - definition | 9 | Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement. |
| l. | Our approval of transfer by developer | 9 | You may not transfer any rights or obligations under the Development Agreement without our prior written consent. |
| m. | Conditions for our approval of transfer | Not Applicable | Not Applicable. |
| n. | Our right of first refusal to acquire your business | Not Applicable | Not Applicable. |
| o. | Our option to purchase your business | Not Applicable | Not Applicable. |
| p. | Your death or disability | Not Applicable | Not Applicable. |
| q. | Non-competition covenants during the term of the development business | Not Applicable | Not Applicable |
| r. | Non-competition covenants after the development business is terminated or expires | Not Applicable | Not Applicable |



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| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| s. | Modification of the Development Agreement | 25 | Any modification of the Development Agreement must be in writing and signed by both parties. |
| t. | Integration/ merger clauses | 24 | Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Development Agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | 13 and 14 | You must bring all disputes before our CEO prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Charlotte, North Carolina in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation. |
| v. | Choice of forum | 16 | All claims not subject to mediation must be brought before a court of general jurisdiction in Charlotte, North Carolina, or the United States District Court presiding over Charlotte, North Carolina. You consent to the personal jurisdiction and venue of these courts (subject to state law). |
| w. | Choice of law | 12 | The Development Agreement is governed by the laws of the State of North Carolina (subject to state law). |

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATION

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.



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This Item 19 sets forth financial performance information for (i) two laundromat businesses operated by our affiliates that are substantially similar to the type of business for which we offer franchises in this disclosure document (each, an "Affiliate-Owned Business"), and (ii) 17 franchisee-owned LaundroLab businesses that had been operating under the LaundroLab name for at least 18 full months as of December 31, 2025 (the "18-Month Franchisee Population").

We measured performance using the 18-Month Franchisee Population because, in our experience, LaundroLab businesses experience steep revenue growth during approximately their first 18 months of operation, after which revenue growth typically stabilizes at a more moderate rate. We believe measuring stores that have reached this point of relative maturity provides a more meaningful basis for understanding the range of financial performance of LaundroLab businesses operating under stabilized conditions.

All amounts presented in this Item 19 reflect the results of operations for the 12-month period ended December 31, 2025, except as otherwise expressly indicated in the headers of the applicable tables below.

**Definitions**

As used in this Item 19, the following terms have the meanings set forth below:

"Arcade Games" means revenue derived from coin-operated or ticketed arcade and entertainment equipment located at the LaundroLab business.

"ATM" means revenue derived from automated teller machines located at the LaundroLab business.

"Brand Fund Contribution" means the contribution to our Brand Fund required under the Franchise Agreement. See Items 6 and 11.

"Discounts" means customer discounts, promotions, and price adjustments recognized as a reduction of revenue.

"EBITDA" means earnings before interest, income taxes, depreciation, and amortization. EBITDA is not a measure of financial performance calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), and should not be considered a substitute for net income, operating income, cash flow from operating activities, or other measures of financial performance or liquidity calculated in accordance with GAAP. EBITDA is presented as a supplemental financial measure used internally by us to evaluate operating performance. EBITDA does not reflect (a) the cost of capital or interest expense on any debt used to acquire, build, or operate the business; (b) federal, state, or local income taxes; (c) depreciation or amortization of assets; (d) debt service; (e) owner compensation or distributions; or (f) any start-up, pre-opening, or other non-operating costs. Your EBITDA will differ based on these and other items, and the EBITDA figures presented in this Item 19 are not a measure of cash available for distribution to you or any other purpose.



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"EBITDA %" means EBITDA divided by Total Revenue, expressed as a percentage.

"Laundry Equipment Repairs & Maintenance" means costs of repairs, maintenance, and replacement parts for washers, dryers, and other laundry equipment at the LaundroLab business.

"Local Advertising & Marketing" means the minimum local advertising, marketing, and promotional expenditure required under the Franchise Agreement, plus any additional discretionary local advertising, marketing, and promotional expenditures incurred by the business.

"National Account Revenue" means revenue received by the business in connection with the Delivery Account Program, to the extent applicable.

"Non-Controllable" means utilities, taxes, insurance, and similar operating costs not generally within the operator's day-to-day discretionary control.

"Operational Expenses" means miscellaneous operating expenses including credit card processing fees, banking fees, licenses and permits, office supplies, and other similar operating costs not separately categorized.

"Payroll Expenses" means wages, salaries, payroll taxes, workers' compensation insurance, and related payroll-related expenses for store-level employees.

"POS Sales" means revenue from point-of-sale transactions for retail items such as detergent, softener, and other laundry-related consumer goods.

"Rent & TICAM Expense" means rent, taxes, insurance, common area maintenance charges, and other occupancy costs payable under the real estate lease for the business premises.

"Royalty Fee" means the royalty payable to us under the Franchise Agreement. See Items 6 and 11.

"Supplies Expense (COGS)" means the cost of detergents, softeners, dryer sheets, and other laundry supplies and inventory items consumed or sold at the business.

"Technology Investment" means the monthly technology investment contribution payable to us under the Franchise Agreement. See Item 6.

"Total Expenses" means the sum of the expense categories set forth above that are applicable to the presentation.

"Total Revenue" means the sum of all revenue categories set forth above, net of Discounts.

"Utilities" means water, sewer, natural gas, electricity, internet, telephone, and similar utility expenses.

"Vending Machine Revenue" means revenue from vending machines (including retail vending of laundry supplies, snacks, and beverages) located at the LaundroLab business.

"Wash/Dry/Fold" means revenue from attended wash/dry/fold laundry services performed for walk-in customers at the LaundroLab business.

"Washer/Dryer/LaundryPay Revenue" means revenue from coin-, card-, or app-activated self-service washing and drying machines, including revenue processed through our LaundryPay system.

**Part 1: Affiliate-Owned Businesses**

The two Affiliate-Owned Businesses referenced in this Part 1 are: (a) a laundromat business operated under the "LaundroLab" Mark at 520 Elliot St., Charlotte, NC 28202 ("CLT-1"), which opened in 2022; and (b) a laundromat business operated under the "Laundry Room" trademark ("TLR"), which opened in 2018. Both Affiliate-Owned Businesses are owned and operated by our affiliates and are substantially similar to the type of business for which we offer



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franchises in this disclosure document. Neither Affiliate-Owned Business is included in the 18-Month Franchisee Population tables set forth in Part 2 below.

**Table 1: Affiliate-Owned Business "TLR" (Calendar Years 2018–2025)**

| Category | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Arcade Games | $8,834 | $21,323 | $21,219 | $20,206 | $20,216 | $23,828 | $20,590 | $11,016 |
| ATM | $0 | $0 | $0 | $3,872 | $5,000 | $3,727 | $3,842 | $3,447 |
| Discounts | $(11,252) | $(848) | $(2,906) | $(3,213) | $(7,439) | $(4,961) | $(6,257) | $(9,476) |
| POS Sales | $9,951 | $28,020 | $7,566 | $4,887 | $4,510 | $9,645 | $6,095 | $2,896 |
| Vending Machine Revenue | $8,324 | $21,838 | $42,502 | $55,788 | $58,646 | $44,670 | $53,376 | $34,094 |
| Wash/Dry/Fold | $3,658 | $18,120 | $19,050 | $43,866 | $39,813 | $39,408 | $51,365 | $49,353 |
| Washer/Dryer/LaundryPay Revenue | $167,527 | $454,821 | $535,054 | $641,213 | $723,949 | $752,341 | $781,215 | $712,402 |
| National Account Revenue | $0 | $0 | $0 | $0 | $577,201 | $642,251 | $775,290 | $756,830 |
| **Total Revenue** | **$187,043** | **$543,272** | **$622,485** | **$766,619** | **$1,421,897** | **$1,510,910** | **$1,685,516** | **$1,560,562** |
| Supplies Expense (COGS) | $10,062 | $20,156 | $20,069 | $24,270 | $72,094 | $83,465 | $54,414 | $48,218 |
| Operational Expenses | $9,333 | $11,474 | $22,136 | $17,814 | $27,598 | $27,097 | $36,724 | $35,044 |
| Non-Controllable | $20,020 | $45,648 | $46,480 | $43,791 | $50,486 | $60,466 | $51,295 | $39,647 |
| Laundry Equipment Repairs & Maintenance | $16,727 | $23,909 | $22,069 | $28,714 | $46,600 | $50,577 | $35,217 | $29,458 |
| Payroll Expenses | $28,091 | $96,248 | $98,386 | $131,657 | $621,801 | $661,877 | $908,636 | $809,020 |
| Utilities | $32,589 | $88,013 | $95,595 | $133,685 | $152,455 | $150,742 | $160,600 | $168,588 |
| Local Advertising & Marketing | $4,480 | $5,761 | $1,937 | $823 | $434 | $1,170 | $7,374 | $8,700 |
| Technology Investment | $0 | $0 | $0 | $0 | $500 | $2,804 | $3,600 | $3,600 |
| **Total Expenses (ex Rent & TICAM)** | **$121,303** | **$291,210** | **$306,672** | **$380,754** | **$971,969** | **$1,038,198** | **$1,257,860** | **$1,142,275** |
| **EBITDAR** | **$65,740** | **$252,062** | **$315,813** | **$385,865** | **$449,928** | **$472,712** | **$427,655** | **$418,287** |
| **EBITDAR %** | **35.15%** | **46.40%** | **50.73%** | **50.33%** | **31.64%** | **31.29%** | **25.37%** | **26.80%** |

Note on Table 1: TLR operates under the "Laundry Room" trademark, which is an affiliate trademark rather than the "LaundroLab" Mark. The operating model, equipment, and service offerings of TLR are substantially similar to those of a LaundroLab business. TLR opened in 2018 and its reported results reflect the steep revenue ramp characteristic of the initial years of operation. Total Expenses presented in Table 1 are reported on an "ex-Rent & TICAM" basis (excluding Rent & TICAM Expense) to normalize for changes in lease structure and ownership over the measurement period. EBITDAR represents earnings before interest, income taxes, depreciation, amortization, and rent (including TICAM), and is presented on the same basis for both Affiliate-Owned Businesses to permit comparison. Royalty Fee and Brand Fund Contribution have not been imputed in Table 1 because TLR has not historically operated under the LaundroLab Mark and does not pay royalties or Brand Fund contributions.

**Table 2: Affiliate-Owned Business "CLT-1" (Calendar Years 2022–2025)**

| Category | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Arcade Games | $13,820 | $16,394 | $10,131 | $14,028 |
| ATM | $1,114 | $2,061 | $1,646 | $2,399 |
| Discounts | $(16,362) | $(8,679) | $(9,335) | $(9,105) |
| POS Sales | $3,823 | $3,464 | $4,646 | $1,993 |
| Vending Machine Revenue | $24,971 | $32,903 | $24,652 | $27,101 |
| Wash/Dry/Fold | $12,688 | $22,658 | $32,040 | $26,318 |
| Washer/Dryer/LaundryPay Revenue | $330,379 | $444,026 | $480,637 | $473,687 |



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| | | | | |
|---|---|---|---|---|
| National Account Revenue | $177,422 | $256,579 | $0 | $67,916 |
| **Total Revenue** | **$547,855** | **$769,405** | **$544,418** | **$604,336** |
| Supplies Expense (COGS) | $26,683 | $45,164 | $20,655 | $23,428 |
| Operational Expenses | $14,873 | $12,271 | $13,628 | $10,064 |
| Non-Controllable | $23,133 | $105,239 | $19,115 | $16,634 |
| Laundry Equipment Repairs & Maintenance | $9,601 | $24,115 | $25,299 | $10,807 |
| Payroll Expenses | $221,317 | $274,591 | $160,403 | $153,550 |
| Utilities | $49,495 | $62,973 | $61,120 | $67,099 |
| Local Advertising & Marketing | $37,666 | $6,687 | $17,499 | $19,691 |
| Technology Investment | $500 | $2,750 | $3,600 | $3,600 |
| **Total Expenses (ex Rent & TICAM)** | **$383,267** | **$533,790** | **$321,318** | **$304,873** |
| **EBITDAR** | **$164,588** | **$235,615** | **$223,099** | **$299,463** |
| **EBITDAR %** | **30.04%** | **30.62%** | **40.98%** | **49.55%** |

Note on Table 2: CLT-1 is owned by our affiliate and operates under the LaundroLab Mark. Total Expenses presented in Table 2 are reported on an "ex-Rent & TICAM" basis (excluding Rent & TICAM Expense), and EBITDAR is presented on the same basis as in Table 1, to permit comparison of the two Affiliate-Owned Businesses. Royalty Fee and Brand Fund Contribution have been excluded from Table 2 (notwithstanding that, in prior FDDs, intercompany Royalty Fees and Brand Fund Contributions were attributed to CLT-1) so that the comparison between TLR and CLT-1 is presented on a consistent basis. CLT-1 is owned by our affiliate and does not, in fact, pay Royalty Fees or Brand Fund Contributions to us under a Franchise Agreement.

**Part 2: 18-Month Franchisee Population (Calendar Year 2025)**

The 18-Month Franchisee Population consists of 17 franchisee-owned LaundroLab businesses that had been operating under the LaundroLab name for at least 18 full months as of December 31, 2025. The tables below present, on a per-store average basis, the results of operations of the 18-Month Franchisee Population for the 12-month period ended December 31, 2025. As of December 31, 2025, the 18-Month Franchisee Population included franchisee-owned LaundroLab businesses located in the following markets: SAT-2, CLT-4, DEN-1, CLT-1, CLT-2, AUS-1, ATL-1, PHX-2, LAS-1, TPA-1, CHS-1, TLR, PHX-1, BTV-1, SAT-1, DTW-2, and HOU-3. The "Top 25%," "Top 50%," and "Bottom 50%" subsets are determined by reference to Total Revenue of each business within the 18-Month Franchisee Population for the measurement period.

**Table 3: 18-Month Franchisee Population — All Stores, Top 50%, and Top 25% (Per-Store Averages, Calendar Year 2025)**

| Category | All 18-Month Stores (n=17) | Top 50% (n=8) | Top 25% (n=4) |
|---|---|---|---|
| POS Sales | $17,886 | $18,217 | $21,465 |
| Vending Machine Revenue | $20,166 | $25,518 | $31,424 |
| Wash/Dry/Fold | $53,380 | $64,241 | $70,566 |
| Washer/Dryer/LaundryPay Revenue | $431,430 | $512,362 | $590,730 |
| National Account Revenue | $87,484 | $179,514 | $210,728 |
| **Total Revenue** | **$604,772** | **$794,488** | **$917,673** |
| Supplies Expense (COGS) | $20,757 | $29,394 | $31,536 |



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| | | | |
|---|---|---|---|
| Operational Expenses | $22,847 | $23,401 | $29,736 |
| Non-Controllable | $29,688 | $33,478 | $32,184 |
| Laundry Equipment Repairs & Maintenance | $11,521 | $14,642 | $12,780 |
| Payroll Expenses | $196,275 | $262,831 | $317,219 |
| Utilities | $58,040 | $74,686 | $87,909 |
| Rent & TICAM Expense | $97,068 | $108,867 | $124,163 |
| Local Advertising & Marketing | $14,657 | $17,318 | $17,217 |
| Brand Fund Contribution | $5,414 | $7,335 | $8,911 |
| Royalty Fee | $29,764 | $40,125 | $47,155 |
| Technology Investment | $3,476 | $3,787 | $3,899 |
| **Total Expenses** | **$488,993** | **$614,772** | **$710,961** |
| **EBITDA** | **$115,779** | **$179,717** | **$206,712** |
| **EBITDA %** | **19.14%** | **22.62%** | **22.53%** |

**Table 4: 18-Month Franchisee Population — All Stores and Bottom 50% (Per-Store Averages, Calendar Year 2025)**

| Category | All 18-Month Stores (n=17) | Bottom 50% (n=9) |
|---|---|---|
| Arcade Games | $3,894 | $1,329 |
| ATM | $1,320 | $223 |
| Discounts | $(10,787) | $(7,311) |
| POS Sales | $17,886 | $17,591 |
| Vending Machine Revenue | $20,166 | $15,408 |
| Wash/Dry/Fold | $53,380 | $43,726 |
| Washer/Dryer/LaundryPay Revenue | $431,430 | $359,490 |
| National Account Revenue | $87,484 | $5,679 |
| **Total Revenue** | **$604,772** | **$436,134** |

Note on Table 4: Table 4 presents only revenue categories for the Bottom 50% subset. We have not presented itemized expense categories or EBITDA for the Bottom 50% subset. The results in Table 4 are limited to the revenue categories shown for this subset.

## Material Bases and Assumptions

The financial information presented in this Item 19 is based on internal management reports and, with respect to the Affiliate-Owned Businesses, on accounting records maintained by our affiliates. The information has not been audited and is not prepared in accordance with U.S. generally accepted accounting principles. Written substantiation of the data used in preparing this information will be provided to you upon reasonable request.

Revenue figures are reported net of Discounts. Expense figures reflect costs incurred at the store level and exclude corporate or headquarters overhead, owner compensation or distributions, interest expense, income taxes, depreciation, amortization, and any pre-opening or build-out costs associated with opening the business. EBITDA and EBITDA % are calculated as defined above under “Definitions.”



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With respect to the 18-Month Franchisee Population, figures in Tables 3 and 4 are calculated by summing the applicable line item across all franchisee-owned LaundroLab businesses in the applicable subset and dividing by the number of franchisee-owned LaundroLab businesses in that subset. Subset composition is determined by ranking the businesses in the 18-Month Franchisee Population by Total Revenue for the measurement period and selecting the top four businesses (the Top 25% subset), the top eight businesses (the Top 50% subset), and the bottom nine businesses (the Bottom 50% subset). Where the 17-store population is divided into Top 50% and Bottom 50% subsets, the Bottom 50% subset includes one more business than the Top 50% subset because 17 is an odd number.

**Factors That May Cause Your Results to Differ**

Your individual financial results are likely to differ, perhaps materially, from the results shown in this Item 19. The results shown are historical, are not projections or forecasts, and are not a guarantee or assurance of the results you will achieve. Factors that may cause your results to differ include, without limitation: (a) the geographic market, trade area demographics, and local competition at your location; (b) the size, configuration, visibility, and accessibility of your premises; (c) the terms of your real estate lease (including rent, common area maintenance charges, and lease term); (d) your mix of revenue among the revenue categories shown in this Item 19, including whether and to what extent the Delivery Account Program is available in your market and generates National Account Revenue for your business; (e) your operating skill, management ability, business judgment, and the hours you personally devote to the business; (f) your staffing levels, payroll costs, and the productivity of your employees; (g) utility rates and the energy and water efficiency of your equipment; (h) the extent to which you purchase services from approved suppliers and the pricing of such services; (i) local, regional, and national economic conditions, inflation, interest rates, and consumer spending patterns; (j) the length of time your business has been open (the 18-Month Franchisee Population reflects only businesses that had been open for at least 18 full months as of December 31, 2025, and during the initial 18 months of operation a new business typically generates lower revenue than a business that has reached relative maturity); (k) the capital structure of your business, including the amount and cost of any debt incurred to establish or operate the business; (l) the royalty tier applicable to you under the Franchise Agreement (which varies based on the total number of LaundroLab businesses you and your Affiliates have Open and Under Control); and (m) the business tax, regulatory, and licensing environment in your jurisdiction.

Caution: The results shown in this Item 19 should not be considered as the actual or potential sales, costs, income, or profits that you will realize. A new franchisee's financial results are likely to differ, and may differ materially, from the results shown. The Affiliate-Owned Businesses have been operating for longer than the minimum 18-month threshold used for the 18-Month Franchisee Population and, in the case of CLT-1, benefit from co-location with our corporate offices and with our parent company's Delivery Account operations; your business may not have access to the same operational support or National Account Revenue opportunities. You should conduct an independent investigation of the costs and expenses you will incur in operating your LaundroLab business. Franchisees or former franchisees, listed in Item 20 of this disclosure document, may be one source of information.



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The information in this Item 19 is not audited. Written substantiation of the data used in preparing this information will be provided upon reasonable request.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing LaundroLab business, however, we may provide you with the actual records of that particular business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Dan D'Aquisto, 520 Elliot St., Charlotte, NC 28202 or 704-251-9620, the Federal Trade Commission, and the appropriate state regulatory agencies.

*[Remainder of page intentionally left blank]*



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## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

All figures in the tables below are as of December 31 of each year. The "Company-Owned" outlets are owned and operated by one or more of our affiliates.

**TABLE 1**
**Systemwide Outlet Summary**
**For years 2023 to 2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 3 | 10 | +7 |
| | 2024 | 10 | 22 | +12 |
| | 2025 | 22 | 25 | +3 |
| Company-Owned* | 2023 | 2 | 2 | 0 |
| | 2024 | 2 | 2 | 0 |
| | 2025 | 2 | 2 | 0 |
| Total Outlets | 2023 | 5 | 12 | +7 |
| | 2024 | 12 | 24 | +12 |
| | 2025 | 24 | 27 | +3 |

*[Table 2 begins on next page]*



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**TABLE 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 2023 to 2025**

| State | Year | Number of Transfers |
|---|---|---|
| North Carolina | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| Oklahoma | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 0 |
| South Carolina | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| Total | 2023 | 2 |
| | 2024 | 1 |
| | 2025 | 0 |

**TABLE 3**
**Status of Franchise Outlets**
**For years 2023 to 2025**

| State | Year | Start of Year | Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| AZ | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| CO | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |



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| State | Year | Start of Year | Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| FL | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| GA | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MA | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MI | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| NV | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| NC | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| SC | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| TX | 2023 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 3 | 0 | 0 | 0 | 0 | 6 |
| | 2025 | 6 | 2 | 0 | 0 | 0 | 0 | 8 |



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| State | Year | Start of Year | Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| VT | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Total | 2023 | 3 | 7 | 0 | 0 | 0 | 0 | 10 |
| | 2024 | 10 | 12 | 0 | 0 | 0 | 0 | 22 |
| | 2025 | 22 | 4 | 1 | 0 | 0 | 0 | 25 |

**TABLE 4**
**Status of Company-Owned and Affiliate-Owned Outlets**
**For years 2023 to 2025**

| STATE | YEAR | OUTLETS AT THE START OF THE YEAR | OUTLETS OPENED | OUTLETS REACQUIRED FROM FRANCHISEES | OUTLETS CLOSED | OUTLETS SOLD TO FRANCHISEES | OUTLETS AT END OF THE YEAR |
|---|---|---|---|---|---|---|---|
| NC | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |

One of these 2 affiliated-owned Businesses has operated since opening under the "THE LAUNDRY ROOM" trademark.

*[Table 5 begins on next page]*



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**TABLE 5**
**Projected Outlets Opened as of December 31, 2025**

| STATE | FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT YET OPENED | PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR | PROJECTED COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR |
|---|---|---|---|
| Arizona | 2* | 0 | 0 |
| Colorado | 5* | 0 | 0 |
| Connecticut | 1 | 1 | 0 |
| Florida | 16* | 2 | 0 |
| Georgia | 2* | 0 | 0 |
| Michigan | 2* | 0 | 0 |
| Missouri | 3* | 1 | 0 |
| Nevada | 5* | 0 | 0 |
| North Carolina | 10* | 0 | 0 |
| Oklahoma | 3* | 1 | 0 |
| Pennsylvania | 3* | 0 | 0 |
| Tennessee | 4* | 0 | 0 |
| Texas | 27* | 3 | 0 |
| Washington | 2* | 1 | 0 |
| TOTAL | 85 | 9 | 0 |

Note: The above Franchise Agreements that are signed but not yet opened (labeled with an asterisk) include those unopened units subject to an Area Development Agreement.

A list of the names of all franchisees and the addresses and telephone numbers of their businesses is provided in Exhibit H to this Disclosure Document.

The name, city, state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed on Exhibit H to this Disclosure Document.



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During the last three fiscal years, no current or former franchisees signed confidentiality provisions that would restrict their ability to speak openly about their experience with LaundroLab System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System. As of the date of this Franchise Disclosure Document, there is no trademark-specific franchisee organization associated with the System.

## ITEM 21
## FINANCIAL STATEMENTS

Exhibit C of this Disclosure Document contains our audited balance sheets as of December 31, 2025, 2024, and 2023, and the related statements of operations, member's equity (deficit), and cash flows for the years ended December 31, 2025, 2024, and 2023, and the related notes to the financial statements.

## ITEM 22
## CONTRACTS

Exhibits D, E and F of this Franchise Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit D – Franchise Agreement
- Exhibit A - Site Selection Addendum
- Exhibit B - Personal Guaranty and Guaranty of Spouses
- Exhibit C - Collateral Assignment of Lease
- Exhibit D - Conditional Assignment of Franchisee's Telephone Numbers and Listings
- Exhibit E - Confidentiality and Restrictive Covenant Agreement
- Exhibit F – Electronic Funds Withdrawal Authorization
- Exhibit G - Compliance Certification
- Exhibit H – Delivery Account Participation and Service Requirements

Exhibit E – Development Agreement
Exhibit F – Sample Termination and Release Agreement

## ITEM 23
## RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to:



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LaundroLab, LLC
520 Elliot St.
Charlotte, NC 28202



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**EXHIBIT A**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE AGENCIES/AGENTS**
**FOR SERVICE OF PROCESS**



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Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

## CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

**Los Angeles**

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

**Sacramento**

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

**San Diego**

1455 Frazee Road, Suite
315 San Diego, California
92108 (619) 525-4233

**San Francisco**

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

## HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

## ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465



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**INDIANA**

(for service of process)

Indiana Secretary of State 201
State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division Room E-
111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

**MARYLAND**

(for service of process)

Maryland Securities Commissioner at the
Office of Attorney General- Securities
Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General- Securities
Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

**MICHIGAN**

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor 525
West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

**MINNESOTA**

Commissioner of
Commerce Department of
Commerce 85 7th Place
East, Suite 280 St. Paul,
Minnesota 55101 (651)
539-1500

**NEW YORK**

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York
10005
(212) 416-8236



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**NORTH DAKOTA**

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

**OREGON**

Oregon Division of Financial Regulation 350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

**RHODE ISLAND**

Securities Division
Department of Business Regulations 1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

**SOUTH DAKOTA**

Division of Insurance Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501 (605) 773-3563

**VIRGINIA**

(for service of process)
Clerk, State Corporation Commission 1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733
(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street Richmond, Virginia 23219
(804) 371-9051
(for service of process)

**WASHINGTON**

Director Department of Financial Institutions
Securities Division
150 Israel Road SW Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760



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**WISCONSIN**

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower Madison, Wisconsin 53705
(608) 266-9555



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**EXHIBIT B**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF OPERATIONS MANUAL**



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Franchise Disclosure Document

**Operations Manual**
**Table of Contents**

| **Section** | **Number of Pages (Including *Cover Pages and Table of Contents Pages)*** |
|---|---|
| Introduction | 31 |
| Establishing the Business | 63 |
| Personnel | 54 |
| Administrative Procedures | 22 |
| Daily Procedures | 24 |
| Marketing | 22 |
| | |
| **Total Number of Pages** | **216** |
| | |



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**EXHIBIT C**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**



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# LAUNDROLAB, LLC
# FINANCIAL STATEMENTS
# DECEMBER 31, 2025 AND 2024
# AND FOR THE YEARS ENDED
# DECEMBER 31, 2025, 2024 AND 2023

Exhibit C-2

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LAUNDROLAB, LLC

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| Financial statements | |
| Balance sheets | 3 |
| Statements of operations and comprehensive loss | 4 |
| Statements of member's equity (deficit) | 5 |
| Statements of cash flows | 6 |
| Notes to financial statements | 7 - 14 |




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Franchise Disclosure Document

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## INDEPENDENT AUDITORS' REPORT

To the Member of
LaundroLab, LLC

**Opinion**

We have audited the accompanying financial statements of LaundroLab, LLC, which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and comprehensive loss, member's equity (deficit), and cash flows for the years ended December 31, 2025, 2024, and 2023 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 LaundroLab, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, 2024, and 2023 in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

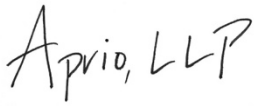
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 LaundroLab, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LaundroLab, LLC's ability to continue as a going concern for a reasonable period of time.

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



Birmingham, Alabama
April 27, 2026



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LAUNDROLAB, LLC
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

| | 2025 | 2024 |
|---|---|---|
| Current assets | | |
| Cash | $ 125,132 | $ 449,123 |
| Accounts receivable | 50,686 | 52,730 |
| Prepaid expenses | 12,531 | 16,501 |
| Deferred contract costs, current portion | 63,564 | 67,686 |
| Total current assets | 251,913 | 586,040 |
| Property and equipment, at cost | | |
| Machinery and equipment | 3,322 | 3,322 |
| Less accumulated depreciation | (1,699) | (1,260) |
| Total property and equipment, net | 1,623 | 2,062 |
| Other assets | | |
| Capitalized software development costs, net | - | 9,854 |
| Deferred contract costs - long-term portion | 1,498,308 | 1,676,643 |
| Total other assets | 1,498,308 | 1,686,497 |
| Total assets | $ 1,751,844 | $ 2,274,599 |

LIABILITIES AND MEMBER'S DEFICIT

| | | |
|---|---|---|
| Current liabilities | | |
| Accounts payable | $ 41,877 | $ 25,148 |
| Accrued expenses | 25,027 | 51,149 |
| Deferred revenue, current portion | 93,051 | 97,742 |
| Total current liabilities | 159,955 | 174,039 |
| Long-term liabilities | | |
| Due to related parties | 2,168,719 | 1,968,819 |
| Deferred revenue, long-term portion | 2,995,621 | 2,918,178 |
| Total long-term liabilities | 5,164,340 | 4,886,997 |
| Total liabilities | 5,324,295 | 5,061,036 |
| Member's deficit | | |
| Member's deficit | (3,572,451) | (2,786,437) |
| Total member's deficit | (3,572,451) | (2,786,437) |
| Total liabilities and member's deficit | $ 1,751,844 | $ 2,274,599 |

See auditors' report and accompanying notes





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LAUNDROLAB, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Revenue | | | |
| Franchise licenses | $ 314,248 | $ 468,666 | $ 66,370 |
| Real estate and development fees | 37,000 | 11,593 | 58,940 |
| Royalties and other related fees | 694,572 | 369,036 | 81,407 |
| Total revenue | 1,045,820 | 849,295 | 206,717 |
| Operating expenses | | | |
| Sales and marketing | 255,461 | 216,692 | 224,453 |
| Consulting expense | - | - | 35,540 |
| Professional fees | 85,206 | 87,964 | 138,354 |
| Commission fees | 216,507 | 181,460 | 44,600 |
| Recruiting fees | - | 800 | - |
| Technology expenses | 94,137 | 31,271 | 20,262 |
| General and administrative | 169,574 | 221,803 | 260,654 |
| Employee compensation | 1,002,157 | 964,117 | 414,530 |
| Depreciation and amortization | 10,291 | 30,685 | 30,603 |
| Total operating expenses | 1,833,333 | 1,734,792 | 1,168,996 |
| Loss from operations | (787,513) | (885,497) | (962,279) |
| Other income | | | |
| Investment income | - | 25,913 | 12,402 |
| Miscellaneous income | 1,499 | 4,883 | 3,282 |
| Total other income | 1,499 | 30,796 | 15,684 |
| Net loss | (786,014) | (854,701) | (946,594) |
| Unrealized gain (loss) on investments | - | (2,986) | 2,986 |
| Comprehensive loss | $ (786,014) | $ (857,687) | $ (943,608) |

See auditors' report and accompanying notes





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LAUNDROLAB, LLC
STATEMENTS OF MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

| | Accumulated Other Comprehensive Income | Member's Equity (Deficit) | Total Member's Equity (Deficit) |
|---|---|---|---|
| BALANCE - December 31, 2022 | $ - | $ (985,142) | $ (985,142) |
| Comprehensive income | 2,986 | - | 2,986 |
| Net loss | - | (946,594) | (946,594) |
| BALANCE - December 31, 2023 | 2,986 | (1,931,736) | (1,928,750) |
| Comprehensive loss | (2,986) | - | (2,986) |
| Net loss | - | (854,701) | (854,701) |
| BALANCE - December 31, 2024 | - | (2,786,437) | (2,786,437) |
| Net loss | - | (786,014) | (786,014) |
| BALANCE - December 31, 2025 | $ - | $ (3,572,451) | $ (3,572,451) |

See auditors' report and accompanying notes





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LAUNDROLAB, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net loss | $ (786,014) | $ (854,701) | $ (946,594) |
| Adjustments to reconcile net loss to net cash (used) provided by operating activities: | | | |
| Depreciation and amortization | 10,293 | 30,685 | 30,602 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | 2,044 | (6,644) | (29,836) |
| Prepaid expenses | 3,970 | 1,074 | (11,825) |
| Deferred contract costs | 182,457 | 181,460 | 96,013 |
| Accounts payable | 16,729 | 10,856 | (38,667) |
| Accrued expenses | (26,122) | 36,106 | (38,987) |
| Deferred advertising income | - | - | (20,000) |
| Deferred revenue | 72,752 | (169,267) | (59,810) |
| Due to related parties | 199,900 | 766,840 | 340,359 |
| Total adjustments | 462,023 | 851,110 | 267,849 |
| Cash (used in) provided by operating activities | (323,991) | (3,591) | (678,745) |
| Cash flows from investing activities | | | |
| Acquisition of property and equipment | - | (1,432) | - |
| Sale of investments | - | 1,377,973 | 725,000 |
| Purchase of investments | - | (1,023,903) | (1,079,070) |
| Cash provided in investing activities | - | 352,638 | (354,070) |
| Net (decrease) increase in cash | (323,991) | 349,047 | (1,032,815) |
| Cash, beginning of the year | 449,123 | 100,076 | 1,132,891 |
| Cash, end of year | $ 125,132 | $ 449,123 | $ 100,076 |
| Supplemental Disclosure of Non-Cash Transactions: | | | |
| Unrealized gain (loss) on investments | $ - | $ (2,986) | $ 2,986 |

See auditors' report and accompanying notes





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**Note 1**
**Nature of Business**

LaundroLab, LLC, a limited-liability company (the Company or LaundroLab) and wholly owned subsidiary of 2U Laundry, Inc., was formed on November 10, 2020, in the state of North Carolina. The Company's principal purpose is to offer and sell LaundroLab franchises in the United States of America, specializing in laundromat services, laundry delivery services, and related laundry services and products. As of December 31, 2025, 2024 and 2023, 126, 81, and 74, respectively, LaundroLab licenses were signed of which twelve locations opened in 2025, seven locations in 2024, and three locations in 2023. Royalties begin the earlier of 18 months after executing the franchise agreement or six months after a location is in operation as defined in the franchise agreements.

**Note 2**
**Summary of Significant Accounting Policies**

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Changes in estimates are recorded in the period in which they become known.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one commercial bank and these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. As of December 31, 2025 and 2024, the Company's cash balances did not exceed FDIC limits. The Company has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

Accounts Receivable:

Accounts receivable consist mostly of amounts due from franchisees for license fees and royalties.

The Company accounts for receivables at their original invoice amount, less an estimate made for credit losses. The Company monitors trade and other receivable balances and contract assets and estimates the allowance for lifetime expected credit losses in accordance with ASU No. 2016-13, *Financial Instruments - Credit Losses*. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions.





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**Note 2**
**Summary of Significant Accounting Policies (Continued)**

The Company has elected to apply the practical expedient in accordance with ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets For Private Companies And Certain Not-For-Profit Entities* and assumes that the current conditions as of the balance sheet date do not change over the remaining life of the asset.

The election of this practical expedient was applied prospectively and did not have a material impact on the Company's financial statements.

Investments:

All investments are classified as available-for-sale and presented at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values as of the end of the financial statement period.

Investment income or loss (including realized gains and losses on investments and interest and dividends, less management fees) is included as other income or expense in the accompanying statements of operations and comprehensive income or loss. Unrealized gains and losses are included as comprehensive income or loss on the accompanying statements of operations and comprehensive income or loss and as accumulated comprehensive income or loss in member's equity (deficit). Interest income is recognized on the accrual basis and dividends are recognized on the ex-dividend date.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided using both straight-line and accelerated methods over the estimated useful lives of the assets, which are as follows:

| | |
|---|---|
| Machinery and equipment | 5 - 7 years |

Depreciation expense for the years ended December 31, 2025, 2024, and 2023 totaled $437, $630, and $630, respectively.





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**Note 2**
**Summary of Significant Accounting Policies (Continued)**

Impairment of Long-Lived Assets:

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets.

Software Development:

The Company has an asset recorded at cost which consists of an externally developed data analysis program used to strategically place LaundroLab locations throughout the country. The asset was placed in service in 2022 and is being amortized using the straight-line method over the estimated useful life of three years. Amortization expense was $9,854, $30,055 and $29,972, respectively, for the years ended December 31, 2025, 2024, and 2023.

Revenue Recognition:

Revenues are recognized in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue From Contracts with Customers*.

Revenues are recorded when: (i) a contract with a client has been identified, (ii) the performance obligations(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation.

The Company's revenue largely consists of franchise and real estate development fees. The Company sells franchises that grant the right to operate "LaundroLab" stores throughout the United States. The initial term of the franchise agreement is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee.

The initial franchise fee paid is allocated to the franchise right as the pre-opening activities are not considered distinct from the franchise right. The initial fee is recognized on a straight-line basis over the term of the respective franchise agreement on the date the franchise agreement was signed. Real estate development fee revenues from an individual franchise sale or transfer are recognized when the performance obligation is completed which is when the location construction has been completed.

Royalty fees are earned based on a percentage of the franchisees' gross sales. The royalty fee is either 3.0% or 6.0% of the franchisees' gross sales for such period and payment is remitted to the Company on a weekly basis. Franchise agreement royalties represent sales-based royalties that are related to a specific franchise agreement and are recognized in the period the franchisees' sales occur.





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**Note 2**
**Summary of Significant Accounting Policies (Continued)**

Marketing fees are primarily earned based on a percentage of the franchisees' gross sales. The marketing fee is 1.0% of the franchisees' gross sales for such period and payment is remitted to the Company on a weekly basis and recognized in the period the franchisees' sales occur.

Additionally, the Company charges a fixed monthly technology fee to franchisees which is remitted on a monthly basis and recognized in the period when services are provided on ratable basis.

Deferred Revenue and Deferred Cost:

Deferred revenue represents a contract liability which represents amounts received from customers for which performance obligations will be satisfied in the future. Deferred costs represent certain costs to obtain and fulfill customer contracts that the Company expects to recover. Costs to obtain contracts include sales commissions and other incremental costs that would not have been incurred if the contract had not been obtained. Costs to fulfill contracts include direct costs that generate or enhance resources used to satisfy the Company's performance obligations under the contracts in the future. When the expected amortization period is more than one year, the Company recognizes an asset for costs to obtain or fulfill contracts, amortizes the asset over the life of the contracts on the same basis that the related revenue is recognized which is typically 10 years, and assesses the asset for impairment at each reporting date.

Deferred advertising income represents the amount paid by franchisees for grand opening advertising. The Company recognizes revenue when it fulfills its performance obligations.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were $107,784, $44,623 and $70,060 for the years ended December 31, 2025, 2024, and 2023, respectively.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash, receivables, accounts payable, and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

Income Taxes:

For federal and state income tax reporting purposes, the Company has elected to be treated as a limited liability company and, accordingly, all tax attributes of the Company pass through to its members. Therefore, no provision for federal income taxes has been reflected in the accompanying financial statements. The Company has operations in certain states and jurisdictions that do not recognize limited liability companies for income tax reporting purposes Accordingly, a provision for income taxes was not considered material and consequently, has not been recorded for income earned in those jurisdictions.





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**Note 3**
**Financial Condition**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Management has evaluated whether there are conditions and 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 these financial statements were available to be issued, based on conditions and events that are known and reasonably knowable at the date the financial statements were available to be issued.

The Company has incurred recurring losses from operations and has net capital deficiencies for the years ended December 31, 2025, 2024, and 2023. These conditions initially raised substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements were available to be issued because, absent remedial actions, they could adversely affect the Company's ability to meet its obligations as they become due.

In response to these conditions, management has developed and begun implementing a plan that includes (i) measures to reduce operating expenses and improve operating efficiencies and (ii) expansion of the Company's franchise program through the addition of new franchised stores to increase revenues and cash flows.

As a result of the measures taken as outlined above, management believes that it is probable that the Company will meet its obligations as they become due and to continue in operational existence for at least one year from the date that these financial statements were available to be issued. Accordingly, management has determined that there is no substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Note 4**
**Related Party Transactions**

2U Laundry, Inc. ("2U") made cash advances and payments on behalf of the Company for the purpose of establishing the corporate documents of the Company and its franchising plan, as well as other operating expenses. As of December 31, 2025 and 2024, amounts due to 2U totaled $2,167,961 and $1,915,805, respectively. Both parties agreed that the amounts will not be fully repaid within one year. For the year ended December 31, 2025 and 2024, 2U paid $1,002,157 and $964,117, respectively for compensation expense included on the statement of operations and comprehensive loss. In prior years, 2U primarily made cash advances to the Company to help fund operations.

The Company also has amounts due to affiliates of 2U totaling $758 and $53,014 as of December 31, 2025 and 2024, respectively. These amounts due are from financial support provided by the affiliates to the Company for operating expenses primarily in 2020 when the Company was formed.





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**Note 5**
**Contract Liabilities and Assets**

Deferred Revenue:

Deferred revenue consists of contract liabilities resulting from franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement.

Deferred Costs:

Deferred costs consist primarily of commissions paid to third parties by the Company for locating and obtaining franchisees which are generally recognized on a straight-line basis over the term of the associated underlying franchise agreement.

The components of contract balances were as follows at:

| | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|---|---|---|---|
| Accounts receivable | $ 50,686 | $ 52,730 | $ 46,086 |
| Deferred contract costs | $ 1,561,872 | $ 1,744,329 | $ 1,925,789 |
| Deferred revenue | $ 3,088,672 | $ 3,015,920 | $ 3,175,187 |

**Note 6**
**Concentrations**

A significant vendor is defined as one from which the Company receives at least 10% of its total purchases. For the year ended December 31, 2025, the Company did not have purchases from a significant vendor. For the year ended December 31, 2024, the Company has purchases from one vendor, relating to marketing expense totaling $134,559, which comprised approximately 18% of the Company's annual purchases. The accounts payable due to this vendor totaled $10,253.

**Note 7**
**Subsequent Events**

The Company evaluated subsequent events through April 27, 2026, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the financial statements.





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**EXHIBIT D**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# FRANCHISE AGREEMENT



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Franchise Disclosure Document

**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

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**EXHIBITS**

Exhibit A - Site Selection Addendum
Exhibit B - Personal Guaranty and Guaranty of Spouses
Exhibit C - Collateral Assignment of Lease
Exhibit D - Conditional Assignment of Franchisee's Telephone Numbers and Listings
Exhibit E - Confidentiality and Restrictive Covenant Agreement
Exhibit F - Electronic Funds Withdrawal Authorization
Exhibit G - Compliance Certification
Exhibit H – Delivery Account Participation and Service Requirements



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**DATA SHEET**

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

_____

Protected Territory: _____

_____

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

Technology Investment Contribution: _____

**The terms of this Data Sheet are incorporated into the attached Franchise Agreement.**

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# LAUNDROLAB, LLC
# FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into as of the date set forth on the Data Sheet (the "Effective Date") by and between LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor") and the franchisee identified in the attached Data Sheet (“Franchisee”).

## RECITALS

A. Franchisor and its principals have developed a system for operating businesses offering laundry services and related products and services to customers on a walk-in, self-serve basis under the “LaundroLab” name and mark (each a “LaundroLab Business”).

B. Franchisor is engaged in the business of granting franchisees the right to operate franchised LaundroLab Businesses.

C. Franchisee desires to enter into an agreement with Franchisor to obtain the right to operate a franchised LaundroLab Business using the system developed by Franchisor, the characteristics of which include, depending on Franchisee’s location: Franchisor’s standards and specifications for the performance of laundry services (the “Proprietary Processes”), which constitute one component of the System; interior and exterior designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating, promoting, and managing a Business in the manner set forth in this Agreement and in the Operations Manual, as defined in Section 6.1, and modified from time to time (the “System”).

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the mark “LaundroLab,” in connection with the System (the “Proprietary Marks”). The rights to all Proprietary Marks Franchisor may now, or in the future designate as part of the System, will be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder.

E. Franchisee has applied to Franchisor for a franchise to operate a franchised LaundroLab Business and such application has been approved in reliance upon all of the representations made therein.

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the protection of the System, the Proprietary Marks, and the goodwill of the franchise.

G. For purposes of this Agreement, "Franchisor's Affiliate" means any person or entity that, directly or indirectly: (A) controls Franchisor; (B) is controlled by Franchisor; (C) is under common control with Franchisor; or (D) owns fifty percent (50%) or more of the ownership or voting interests in Franchisor. For purposes of this definition, "control" means the direct or indirect power to direct or cause the direction of the management and policies of an entity, whether through ownership

of voting securities, by contract, or otherwise. References in this Agreement to "Franchisor's affiliates" or "affiliates of Franchisor" shall mean one or more Franchisor's Affiliates.

**NOW, THEREFORE,** in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

## 1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance**. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive franchise for the right to establish and operate one franchised LaundroLab Business under the System and Proprietary Marks identified below (Franchisee's franchised LaundroLab Business is referenced in this Agreement as the "Franchised Business"), and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes, which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.2 **Protected Territory**.

(a) Except as otherwise provided in this Agreement, including in Section 1.6 below with respect to Non-Traditional Venues, for so long as Franchisee complies with the terms and conditions hereof, Franchisor will not establish and operate, or license any party other than Franchisee to establish and operate, any LaundroLab Business that is physically located within the protected territory of Franchisee's Franchised Business identified in the Data Sheet, the terms of which are incorporated herein by reference ("Protected Territory"), during the term hereof; provided, however, that Franchisor and its affiliates retain all other rights reserved in this Agreement and all rights not expressly prohibited in this Agreement.

(b) Franchisee is not permitted to offer, sell, or provide laundry pickup and delivery services, dry-cleaning pickup and delivery services, or dry-cleaning services outside of the Protected Territory without prior written approval from Franchisor, which approval may be granted or withheld in Franchisor's sole discretion, whether or not Franchisor, its affiliates, or their third-party licensees establish contractual or other commercial arrangements with Delivery Accounts (defined in Section 1.7 below) located in Franchisee's Protected Territory. Franchisee may not solicit customers outside of the Protected Territory without prior written approval from Franchisor, which approval may be granted or withheld in Franchisor's sole discretion. The grant to Franchisee in Section 1.1 above does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement.

(c) If Franchisor elects to permit Franchisee to offer, sell, or provide any type of pickup and delivery services (whether laundry or dry-cleaning related) or any type of non-pickup and non-delivery services, although Franchisor has no obligation to do so, Franchisor may, at its sole discretion, require Franchisee to comply with the conditions and specifications designated by Franchisor from time to time with respect to such services.



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1.3 **Approved Location**. Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site-selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent, which may be withheld at Franchisor's sole discretion.

1.4 **Exclusions and Reservations**. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates will have the right, in their sole business judgment, to:

(a) own and operate LaundroLab Businesses at any location(s) outside Franchisee's Protected Territory or license others the right to own and operate LaundroLab Businesses at any location(s) outside Franchisee's Protected Territory;

(b) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution (including, but not limited to, in connection with laundry services, laundry pickup and delivery services, and dry cleaning pickup and delivery services; POS, accounting, routing, and other technological channels; and sales of industry-specific products including laundry bags and custom detergents and softeners) and via the Internet at any location and with any customer within or outside Franchisee's Protected Territory (as long as the location within Franchisee's Protected Territory is not a LaundroLab Business location, but excluding a Non-Traditional Venue);

(c) own and operate or license others to own and operate LaundroLab Businesses at or within Non-Traditional Venues, as defined below, located within and outside of Franchisee's Protected Territory;

(d) own and operate other businesses, or market similar products and services, including laundry services, laundry pickup and delivery services, and dry-cleaning pickup and delivery services, at any location(s) and through any distribution channels inside Franchisee's Protected Territory under different marks or to license others the right to do so;

(e) acquire, merge with, engage in joint ventures with, be acquired by, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by the Franchised Business, within or outside Franchisee's Protected Territory and under any trademark; and

(f) engage in any other activities not expressly prohibited in this Agreement.

As noted in clause (b) above, Franchisor, its affiliates and their third-party licensees have the right to provide laundry services, laundry pickup and delivery services, and dry-cleaning pickup and delivery services, including under the Proprietary Marks, in the Protected Territory, and Franchisee will not be entitled to any payment or any other consideration in connection with the provision of such services in the Protected Territory.

1.5 **Other Channels of Distribution.** Franchisee acknowledges and agrees that, as described above in Section 1.4, certain of Franchisor's, or its affiliates', products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by



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Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor and its affiliates, in their sole business judgment, will determine. Franchisee understands that this Agreement grants Franchisee no rights: (a) to distribute such products or services as described; or (b) to share in any of the proceeds received by any such party therefrom.

1.6 **Non-Traditional Venues**. Franchisor and its affiliates will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of themselves and/or through other franchisees utilizing the Proprietary Marks, to operate LaundroLab Businesses at or within non-traditional venues, including, but not limited to, business and industrial complexes, healthcare facilities, military bases, hotels and motels, and colleges and universities, both within and outside of Franchisee's Protected Territory (each, a "Non-Traditional Venue"). Any dispute as to whether a particular site is a Non-Traditional Venue will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisor or Franchisor's affiliates', licensees' or designees' operation of a LaundroLab Business at or within a Non-Traditional Venue within Franchisee's Protected Territory will not constitute a violation of Section 1.2 relating to location exclusivity. Franchisee disclaims any compensation or consideration for revenues earned by others from operating LaundroLab Businesses at or within Non-Traditional Venues located within Franchisee's Protected Territory.

1.7 **Delivery Accounts.**

(a) Franchisor, its affiliates and/or their designees may negotiate and enter into agreements or other commercial arrangements to provide laundry pickup and delivery services, and dry-cleaning pickup and delivery services, to any customer located inside or outside Franchisee's Protected Territory (each, a "Delivery Account") and to provide laundry services (and dry-cleaning services) within and outside Franchisee's Protected Territory to each such Delivery Account.

(b) Franchisor has the right, but no obligation, to request that Franchisee perform certain designated laundry services at the Franchised Business premises, as part of the Franchised Business, for one or more of the Delivery Accounts. If Franchisor requests that Franchisee perform designated laundry services at the Franchised Business premises, as part of the Franchised Business, for one or more of the Delivery Accounts, Franchisee must, beginning no later than sixty (60) days after Franchisor notifies Franchisee of its obligation to provide such laundry services to Delivery Accounts, comply with Franchisor's request and perform the designated laundry services at the Franchised Business premises in accordance with Franchisor's (and, if applicable, its affiliates') standards, policies, and specifications for Delivery Accounts issued from time to time, including, but not limited to, those (i) listed on Exhibit H to this Agreement, (ii) specified in the Operations Manual or in a separate Delivery Account Service Manual, and (iii) identified in a separate Service Level Agreement to be signed by Franchisee and Franchisor or its affiliate. If Franchisee fails or refuses to perform the designated laundry services at the Franchised Business premises as required, Franchisee will be in default under this Agreement. Besides any and all other remedies Franchisor reserves in this Agreement in case of a Franchisee default, and only if and after Franchisee and Franchisor (or its affiliate) have entered into a delivery partnership by executing a Service Level Agreement pursuant to this Section 1.7(b), Franchisor has the right to require Franchisee to pay Franchisor a monthly One Thousand Dollar ($1,000) non-compliance fee for each month (or part of a month) during which Franchisee fails or refuses to perform the designated laundry services at the Franchised Business premises for the Delivery Accounts.



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(c) Franchisee acknowledges and agrees that Franchisor, its affiliates and/or their designees (which may include other System franchisees) have the right to provide services, including laundry services, within Franchisee's Protected Territory for Delivery Accounts without providing Franchisee with any rights therein or any payment consideration (Section 1.7(b) above reserves a right to Franchisor but imposes no obligation on Franchisor). However, if Franchisee fails or refuses to perform designated laundry services at the Franchised Business premises for Delivery Accounts upon Franchisor's request under Section 1.7(b) above, Franchisor reserves the right, in addition to the right it reserves under Section 1.7(b) above upon such a failure or refusal, to require Franchisee to permit Franchisor's designee (which may include Franchisor and/or its affiliates) to utilize a designated portion of the Franchised Business premises (to include use of washers and dryers) during non-regular business hours to fulfill such services for the Delivery Accounts. If Franchisor is required to exercise this right, Franchisor, its affiliate, or their designee is entitled to receive a discount of at least forty percent (40%) off the price that Franchisee otherwise would charge customers for using each machine used by Franchisor, its affiliate, or their designee. Franchisee agrees to cooperate fully and to permit Franchisor, its affiliate, or their designee to access the designated portion of the Franchised Business premises and the designated equipment.

(d) Franchisor has the right, at its sole discretion, to suspend (for the timeframe Franchisor deems appropriate) or terminate permanently Franchisee's provision of laundry services for Delivery Accounts if Franchisee:

(i) fails to comply with Franchisor's (and, if applicable, its affiliates') standards, policies, and specifications for servicing Delivery Accounts and to cure that failure within thirty (30) days after receiving written notice of the failure. The suspension or termination will be effective as of the end of the thirty (30)-day cure period (if the default is not cured); or

(ii) fails to comply with any other provision of this Agreement and (only if a cure opportunity is provided under this Agreement) to cure that failure within the applicable cure period.

Any suspension or termination of Franchisee's provision of laundry services for Delivery Accounts will not otherwise affect Franchisee's rights under this Agreement.

1.8 **Membership Program**. Franchisor shall have the exclusive and unrestricted right, at its sole and absolute discretion, to create, implement, modify, or terminate at any time a membership program for the customers of Franchisee and other System franchisees (the "Membership Program"). Upon notice from Franchisor of the implementation or modification of the Membership Program, Franchisee shall immediately and unconditionally participate in and strictly comply with all aspects of the Membership Program as established by Franchisor, including, without limitation: (i) offering and selling memberships to customers at prices and terms set exclusively by Franchisor; (ii) implementing all membership benefits, features, and programs; (iii) adhering to any pricing, promotion, operational standards, and technological requirements set forth by Franchisor; and (iv) maintaining detailed records of all Membership Program activities as specified by Franchisor. Franchisee acknowledges and agrees that: (a) participation in the Membership Program is a material obligation under this Agreement; (b) any failure to strictly comply with the Membership Program requirements shall constitute a material breach of this Agreement; and (c) Franchisee shall have no right to opt out of or modify any aspect of the Membership Program. Franchisor shall have the sole and exclusive right to collect and manage all Membership Program fees and revenues. Franchisor shall withhold all applicable fees due under this Agreement, including but not limited to royalty fees and marketing fees, and shall remit the remaining



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balance of Membership Program fees and revenues to Franchisee on a monthly basis. Franchisor shall provide Franchisee with a monthly statement detailing all Membership Program fees collected, fees withheld, and amounts remitted to Franchisee. Nothing in this section shall limit Franchisor's right to offset any amounts owed by Franchisee to Franchisor against such remittances.

## 2. TERM AND RENEWAL

2.1 **Term**. The franchise term begins on the Effective Date and expires ten (10) years from the first day of the lease term for the premises of the Franchised Business. The franchise term is subject to earlier termination under Section 15. Franchisee agrees to operate the Franchised Business in compliance with this Agreement for the entire franchise term unless this Agreement is properly terminated under Section 15.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for additional five (5) year renewal terms, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days prior to expiration of the current term;

2.2.2 Franchisee has demonstrated, to Franchisor's satisfaction, that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location that has been approved in writing by the Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's premises, and any updates to required hardware and software, required to bring the Franchised Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in material breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all material provisions of such agreements during their respective terms;

2.2.5 Franchisee has satisfied all Franchisee's monetary obligations to Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may materially vary from the terms of this Agreement and may include, without limitation, increased royalty fees, increased marketing and advertising obligations, and a change to the size of the Protected Territory;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, as of the date of such renewal, if any;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, releasing all claims arising prior to the renewal date except for claims that cannot be released under applicable law, with the release not inconsistent with any applicable state statute regulating franchises; and



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2.2.9 Franchisee pays Franchisor a renewal fee of $5,000, payable no later than thirty (30) days prior to the expiration of the current term.

## 3. FEES

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee, Franchisee must pay Franchisor an initial franchise fee equal to $49,500. If Franchisee executed this Agreement in connection with a Development Agreement for which Franchisee has paid the Development Fee in accordance with Item 5 of the Franchise Disclosure Document, the initial franchise fee under this Agreement is deemed already paid and allocated from the Development Fee, and the Data Sheet for this Agreement shall reflect "$0 (Allocated from Development Fee)." The initial franchise fee is non-refundable and deemed fully earned upon payment in consideration for administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise to others.

3.2 **Royalty Fee**. Franchisee shall not owe any royalty fee until the earlier of: (i) six (6) months after the Franchised Business first opens for business to the public (the "Opening Date"), or (ii) twenty (20) months from the Effective Date (the "Waived Royalty Period"). Beginning in the month immediately after the Waived Royalty Period and continuing throughout the remainder of the Term, Franchisee must pay Franchisor a monthly royalty fee by ACH on or before the last business day before the 15th of each month (or, if the 15th falls on a weekend or federal holiday, on the next business day) equal to the greater of (i) $500 per month or (ii) the applicable Tiered Royalty Rate (as defined in Section 3.2(a) below) of Franchisee's Gross Revenues during the immediately preceding month ("Royalty").

(a) Tiered Royalty Rate

(i) The "Tiered Royalty Rate" applicable to this Agreement shall be determined by the total number of LaundroLab franchised businesses that are both (A) open for business to the public and (B) Under Control (as defined in Section 3.2(a)(ii) below) by Franchisee and/or Franchisee's Affiliates (as defined in Section 3.2(a)(iii) below) as of the first day of the applicable month (the "Portfolio Count"), according to the following schedule:

| **Portfolio Count** | **Tiered Royalty Rate** |
|---|---|
| 1 unit Open and Under Control | 6.5% of Gross Revenues |
| 2 units Open and Under Control | 6.0% of Gross Revenues |
| 3–4 units Open and Under Control | 5.5% of Gross Revenues |
| 5 or more units Open and Under Control | 5.0% of Gross Revenues |

The Tiered Royalty Rate shall apply to **all** of Franchisee's and Franchisee's Affiliates' LaundroLab franchised businesses that are Open and Under Control, not solely to the incremental unit(s) that triggered a tier change. A tier change shall take effect on the first Tuesday royalty payment date following the date on which the additional



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franchised business first opens for business to the public (the "Opening Date" of such additional unit), regardless of when any applicable New Store Opening Fee, royalty waiver period, or other fee obligation commences or expires with respect to such additional unit.

(ii) For purposes of calculating the Portfolio Count, a LaundroLab franchised business shall be deemed "Under Control" by Franchisee or Franchisee's Affiliates if Franchisee or any Franchisee Affiliate: (A) holds a direct or indirect ownership interest of fifty percent (50%) or more in the franchise entity operating such franchised business; (B) has the power, whether through ownership, contract, voting rights, or otherwise, to direct or cause the direction of the management and policies of the franchise entity operating such franchised business; or (C) is the franchisee of record under the applicable franchise agreement for such franchised business, regardless of any intervening ownership structure. For the avoidance of doubt (A) a franchised business that has been **sold, transferred, or assigned** to a party that is not a Franchisee Affiliate, with all required Franchisor consents obtained, shall no longer be counted in the Portfolio Count as of the effective date of such transfer, and the Portfolio Count (and corresponding Tiered Royalty Rate) shall be recalculated accordingly on the first Tuesday royalty payment date following such transfer; (B) a franchised business in which Franchisee or a Franchisee Affiliate has undergone a partial ownership change shall remain "Under Control" for Portfolio Count purposes so long as Franchisee or any Franchisee Affiliate retains an ownership interest of fifty percent (50%) or more, or otherwise retains the power to direct the management and policies of such franchised business; and (C) a franchised business that is temporarily closed (e.g., for remodeling, casualty, or other interruption) but has previously opened for business to the public and has not been terminated or transferred shall remain counted in the Portfolio Count during such closure period.

(iii) For purposes of this Section 3.2(a), "Franchisee's Affiliates" means any person or entity that, directly or indirectly: (A) controls Franchisee; (B) is controlled by Franchisee; (C) is under common control with Franchisee; or (D) is owned fifty percent (50%) or more by any owner, principal, or guarantor of Franchisee. "Control" for this purpose means the direct or indirect power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

(iv) Franchisee shall include in each monthly Gross Revenues Report a certification of the then-current Portfolio Count for purposes of calculating the applicable Tiered Royalty Rate. Franchisee shall notify Franchisor in writing within five (5) business days of any event that causes a change in the Portfolio Count, including without limitation the opening of a new franchised business, the closing of a franchised business, or any sale, transfer, assignment, or partial ownership change affecting any franchised business in the Portfolio Count. Franchisor reserves the right to audit and verify the Portfolio Count at any time. Any underpayment of Royalties resulting from an incorrect or understated Portfolio Count shall be subject to the interest



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and late fee provisions of this Agreement, and a persistent or intentional misrepresentation of the Portfolio Count shall constitute a material default under this Agreement.

(b) "Gross Revenues" includes all revenues Franchisee generates from all business conducted at or from Franchisee's Franchised Business during the preceding reporting period, including amounts received from laundry services (including providing services to Delivery Accounts), products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. Gross Revenues, however, does not include the amount of any applicable taxes (including but not limited to sales tax, value added tax, and goods and services tax) imposed by any federal, state, municipal or other governmental authority, provided that such taxes are stated separately when the customer is charged and are remitted to the respective governmental authority, and Franchisee pays such amounts as and when due to the appropriate taxing authority. Also, excluded from Gross Revenues are the amounts derived from the operation of approved arcade games, ATM machines, and approved vending machines within the premises and amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith pursuant to Franchisor's standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee. Revenue from gift/loyalty/stored-value/affinity "cards" and similar items we approve for offer and sale at or in connection with LaundroLab Businesses, whether maintained on an App, on another electronic medium, or in another form (together, "Loyalty Program Media"), is included in Gross Revenues when the Loyalty Program Media are used to pay for services and products (although Franchisor has the right to collect its fees due on that revenue when the Loyalty Program Media are acquired by the customer). The Franchised Business has no right to issue or redeem any coupons or Loyalty Program Media unless Franchisor firsts approve in writing their form and content and Franchisee's proposed issuing and honoring/redemption procedures. Franchisor reserves the right to grant or withhold its approval at its sole discretion.

3.3 **Gross Revenues Reports.** Franchisee must send Franchisor a signed Gross Revenues report (each, a "Gross Revenues Report") on or before the last business day before the 15th of each month (or, if the 15th falls on a weekend or federal holiday, on the next business day) stating the Gross Revenues earned by the Franchised Business during the immediately preceding calendar month. The Gross Revenues Reports must set forth Franchisee's Gross Revenues generated during the previous calendar month, Franchisee's current Portfolio Count and applicable Tiered Royalty Rate, Franchisee's calculation of the Royalty, Brand Fund Contribution (as defined in Section 12.5), and any other information Franchisor may require. Franchisor may change the due date, form and content of the Gross Revenues Reports from time to time.

3.4 **Manner of Payment.** The Royalty and Brand Fund Contributions will be made on a monthly basis by ACH on or before the last business day before the 15th of each month (or, if the 15th falls on a weekend or federal holiday, on the next business day) following submission of the Gross Revenues Report for the preceding calendar month, in the manner Franchisor specifies. Franchisor may institute an electronic funds transfer program (the "EFT Program") under which Franchisor automatically deducts the Royalty and Brand Fund Contributions owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee's bank account. The Local Marketing Requirement defined in Section 12.7 of this Agreement must be spent in the Protected Territory and is not collected via electronic funds transfer. Franchisee must deposit all



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revenues from operation of Franchisee's Franchised Business into one bank account within three (3) days of receipt, including cash, checks, and credit card receipts. Before opening Franchisee's Franchised Business, Franchisee must provide Franchisor with Franchisee's bank name, address and account number, a voided check from the bank account, and sign and give to Franchisor and Franchisee's bank, all documents, including Exhibit F to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee will notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers within one (1) business day and will sign and deliver to Franchisor new documents permitting Franchisor to debit Franchisee's bank account within three (3) business days. Franchisor will make commercially reasonable efforts to inform Franchisee of the amount to be taken from Franchisee's account at least one (1) business day beforehand, provided that failure to provide such notice shall not limit Franchisor's right to withdraw amounts properly due under this Agreement. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. If any Gross Revenues Report has not been received within the time period required by this Agreement, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Revenues Report provided by Franchisee to Franchisor, provided, that if a Gross Revenues Report for the subject month is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor shall be entitled to withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.5 **Insufficient Funds.** If the funds in Franchisee's bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, in addition to the overdue amount, Franchisor has the right to immediately debit from Franchisee's bank account interest on such amount from the date it was due until all past due amounts are paid, at a rate of the lesser of eighteen percent (18%) per annum or the maximum rate permitted by law, plus an insufficient funds fee of $100 per occurrence, per payment period overdue. Should any electronic funds transfer not be honored by Franchisee's bank for any reason, Franchisee agrees that Franchisee will be responsible for that payment and any service charge. If any payments are not received when due, Franchisee will be charged interest at a rate of the lesser of eighteen percent (18%) per annum or the maximum rate permitted by law.

3.6 **Failure to Pay Fees in a Timely Manner.** Any late payment or underpayment of the Royalty, Brand Fund Contributions, or Cooperative contributions (as described in Section 12.6 below), or any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, will bear interest from the due date until paid at the lesser of eighteen percent (18%) per annum or the highest lawful interest rate which may be charged for commercial transactions in the state in which Franchisee's Franchised Business is located and will be subject to a late fee of $100 per occurrence, per payment period overdue. Nothing contained in this Section will prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.7 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.8 **Technology Investment Contribution**. Franchisor reserves the right to charge Franchisee, beginning on the day the Franchised Business commences operation, an on-going



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technology investment contribution which may be used to pay for, among other technology related purposes, certain aspects of Franchisee's computer system and/or software ("Technology Investment Contribution"). Franchisor reserves the right to designate and/or change the amount, scope, or manner of payment of the Technology Investment Contribution, including the party to whom payment is made, at any time upon providing to Franchisee at least thirty (30) days' prior written notice. The Technology Investment Contribution rate in effect as of the Effective Date is identified on the Data Sheet.

3.9 **POS System Fee**. The Point of Sales ("POS") system includes the equipment that tracks the sales of the Franchised Business. Franchisee is required to lease the POS System, including our required software (which is subject to modification), from our designated vendor. The current monthly fee is included in the Technology Investment Contribution and is subject to change effective on notice to Franchisee ("POS System Fee").

3.10 **Operations Manual Replacement Fee**. If Franchisee's copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, Franchisee will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy.

3.11 **Testing or Supplier Approval Fee**. Franchisee must reimburse Franchisor for Franchisor's reasonable costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, or pay Franchisor a fee of $500, whichever is greater, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier.

3.12 **Mystery Shopper Fee.** Franchisor has the right to implement a "Mystery Shopper Program" and charge Franchisee a fee to participate in the program based upon the portion of the costs allocated to the Franchised Business.

3.13 **Non-Preferred Vendor Fee**. Franchisor maintains a list of preferred and approved general contractors, architects, and engineers ("Preferred Vendors") whose qualifications, insurance, licensing, and workmanship standards have been pre-evaluated and approved by Franchisor. If Franchisee desires to engage a general contractor, architect, or engineer that is not on Franchisor's then-current list of Preferred Vendors (each, a "Non-Preferred Vendor"), Franchisee must submit a written request for approval of the Non-Preferred Vendor to Franchisor prior to engaging such vendor's services. Franchisor may, in its sole discretion, approve or deny any such request. If Franchisor approves Franchisee's use of a Non-Preferred Vendor, Franchisee shall pay Franchisor a non-preferred vendor fee of Two Thousand Five Hundred Dollars ($2,500) per Non-Preferred Vendor engagement (the "Non-Preferred Vendor Fee"), due and payable prior to the commencement of such Non-Preferred Vendor's work. The Non-Preferred Vendor Fee compensates Franchisor for the additional administrative time and resources required to review, evaluate, monitor, and coordinate with vendors outside the Preferred Vendor program. Payment of the Non-Preferred Vendor Fee does not guarantee Franchisor's approval of the Non-Preferred Vendor's plans, drawings, or work product, all of which remain subject to Franchisor's approval in accordance with this Agreement. Franchisor reserves the right to modify the amount of the Non-Preferred Vendor Fee upon thirty (30) days' prior written notice to Franchisee.



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## 4. PROPRIETARY MARKS

### 4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee must use only the Proprietary Marks that Franchisor designates and must use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee must use the Proprietary Marks only for the operation of the Franchised Business at the Approved Location and for advertising the Franchised Business.

4.1.3 Franchisee will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "R," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products that Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "LaundroLab" or another business name approved by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks. This includes, but is not limited to, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements. Additionally, Franchisee must display this identification at such conspicuous locations as Franchisor may reasonably designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of Franchisor's rights.

4.1.6 Franchisee will not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee will execute all documents and perform all acts Franchisor reasonably deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks and Proprietary Software (as defined in Section 7.8.5 below), if any, Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks, the Proprietary Software, and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not



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the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor has the right, though not the obligation, to defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor will bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee will bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee will execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee will not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor has the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee must discontinue using all Proprietary Marks that Franchisor has notified Franchisee, in writing, have been modified or discontinued within thirty (30) days after receiving written notice and, at Franchisee's sole cost and expense, must promptly begin using such additional, modified or substituted Proprietary Marks.



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## 5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information ("Confidential Information"), including operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Processes, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Franchised Business. Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information. Franchisee may divulge Confidential Information only to those of Franchisee's employees as must have access to it in order to operate the Franchised Business. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers (subsections (i)-(iv) collectively "Customer Lists"), (v) sources of suppliers and purchasing arrangements with suppliers, and (vi) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media, also constitute the trade secrets and Confidential Information of Franchisor. Franchisee may divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. All information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential, either in writing or verbally, will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges and agrees that in the event of any actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Accordingly, Franchisee agrees that Franchisor shall be entitled to immediate injunctive relief and/or specific performance, without the necessity of posting a bond or other security, in addition to any other remedies available at law or in equity.

Notwithstanding the foregoing, nothing in this Agreement will prohibit Franchisee or any of Franchisee's principals from (i) responding to a lawful subpoena, court order, or other legal process; (ii) communicating with, or disclosing information to, the Federal Trade Commission, any state franchise regulator, the U.S. Securities and Exchange Commission, or any other federal, state, or local government agency, regulatory authority, or law-enforcement body in connection with a complaint, investigation, or proceeding; (iii) participating as a witness in any legal or administrative proceeding; or (iv) consulting with legal counsel. The federal Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)) immunity is incorporated by reference. The provisions of this paragraph are intended to comply with California Code of Civil Procedure Section 1001 and SEC Rule 21F-17, and will be construed accordingly.

5.2 **Employees**. Franchisee must require all of Franchisee's employees, independent contractors, and any other individuals directly involved in the operation of the Franchised Business to execute covenants promising to maintain the confidentiality of information they receive in connection with their employment or involvement with the Franchised Business. Such covenants will be in a form



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satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement, and must be obtained before any such individual begins work or involvement with the Franchised Business. Franchisee shall maintain copies of all such executed agreements and provide them to Franchisor upon request. These covenants must, without limitation, specifically identify Franchisor as a third-party beneficiary of such covenants with independent rights to enforce those covenants.

5.3 **New Concepts.** If Franchisee, Franchisee's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Processes, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information, without receiving compensation in return. Any such concept, process or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

## 6. FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Franchisor will loan Franchisee one (1) copy of Franchisor's proprietary and confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating a LaundroLab Business (collectively, the "Operations Manual"), in hardcopy and/or electronic format. Franchisee will operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual must remain confidential and Franchisor's exclusive property. Franchisee will not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee will ensure that Franchisee's copy of the Operations Manual is current and up to date and keep a copy of the Operations Manual on the Franchised Business premises. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual via electronic means, including over Franchisor's website or any intranet or extranet system established in connection with the System.

6.2 **Franchised Business Layout and Equipment Selection**. Franchisor will provide Franchisee with specifications and requirements for the equipment required for the opening of Franchisee's Franchised Business. Franchisor will provide Franchisee with plans and specifications for



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the layout and design of a prototypical LaundroLab Business. Franchisee shall employ a local architect to use those plans in the construction of the Franchised Business.

6.3 **Start-up and Ongoing Inventory and Supplies**. Franchisor will provide specifications for and designate sources of suppliers from which Franchisee agrees to purchase inventory, goods and supplies necessary for the start-up and ongoing operations of Franchisee's Franchised Business.

6.4 **Pre-opening Advertising**. Franchisor has the right, but not the obligation, to collect the New Store Opening Advertising Requirement, as described in Section 12.4 below, prior to opening, and implement a new store opening marketing and promotions program on Franchisee's behalf during the period beginning sixty days (60) prior to opening the Franchised Business and ninety (90) days after opening the Franchised Business.

6.5 **Ongoing Assistance**. Franchisor will provide Franchisee continuing consultation and advice as Franchisor deems necessary and appropriate regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, or if Franchisor mandates additional training, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including Franchisor's travel and lodging expenses.

6.6 **Additional Training**. Franchisor shall, at its discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the System, in order to provide additional assistance to Franchisees. Franchisor may require Franchisee and Franchisee's employees to attend such training. Franchisee shall pay Franchisor's then-current fee for providing such training, which fee shall be communicated to Franchisee in writing at least ten (10) days prior to the scheduled training. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility.

6.7 **Annual Conference**. Franchisor shall, at its discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding LaundroLab Business operations and programs, and recognizing franchisees for their achievements. Franchisor requires Franchisee to attend the Annual Conference, for a duration designated by Franchisor, and to pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Annual Conference, including costs related to productions, programs, and materials. If Franchisee fails to attend the Annual Conference without Franchisor's prior written consent (which consent shall not be unreasonably withheld for documented emergencies or circumstances beyond Franchisee's reasonable control), Franchisee must pay Franchisor a liquidated damages fee of $1,000 within ten (10) days of written notice from Franchisor. The parties agree that this amount represents a reasonable estimate of Franchisor's damages from non-attendance, including but not limited to administrative costs, lost planning efficiency, and diminished System cohesion, and is not a penalty.



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6.8 **Site Selection**. Franchisor may identify markets for future development and potential sites for Franchisee's Franchised Business; provided, however, Franchisee will remain responsible for selecting a location, subject to Franchisor's approval, and negotiating a lease, as more fully discussed in Section 7.1 below. Franchisor's assistance with the site selection process in no way constitutes a representation or guarantee of success in the proposed location.

6.9 **Toll Free Telephone Number**. Franchisor has the right, but not the obligation, to establish and maintain a toll-free telephone number for the purpose of dealing with prospective customers, customer service, customer follow-up and satisfaction surveys. If Franchisor establishes a toll-free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing, and Franchisee may be required to pay a fee related to the establishment, operation and maintenance of the toll-free telephone number.

## 7. FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Approval**. Franchisee must secure real estate, by purchase or lease, for the operation of the Franchised Business within 120 days of signing this Agreement; however, Franchisor will not unreasonably withhold consent to an extension of this time period. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site selection obligations. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Franchisor may condition Franchisor's approval of any proposed Lease on, among other things, Franchisee and Franchisee's landlord's execution of a Collateral Assignment of Lease (attached as Exhibit C to this Agreement) which (i) grants Franchisor the right, but not the obligation, to assume the Lease upon (a) Franchisee's default on the Lease, or (b) termination, transfer or expiration of this Agreement; and (ii) authorizes and requires Franchisee's landlord to disclose to Franchisor, upon Franchisor's request, sales and other information Franchisee has furnished to the landlord. Franchisee must deliver an executed copy of the Lease and the Collateral Assignment of Lease to Franchisor within fifteen (15) days of execution of the Lease. Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Franchised Business premises.

7.1.1 *Relocation*. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee must notify Franchisor and request the right to relocate Franchisee's Franchised Business. Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisee must reimburse Franchisor for all actual costs and expenses incurred in connection with approving and implementing the relocation of Franchisee's Franchised Business, including but not limited to inspection costs, travel expenses, and administrative fees.



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7.1.2 *Franchised Business Appearance and Construction*. The Franchised Business will conform to Franchisor's standards and specifications for the appearance, layout, and design of a LaundroLab Business. Franchisor shall provide Franchisee with a prototype layout for Franchisee's architect to use in the construction and buildout of its Franchised Business. Franchisee must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law. All construction and floor plans, and amendments thereto, must be approved by Franchisor prior to implementation. Franchisor reserves the right to approve of all of Franchisee's vendors for buildout and construction of the Franchised Business prior to commencement of their services. Each vendor must be properly licensed and insured to do business in the state where the Franchised Business is located. Franchisor maintains a list of Preferred Vendors, which includes pre-approved general contractors, architects, and engineers. If Franchisee desires to engage a general contractor, architect, or engineer that is not included on Franchisor's then-current list of Preferred Vendors, Franchisee must obtain Franchisor's prior written approval and pay the Non-Preferred Vendor Fee described in Section 3.13 of this Agreement. Franchisor reserves the right to inspect the Franchised Business at any time during business hours, with or without advance notice to Franchisee. Franchisor may conduct announced inspections upon twenty-four (24) hours' notice or unannounced inspections without prior notice. Franchisee shall cooperate fully with all inspections and provide Franchisor and its representatives with full access to the Franchised Business premises, records, and personnel.

7.1.3 *New Franchised Business Opening Investment Services*. Franchisee shall pay to Franchisor $18,000 for certain new Franchised Business opening investment services. In exchange for this amount, Franchisor's approved vendor shall assist Franchisee in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits, and to assist Franchisee through construction.

7.1.4 *Opening Approval*. Franchisor shall have the right to inspect the Franchised Business prior to the opening of the Franchised Business to determine whether all construction has been substantially completed, and that such construction conforms to Franchisor's standards and specifications, including, but not limited to, materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to first opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business for business. Unless Franchisor waives in writing the foregoing requirement, Franchisee shall not open the Franchised Business without the on-site presence of a representative of Franchisor, provided that Franchisor will not unreasonably delay the opening of the Franchised Business. In the event there is a change in the opening date of the Franchised Business, which is not caused by Franchisor, Franchisee shall reimburse Franchisor for Franchisor's actual out-of-pocket costs and expenses incurred by Franchisor due to such delay, including travel costs and expenses for Franchisor's representatives.

7.2 **Training**. Franchisee (or Franchisee's principal, as applicable) and its Key Manager, as defined in Section 7.6.5, (if applicable) must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1.

7.3 **Opening Requirements**. Franchisee must open the Franchised Business for business no later than twelve (12) months after this Agreement is signed. For purposes of this Agreement, Franchisee will be deemed to have opened the business when Franchisee first opens the Franchised Business to serve customers.



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7.4 **Purchasing Requirements.**

7.4.1 *Compliance with Standards*. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee must adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same, including, without limitation, standards and specifications for provision of laundry services, the provision or sale of any related goods or services, required purchases from designated suppliers. Franchisee must use the detergents, signs, furnishings, supplies, fixtures, equipment and inventory that comply with Franchisor's then-current standards and specifications, which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes.

7.4.2 *Designated and Approved Suppliers*. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase: (a) detergents and other laundry supplies; (b) vending machine consumables; (c) Franchised Business equipment (including washers and dryers); and (d) small wares, other inventory, signs, furnishings, supplies, fixtures, computer hardware and software, and other equipment from Franchisor's designated or approved suppliers (which may include third party suppliers, Franchisor and/or one or more of Franchisor's affiliates). Franchisor may communicate its list of designated and approved suppliers in the Operations Manual or through other written specifications, which may be communicated electronically. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or one or more third parties may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges that Franchisor and/or Franchisor's affiliates have the right to derive material consideration on account of Franchisee purchases or leases. Without limiting the foregoing, Franchisor and/or its affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee. Franchisor reserves the right to designate itself as a supplier or the sole supplier of any item, equipment, product and/or service, including, without limitation, the products listed above and inventory sold at the Franchised Business.

7.4.3 *Supplier Approval*. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor with a sample of the item Franchisee wishes to purchase for testing purposes. Franchisee must reimburse Franchisor for Franchisor's actual costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, or pay Franchisor a fee of $500, whichever is greater, regardless of whether Franchisor subsequently approves the item or supplier. Such payment shall be due prior to Franchisor commencing any testing or evaluation. Franchisor's actual costs may include, without limitation, laboratory testing fees, consultant fees, travel expenses, and internal administrative costs calculated at Franchisor's then-current hourly rate. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. If Franchisor approves the product or supplier for use with the entire franchise System, Franchisor shall refund the application fee to Franchisee within thirty (30) days of such decision. Franchisor has the



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right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Franchisor shall make a good faith effort to respond to Franchisee's request for a new supplier within thirty (30) days of receiving all of the necessary materials. If Franchisor does not respond within the thirty (30) day timeframe, the supplier is deemed disapproved. Nothing herein will require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier and/or offering and selling such products. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Franchised Business and not for any competitive business purpose.

7.4.4 *System Suppliers*. Franchisor may establish business relationships, from time to time, with suppliers who may produce, among other things, laundry supplies (e.g. detergents), certain food and beverage items, furnishings, supplies, fixtures, equipment and/or inventory according to Franchisor's proprietary standards and specifications or private label goods that Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such products are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

7.5 **Authorized Products and Services**. Franchisee will offer for sale all products and services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any other products for sale, rent, or lease without having received Franchisor's prior written authorization. Franchisee will, at all times, maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer and sell all private label products that Franchisor may now or in the future designate for sale by System franchisees. Franchisee must discontinue offering any product or service Franchisor disapproves.

7.6 **Operations**.

7.6.1 Franchisee must operate Franchisee's Franchised Business for all hours, days, and months that Franchisor specifies in the Operations Manual ("Required Operating Hours"). Franchisee's failure to (i) open the Franchised Business at the specified opening time, (ii) remain open during Required Operating Hours, or (iii) operate during required days or months shall constitute a material breach of this Agreement. After the second verified instance of non-compliance with Required Operating Hours within any rolling twelve (12) month period, Franchisee shall pay Franchisor a non-compliance fee of One Thousand Dollars ($1,000) for each subsequent violation. Such fee shall be due within five (5) business days of written notice from Franchisor and shall be in addition to, and not in lieu of, any other remedies available to Franchisor under this Agreement or applicable law. Franchisor may verify compliance through physical inspection, mystery shoppers, electronic monitoring systems, or other reasonable means. Franchisee acknowledges that failure to maintain Required Operating Hours damages the System and other franchisees by diminishing customer goodwill and brand reputation.



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7.6.2 Franchisee must maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws or regulations, and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.2.1 In order to ensure that all services provided by Franchisee meet Franchisor's high standards, and in order to protect Franchisor's goodwill, Proprietary Marks, Proprietary Processes and other proprietary material, all services will be provided only by properly trained personnel strictly in accordance with Franchisor's techniques and processes, and the Operations Manual, and will be sold at retail to customers or wholesale only from the Approved Location in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such techniques and processes are integral to the System and failure to strictly adhere to such techniques and processes will be detrimental to the System and Proprietary Marks and will constitute a default of this Agreement.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the Operations Manual to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of Franchisee's Franchised Business during working hours must dress in conformance with Franchisor's standards, must present a neat and clean appearance in conformance with Franchisor's reasonable standards and must render competent, efficient service to the customers of the Franchised Business.

7.6.4 Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee must immediately train and instruct Franchisee's employees in accordance with the Operations Manual and will continue such training and instruction as long as each employee is employed. The Operations Manual will set forth the practices, procedures and methods to be used in Franchisee's Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's System.

7.6.5 Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must personally supervise the day-to-day operations of the Franchised Business. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. If Franchisee is a corporation, partnership or other entity, Franchisee may, however, delegate the day-to-day operation of Franchisee's Franchised Business to a key manager who has Franchised Business experience ("Key Manager"). Franchisor must approve Franchisee's Key Manager in writing prior to hiring. Upon approval, the Key Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Franchisee's Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Key Manager of the Franchised Business. In the event that a Key Manager resigns or is otherwise terminated from Franchisee's Franchised Business, Franchisee will hire a replacement approved in writing by Franchisor who meets Franchisor's then-current standards for Key Managers within thirty (30) days after termination or resignation of the prior Key Manager. Franchisee must train the new Key Manager within thirty (30) days of hiring. Franchisor reserves the right, but not the obligation, to



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provide direct training to the new Key Manager. Any Key Manager(s) must devote full-time and best efforts to the day-to-day operation and management of the Franchised Business and cannot engage in any other business activity without Franchisor's prior written consent.

7.6.6 Franchisee must maintain sufficient working capital at all times to enable Franchisee to fully carry out and perform all of Franchisee's duties, obligations and responsibilities under this Agreement and to operate the Franchised Business in a businesslike, proper and efficient manner.

7.6.7 Franchisee must maintain sufficient levels of inventory at all times, as determined by Franchisor, to adequately meet consumer demand.

7.6.8 Franchisee must provide all laundry services and all other services Franchisee is authorized to provide under this Agreement in accordance with Franchisor's standards and specifications.

7.7 **Attendance at Marketing and Business Coaching Calls.** Franchisee is required to attend bi-weekly Marketing Calls and Franchise Business Coaching Calls, which are conducted one-on-one with Franchisor's staff. These calls are designed to assist Franchisee with their business operations, introduce new marketing strategies, and provide general business coaching. Franchisee acknowledges the importance of these calls in aligning with Franchisor's standards and enhancing the success of the Franchised Business. Failure by Franchisee to attend more than two (2) scheduled calls within any ninety (90) day period will result in a non-compliance fee of One Thousand Dollars ($1,000) for each subsequent missed call beyond the second missed call. Franchisee agrees that these fees are reasonable and necessary to compensate Franchisor for the additional efforts required to ensure Franchisee's compliance with the System's standards.

7.8 **Site Evaluation**. Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business, confer with Franchisee and Franchisee's employees and customers, check inventories and methods, and perform any other inspection that Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.9 **Computer Software and Hardware**.

7.9.1 *Computer System*. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee.

7.9.2 *Required Software*. Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs Franchisee must use in connection with any component of the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System. Franchisee shall be responsible for the payment of all fees associated with the Required Software, Computer System and POS System.



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7.9.3 *Compliance with Requirements*. At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee agrees to pay all fees associated with the use of Required Software, which may be payable to Franchisor or Franchisor's approved or designated suppliers. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software, including any security software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees its compliance with this Section 7.8.3 shall be at Franchisee's sole cost and expense. Franchisee may not use any computer systems or components, point-of-sale systems, or computer software that Franchisor has not approved or has disapproved.

7.9.4 *Franchisor's Access*. Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS System and Computer System, provided that Franchisor shall maintain the confidentiality of any personally identifiable customer information in accordance with applicable data privacy laws and regulations. Franchisee must, at Franchisee's sole cost and expense, purchase and install Franchisor's then-current approved security system, including all required security cameras, at the Franchised Business premises in accordance with Franchisor's standards and specifications as set forth in the Operations Manual or otherwise communicated in writing. Franchisor shall have unlimited administrative access to all security camera footage recorded at the Franchised Business at any time and without notice, whether accessed remotely (including via any cloud-based or network-connected platform) or in person. There are no contractual limitations on Franchisor's right to access, view, download, or retain security camera footage. Franchisee shall deliver to Franchisor all access codes, login credentials, static internet protocol ("IP") addresses, and any other information or materials necessary to facilitate Franchisor's access to the data described in this Section 7.8, including access to the security system and camera footage, within thirty (30) days of opening the Franchised Business. Franchisee's obligation to deliver all such access codes, credentials, and materials is unconditional and shall not be excused or reduced by the fact that Franchisor may already have independent access to any system, footage, or data. Franchisor has the right to possess and exercise administrative access to Franchisee's POS System, Computer System, and security system using the information Franchisee is required to provide.

7.9.5 *Proprietary Software*. Franchisor may now or in the future create or designate a proprietary software program, and Franchisor will retain a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "Proprietary Software"). Proprietary Software may conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product, and the information collected therefrom will be deemed Franchisor's confidential information. Franchisee agrees to sign Franchisor's then-current form of software license agreement for any Proprietary Software Franchisor may now or in the future create,



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pay any license fees associated with use of Proprietary Software, and upgrade the Proprietary Software as Franchisor designates.

7.9.6 *Computer Network*. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.9.7 *Wireless Internet*. At Franchisee's sole cost and expense, Franchisee is required to purchase and maintain at the Approved Location Internet Wi-Fi with sufficient bandwidth to support the operation of the Franchised Business and the general access needs of the Franchised Business customers. Franchisor may require that Franchisee purchase Internet Wi-Fi from one of its approved suppliers. Franchisee agrees to abide by all applicable data privacy laws, rules, and regulations and to implement reasonable measures to ensure the security of customer data.

7.10 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that could potentially damage the reputation or value of Franchisor's Proprietary Marks.

7.11 **Best Efforts**. Franchisee must use its best efforts to promote and increase the demand for provided services. All of Franchisee's advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.12 **Telephone.** Franchisee must obtain a new telephone number and telephone listing, solely at Franchisee's expense, to be listed exclusively under the "LaundroLab" name (or another name approved by Franchisor in writing) and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee must terminate Franchisee's use of such telephone number and listing and, to the extent permitted by applicable law and the telephone service provider, assign the same to Franchisor or Franchisor's designee. Franchisee agrees to execute all documents and take all actions reasonably necessary to effectuate such assignment. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.13 **Payment of Debts**. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit that Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee irrevocably agrees to indemnify, defend, and hold harmless



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Franchisor, its affiliates, and their respective officers, directors, members, managers, employees, and agents (referenced as "Indemnitees" and as more fully defined in Section 13.2) from and against any and all claims, demands, losses, liabilities, damages, costs, and expenses (including reasonable attorneys' fees and court costs) in the event that any Indemnitee is held responsible for debts owed by Franchisee, including but not limited to situations where Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. This indemnification obligation shall survive the expiration or termination of this Agreement. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify, defend, and hold harmless the Indemnitees from and against any and all claims, demands, losses, liabilities, damages, costs, and expenses (including reasonable attorneys' fees and court costs) in the event that any Indemnitee is held responsible for these taxes. This indemnification obligation shall survive the expiration or termination of this Agreement.

7.14 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Franchised Business). Franchisee will have sole authority, responsibility, and control over the day-to-day operations of the Franchised Business and all of Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.15 **Health and Safety Standards.** Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within two (2) days of its receipt thereof, a copy of all health inspection reports and any violation or citation that indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Franchisee's failure to cure such violations within the time permitted by the party who issued such violation shall constitute grounds for immediate termination, upon notice, pursuant to Section 15.2.8 of this Agreement.

7.16 **Trade Secrets and Confidential Information**. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.17 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer and sell products that will distinguish the Franchised Business from other businesses that offer similar products and services valued at different prices and with less attention paid to quality and customer service. Franchisee agrees to offer products and services and to operate the Franchised Business in such a manner that emulates and enhances the image Franchisor intends for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the products sold and services rendered by System



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franchisees. Franchisee agrees to strictly comply with the standards, specifications, and requirements as set forth by the Franchisor, both currently and as may be updated from time to time, in order to uniformly convey the distinctive image of a LaundroLab Business. Franchisee will, in the operation of the Franchised Business, use only displays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor. Franchisee has no right to place or operate any arcade games, dispensing devices, vending machines, or similar equipment at the Franchised Business premises without Franchisor's prior written approval, which Franchisor has the right to grant or withhold in its sole and absolute discretion. Franchisee is responsible for ensuring (and confirming to Franchisor) that any device, game, or similar equipment is legal in the jurisdiction in which the Franchised Business operates.

7.18 **Pending Actions.** Franchisee must notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.19 **Standard Maintenance and System Conformity**. Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise redo the Franchised Business, the signs, the furnishings, fixtures, décor, equipment and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. At any time after the 5th year of the term of this Agreement, Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchisees of the type Franchisor and Franchisor's franchisees are opening at the time of such direction. Notwithstanding the above, Franchisee shall not be required to replace any washing machines or dryers in the Franchised Business unless any washing machine or dryer is broken, irreparable, or fails to meet Franchisor's then-current operational or safety standards as set forth in the Operations Manual.

## 8. TRAINING

8.1 **Initial Training Program**. Franchisee must attend, and complete to Franchisor's satisfaction, Franchisor's initial tuition-free training program. If Franchisee is a partnership, corporation or limited liability company, at least one (1) of the trainees must be Franchisee's general partner, principal shareholder, or manager as appropriate. If Franchisee has a Key Manager, as described in Section 7.6.5, then he or she will attend and complete the required training. The required training lasts up to two (2) days and will consist of classroom and practical experience, including training in offering customer service, maintaining financial controls and general bookkeeping procedures, maintaining an adequate supply of inventory, operational techniques, human resources, instruction on using any required hardware or software, and maintenance procedures. All training will be held at Franchisor's affiliate-owned business, located in Charlotte, North Carolina, or a different site designated by Franchisor as well as online through Franchisor's self-paced learning portal. All trainees whom Franchisee designates must attend the training course at the same time. All training related expenses, including Franchisee and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisee and Franchisee's employee shall attend and complete Franchisor's initial training class to Franchisor's satisfaction at least thirty (30) days prior to the opening of Franchisee's Franchised Business. Should Franchisee or Franchisee's employees fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may



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send a replacement (the "Replacement Personnel") to the next available initial training program. Franchisor may charge for such Replacement Personnel attending an initial training program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement will constitute default of this Agreement and Franchisor may terminate the Agreement.

8.2 **Additional On-Site Training**. As part of the initial training program, Franchisor will provide Franchisee with two (2) days of on-site assistance at Franchisee's location immediately prior to and after the opening of its Franchised Business at no additional charge ("Additional On-Site Training"). Additional On-Site Training will include review and assessment of operations, staff training/performance, inventory management and final plans for opening. If additional training is required beyond the Additional On-Site Training, Franchisee will be advised of the adjustments needed to successfully complete the initial training program and be approved for opening.

8.3 **Training of Additional Personnel.** Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel. The Franchisee will be required to pay Franchisor's then-current fee for additional training. All training related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor will, at all times, remain Franchisor's property, and Franchisee agrees not to challenge, dispute, or contest Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.4 **Additional or Refresher Training Programs.** To assist Franchisee in the operation of Franchisee's Franchised Business, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's Key Manager and/or Franchisee's employees. Franchisor may require attendance by Franchisee, Franchisee's Key Manager, and/or other designated personnel at these programs and/or courses up to five (5) days per year, provided that Franchisor provides at least thirty (30) days advance written notice of any mandatory training. Franchisee is responsible for the expenses of Franchisee, Franchisee's Key Manager, and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during such training.

## 9. INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time, and as required under Franchisee's lease agreement for the Franchised Business premises, and as required under applicable laws, rules and regulations. Franchisor's present insurance requirements, which may be modified at Franchisor's discretion, are as follows: (1) broad form comprehensive general liability coverage against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business or otherwise in conjunction with the conduct of the Franchised Business pursuant to the this Agreement, including product liability insurance containing a minimum liability coverage of $2,000,000, and broad form contractual liability coverage under one or more policies of insurance containing the minimum liability coverage of $1,000,000 per occurrence



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and $2,000,000 in the aggregate, or as otherwise prescribed by Franchisor from time to time; (2) property insurance for Franchisee's building (if applicable), leasehold improvements, and business personal property (coverage should be on a Special Form with replacement cost valuation); (3) worker's compensation and employer's liability insurance in statutory amounts and unemployment insurance and state disability insurance as required by the applicable governing law, but employer's liability limits no less than $1,000,000 per accident, $1,000,000 per policy limit, and $1,000,000 per employee; (4) employment practices liability coverage of $1,000,000, or such amount as reasonably determined by Franchisor; (5) owned and/or non-owned automobile liability insurance with minimum combined single limits of $1,000,000; (6) commercial umbrella insurance in a minimum amount of $1,000,000; (7) property and inland marine insurance including "Special/All Risks perils" in an amount adequate to cover the replacement cost of the Outlet and property in the event of an insured loss, business income and extra expense, including at least $25,000 in Bailee's Coverage for customer's property in Franchisee's care, custody or control, Equipment Breakdown in an amount adequate to cover production equipment and Crime Coverage with a limit of at least $25,000 covering Employee Dishonesty, Forgery, Money and Securities; and (8) any other insurance that Franchisor may specify in the Operations Manual or otherwise in writing from time to time. Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A-VIII" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its Franchised Business. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, all insurance policies shall require the insurance carrier to provide Franchisor with at least ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy, and Franchisee shall be required to provide Franchisor with ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the Lease of the Approved Location or by any of Franchisee's lenders or equipment lessors and as may be required under applicable laws, rules and regulations. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor's obtaining the insurance. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage by providing proof of replacement coverage that meets all requirements of this Section. If Franchisee fails to cure within such twenty-four (24) hour period, Franchisor may, in addition to any other rights and remedies, immediately terminate this Agreement without further opportunity to cure. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance that demonstrates compliance with this Section. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.



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## 10. FINANCIAL RECORDS AND REPORTS

Franchisee must maintain complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles for a minimum period of five (5) fiscal years from their preparation. Franchisee must provide Franchisor, promptly upon request, with: (i) a monthly Gross Revenues Report signed by Franchisee and in the form Franchisor specifies that contains the sales information pertaining to the preceding month including, without limitation, a summary of all monies received during the relevant period, as well as services purchased, average sales, and any other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a monthly income statement and profit and loss statement, in a format specified by Franchisor, including a standard chart of accounts, within ten (10) business days after the end of each month; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certain public accountant or state licensed public accountant, within ninety (90) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Franchised Business is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. Franchisee agrees to provide an unaudited quarterly profit and loss statement covering Franchisee's Franchised Business. These reports are due on the fifteenth ($15^{th}$) day of each quarter. Franchisee must also provide an unaudited profit and loss statement covering the Franchised Business for Franchisee's fiscal year end. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained and provide a uniform set of business records for Franchisee to use. Franchisor will have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by electronic means, including but not limited to telephone/modem, installed and maintained at Franchisee's sole expense.

## 11. BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Gross Revenues by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12)-month period, Franchisee must, within fifteen (15) days of written notice, pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), along with all late fees and interest which may otherwise be due under this Agreement.

## 12. MARKETING AND ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the Franchised Business, Franchisee must place or display at the Approved Location (interior and exterior) only such signs,



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emblems, lettering, logos and displays and advertising materials as Franchisor approves in writing from time to time. Franchisee must submit to Franchisor, at least twenty (20) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use, including, but not limited to, print, radio and television advertising, signage, supplies and packaging that Franchisor has not previously approved. Such submission will not affect Franchisee's right to determine the prices at which Franchisee sells Franchisee's products. Within ten (10) days of Franchisor's receipt of any sample sales promotional material or advertising materials from Franchisee, Franchisor will notify Franchisee in writing of Franchisor's approval or disapproval of the materials. If Franchisor's written approval thereof is not received within ten (10) days, the submitted material will not be deemed approved until explicit written consent is provided by the Franchisor. Franchisee cannot use any advertising or promotional materials that have not previously been approved by Franchisor. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Advertising Restriction**. Franchisee is not permitted to solicit customers and/or advertise outside Franchisee's Protected Territory except to the extent that Franchisee has received Franchisor's prior written authorization, which Franchisor may withhold at its sole discretion. Franchisor may condition Franchisor's authorization upon Franchisee's agreement to offer to other System franchisees, specifically those who operate LaundroLab Businesses in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, Franchisee may accept customers from outside Franchisee's Protected Territory at Franchisee's Approved Location, provided Franchisee did not solicit such customers by advertising outside of Franchisee's Protected Territory without Franchisor's prior written consent. Franchisee may not advertise the Franchised Business, or any products or services offered by the Franchised Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.3 **Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

12.3.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by LaundroLab Businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.3.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about the Franchised Business and other LaundroLab Businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for the Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.3.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest,



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Instagram, or any other social media and/or networking site, without explicit written approval from the Franchisor. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such World Wide Web or Internet site in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s). Franchisor reserves the right to modify the social media guidelines at any time. Franchisee must comply with any and all such modifications.

12.3.4 Franchisor shall have the right to modify the provisions of this Section.

12.3.5 Franchisor may use a portion of the Brand Fund Contribution or the Technology Investment Contribution to pay or reimburse itself for the costs incurred in connection with the development, maintenance and update of its website and funding Loyalty Program Media and Apps.

12.3.6 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.laundrolabusa.com as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 **New Store Opening Advertising & Promotion**. During the period sixty (60) days prior to opening through ninety (90) days after the opening of the Franchised Business, Franchisee must spend $25,000 on new store opening advertising in its Protected Territory (the "New Store Opening Advertising Requirement"). Franchisee must put together a new store opening marketing plan in accordance with Franchisor's designated guidelines and present the plan to Franchisor by the date Franchisor designates in advance of the scheduled opening date, and in any event at least sixty (60) days prior to the scheduled opening date. Franchisee must incorporate any modifications or adjustments Franchisor designates after Franchisor has had the opportunity to review Franchisee's proposed plan. Franchisee must provide Franchisor with proof of all expenditures in the form and manner Franchisor designates, within the time frame Franchisor designates. Franchisee must comply with the requirements regarding new store opening advertising expenditures as outlined in the Manual. Franchisee may expend additional sums on advertising its Franchised Business opening at its sole discretion, subject to Sections 12.1 and 12.2 above.

12.5 **Brand Fund**. Franchisor has established a brand fund (the "Brand Fund") for the common benefit of System Franchisees. Franchisee shall participate in the Brand Fund in the manner Franchisor prescribes and contribute one and one half percent (1.5%) of Franchisee's Gross Revenues during the immediately preceding calendar month to the Brand Fund (the "Brand Fund Contribution"). Franchisee must pay the Brand Fund Contribution monthly by ACH on or before the last business day before the 15th of each month (or, if the 15th falls on a weekend or federal holiday, on the next business day), in the same manner as the Royalty due under this Agreement. Franchisor has the right to require that an advertising/marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Brand Fund Contributions, at Franchisor's discretion, to develop, produce and distribute national, regional and/or local marketing and to create advertising



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materials and public relations programs which promote the services offered by System franchisees as determined by Franchisor. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Brand Fund Contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertisements and other marketing, including the cost of preparing and producing television, radio, magazine, Internet and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; the cost of funding Loyalty Program Media and Apps; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate any part of the Brand Fund Contributions will be used for advertising that is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund Contributions for public relations or recognition of the LaundroLab brand and for the creation and maintenance of a website, a portion of which may be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating the availability of franchises. Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Brand Fund Contributions for such reasonable costs and overhead, if any, that Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund, including but not limited to administrative expenses, salaries, benefits, and related expenses for personnel who perform work related to Brand Fund activities whether on a full-time or part-time basis.

12.5.4 Franchisor will prepare, on an annual basis, and will have available for Franchisee within ninety (90) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be made available to all franchisees contributing to the Brand Fund and will be provided to Franchisee upon Franchisee's written request. Franchisor reserves the right to have the Brand Fund independently audited at Franchisor's discretion, and if audited, the audited statement will be made available to contributing franchisees upon written request.

12.6 **Regional Advertising and Promotional Cooperative**. Franchisor will have the right, in Franchisor's discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Requirement discussed in Section 12.7 below. Cooperative contributions will not exceed the Local Marketing Requirement unless a majority of the Cooperative votes to increase that requirement. The following provisions will apply to each Cooperative:



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12.6.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.6.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in Local Marketing;

12.6.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.6.4 The Cooperative's activities will be agreed upon by a majority vote of the member franchisees in the Cooperative. All Cooperative contributions will be credited against the Local Marketing Requirement. The Cooperative may, by the majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement; and

12.6.5 Each member franchisee must submit to the Cooperative, no later than the first Wednesday of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval.

12.6.6 Franchisor may, at its discretion, grant to Franchisee an exemption from the requirement of membership in a Cooperative for a specified period of time. This exemption can be granted upon written request from Franchisee, providing reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final and communicated in writing to the Franchisee.

12.7 **Local Advertising, Marketing and Promotional Expenditures**. In addition to the Brand Fund Contributions described above in Section 12.5, beginning in the fourth ($4^{th}$) month the Franchised Business is opened and continuing throughout the Term, Franchisee will be required to spend a minimum of one thousand five hundred dollars ($1,500) per month on local marketing and promotion in accordance with Franchisor's standards and specifications (the "Local Marketing Requirement"). Of this amount, a minimum of five hundred dollars ($500) must be allocated to digital marketing initiatives, and a minimum of five hundred dollars ($500) must be allocated to grassroots marketing efforts, including but not limited to flyers, partnerships, signage, direct mail, and community events.

Once the Franchised Business achieves a minimum of twelve dollars ($12) in revenue per square foot, the Local Marketing Requirement may be reduced to two percent (2%) of gross revenue.

Franchisee must spend the Local Marketing Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number of and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Marketing Requirement must be expended within Franchisee's Protected Territory. Franchisee is prohibited from marketing outside of Franchisee's Protected Territory without first obtaining Franchisor's prior written consent. Franchisee acknowledges and agrees that Franchisee's Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on Local Marketing. Franchisee may spend any additional sums Franchisee wishes on Local Marketing. Franchisee must use only such



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advertising and promotional materials as have been previously approved by Franchisor. Upon request by Franchisor, Franchisee will submit to Franchisor proof of Franchisee's expenditures on local marketing, including detailed documentation showing compliance with the required allocations for digital marketing and grassroots marketing initiatives. Franchisor reserves the right to require Franchisee to purchase advertising and/or marketing materials and services from Franchisor, its affiliates and/or designated third party suppliers at any time. Franchisor may conduct audits of Franchisee's Local Marketing expenditures. In addition to any and all other rights available to Franchisor under this Agreement and applicable law, Franchisor has the right to require Franchisee to pay any and all unexpended amounts directly to Franchisor or its designee. Franchisor and/or its designee, as applicable may expend such amounts on local, regional and/or national marketing, as Franchisor determines in its sole discretion.

12.8 **Pricing and Promotional Requirements.** Franchisor reserves the right to require Franchisee to offer services, memberships and products at prices not to exceed the prices Franchisor publishes from time to time, to the fullest extent permitted under applicable law. Franchisor reserves the right to require Franchisee and other LaundroLab Businesses to offer and participate in all promotions and discounts Franchisor designates at any time, including but not limited to charitable promotions.

12.9 **Loyalty Program Media.** Franchisor reserves the right to require Franchisee and other LaundroLab Businesses to offer and participate in all Loyalty Program Media and has the right to issue and modify standards, specifications, and operating procedures for issuing and honoring/redeeming Loyalty Program Media and administering customer loyalty/affinity and similar programs. Franchisee must participate in, and comply with the requirements of, Franchisor's Loyalty Program Media and customer loyalty/affinity programs (which will include paying Franchisor transaction-processing fees or merchant-services fees or otherwise reimbursing Franchisor's or a third-party's costs for transactions through Franchisor's Loyalty Program Media and customer loyalty/affinity programs). Franchisor has the right to draft from Franchisee's bank account all monies paid to Franchisee for Loyalty Program Media and similar customer loyalty initiatives and hold those monies until the Loyalty Program Media and similar customer loyalty initiatives are redeemed at the Franchised Business (subject to its rights under Section 3.2 above). However, Franchisor has the right to keep any prepaid amounts that are not used by customers to the extent allowed by applicable law.

## 13. INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee must contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, stating: (i) Franchisee operates Franchisee's Franchised Business as an independently owned and operated LaundroLab Business, and (ii) Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any



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such action; nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

13.2 **Indemnification**. Franchisee and Franchisee's principals shall indemnify, defend, and hold harmless Franchisor, Franchisor's affiliates, and their respective shareholders, directors, officers, employees, agents, successors, and assignees ("Indemnitees") from and against all claims, obligations, liabilities, and damages ("Claims"), including any and all taxes, that directly or indirectly arise from, in whole or in part: (a) the operation of Franchisee's Franchised Business, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business premises, the sale or delivery of laundry-related products and services and Franchisee's advertising; (b) the use of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or Franchisee's Franchised Business in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor will have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor will, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Notwithstanding the foregoing, Franchisee shall not be required to indemnify any Indemnitee for Claims to the extent finally adjudicated to have been caused by the Indemnitee's own gross negligence, willful misconduct, or knowing violation of law.

## 14. SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign, or encumber Franchisee's interest in the Franchised Business without obtaining Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent will be voidable at Franchisor's option and will subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 *Representative's Right to Continue as Franchisee*. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within 45 days from the date of death, disability or incapacity (the "45-Day Period"), such person has obtained Franchisor's prior written



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approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company to satisfy Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 *Franchised Business Operation During and After 45-Day Period*. Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) will appoint a previously approved acting interim manager to operate the Franchised Business during the 45-Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor has the right, but not the obligation, to operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor reserves the right to charge a management fee of fifteen percent (15%) of Gross Revenues earned during such time period to reimburse Franchisor for Franchisor's management services and other costs, including, but not limited to, travel and lodging expenses, and all out-of-pocket expenses incurred in connection with managing the Franchised Business ("Management Fee"). Franchisor shall have sole discretion to determine which costs are appropriately included in the Management Fee. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Franchisee's Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Franchised Business. This Management Fee is in addition to the amounts due under this Agreement for Royalty and other payments during the time which Franchisor takes over the management of the Franchised Business.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent will be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock that results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above will not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 *Right of First Refusal*. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee must first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee will obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the



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offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee will have a maximum period of sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee will effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which will not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 *Conditions for Approval*. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release will not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee will provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee must demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee cannot be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 The transferee must execute Franchisor's then-current Franchise Agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee must pay Franchisor a non-refundable transfer fee equal to $15,000 plus any broker commissions due, subject to state law. Franchisor may assist with the sale of the Franchised Business or, with Franchisee's prior written consent, contract with



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a broker or other agent on Franchisee's behalf to assist with the sale of the Franchised Business. If Franchisor contracts with a broker or other agent to assist with the sale of the Franchised Business on Franchisee's behalf, Franchisee will have the right to review any contract with the broker or agent prior to engagement. If Franchisee approves of the contract with the broker or agent, Franchisee will then be responsible for any and all commissions due to the broker or agent in addition to our transfer fee. Franchisor will waive all transfer fees if Franchisee transfers the Franchised Business or Franchisee's interest in this Agreement to an immediate family member of Franchisee who has previously been approved by Franchisor, in writing, and has successfully completed Franchisor's initial training program as set forth in Section 8.1.

14.3.2.8 The transferee must satisfactorily complete Franchisor's training Program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document, and Franchisor will not be liable for any representations not included in the franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without



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assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.5 **Franchisor's Right to Transfer**. Franchisor has the right to change its ownership or form and/or to assign this Agreement and any other agreement to a third party without restriction. After Franchisor assigns this Agreement to a third party that expressly assumes this Agreement's obligations, Franchisor no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to Franchisee as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, Franchisee agrees that Franchisor has the right to sell its assets (including this Agreement), the Proprietary Marks, or the System to a third party; offer its ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

## 15. BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy*. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy*. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.



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15.1.3 *Unauthorized Transfer*. Franchisee attempts to sell, transfer, or otherwise dispose of Franchisee or any interest in the Franchised Business without the express written consent of the Franchisor, in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts*. If Franchisee or Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, are convicted of or plead guilty or no contest to a felony, a crime involving moral turpitude, or take part in any criminal misconduct relevant to the operation of Franchisee's Franchised Business or that could reasonably be expected to adversely affect the System, the Proprietary Marks, or Franchisor's reputation.

15.2.2 *Fraud*. If Franchisee or Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, commit any fraud, material misrepresentation, or omission in the operation of Franchisee's Franchised Business or in any dealings with Franchisor, its affiliates, other franchisees, customers, suppliers, or governmental authorities.

15.2.3 *Misrepresentation*. If Franchisee or Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, make any material misrepresentation or material omission in connection with Franchisee's franchise application or any other documentation provided to Franchisor, including but not limited to any financial misrepresentation, or if any representation or warranty made in this Agreement or any related agreement is false or misleading in any material respect when made.

15.2.4 *Failure to Complete Training*. If Franchisee or any required personnel fail to complete initial training to the satisfaction of the Franchisor as provided in Section 8.1, or if Franchisee or any required personnel fail to demonstrate, to Franchisor's reasonable satisfaction, sufficient skills and knowledge to operate the Franchised Business in accordance with Franchisor's standards.

15.2.5 *Repeated Breaches*. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12)-month period.

15.2.6 *Breach of Other Agreements*. If Franchisee or Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any Lease for the Approved Location, and fails to cure such breach within any permitted period for cure, or if no cure period is provided, within ten (10) days of written notice from Franchisor.

15.2.7 *Misuse of the Proprietary Marks or Confidential Information*. If Franchisee or Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, or any of their employees or agents, violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information, including but not limited to any unauthorized disclosure, use, or reproduction of Confidential Information.



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15.2.8 *Violation of Health Code*. If Franchisee violates any health, safety or sanitation law, ordinance or regulation and fails to cure such violation within the cure period required by the party who issued such violation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.9 *Violation of In-term Restrictive Covenant*. If Franchisee violates the in- term restrictive covenant contained in Section 17.1.

15.2.10 *Liens*. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within 30 days.

15.2.11 *Insolvency*. If Franchisee or any of Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, become insolvent, make a general assignment for the benefit of creditors, admit in writing an inability to pay debts as they become due, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, file any answer admitting or not contesting the material allegations of a petition filed against them in any such proceeding, or seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Franchisee, any of Franchisee's principals, or any person or entity holding a direct or indirect ownership interest in Franchisee, or of all or any substantial part of their properties.

15.2.12 *Abandonment*. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and will apply in any event Franchisee fails to operate the Franchised Business as a System LaundroLab Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 *Unauthorized Products or Services*. If Franchisee offers, sells, or advertises any unauthorized and unapproved products or services at or from the Franchised Business, or uses the Franchised Business or the Proprietary Marks to promote any unauthorized products or services.

15.2.14 *Unapproved Purchases*. Franchisee orders, purchases, or uses supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved, or fails to purchase required items from designated or approved suppliers.

15.2.15 *Proprietary Software*. Franchisee misuses or makes unauthorized use of any Proprietary Software that Franchisor may develop for use in connection with the System.

15.2.16 *Insurance*. Franchisee fails to maintain insurance as required by the Franchisor or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9.

15.2.17 *Government Regulations*. Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.



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15.2.18 *Government Actions*. Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 *Anti-Terrorist Activities*. Franchisee fails to comply with the provisions of Section 22.7.

15.2.20 *Personal Use of Franchised Business Property*. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.21 *Insufficient Funds*. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.22 *Under-reporting of Gross Revenues*. If any audit reveals that Franchisee has understated Franchisee's Royalty or marketing payments, or Franchisee's Local Marketing expenditures, by more than two percent (2%) or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period, as described in Section 11.

15.2.23 *Default Under Lease*. Franchisee defaults in obligations under any Lease agreement for the Approved Location.

15.2.24 *Default Under Development Agreement*. Franchisee (or an affiliate of Franchisee) is the "Developer" under a Development Agreement with Franchisor, and the Development Agreement is terminated by Franchisor for cause pursuant to Section 7.2 of the Development Agreement.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the fifteen (15)-day cure period:

15.3.1 *Nonpayment*. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's System Suppliers or vendors.

15.3.2 *Endorsement of Checks*. Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Inventory Level*. If Franchisee fails to maintain sufficient levels of inventory to adequately meet consumer demand.

15.3.4 *Failure to Open*. If Franchisee fails to commence operations of Franchisee's Franchised Business within the time prescribed in Section 7.3 of this Agreement.

15.3.5 *Interruption of Service*. If Franchisee fails to maintain the prescribed months, days or hours of operation at the Franchised Business.



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15.3.6 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel*. If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

15.3.7 *Quality Control*. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.8 *Other Conduct Reflecting Adversely on System*. Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

15.3.9 *Licenses and Permits.* Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Franchised Business.

15.3.10 *Senior Owner-Operator Development Incentive Program Compliance*. If Franchisee obtained this Franchise Agreement pursuant to the Senior Owner-Operator Development Incentive Program, Franchisee fails to personally devote full-time efforts to the operation of the Franchised Business as required by Section 7 (Operations) of this Agreement.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates and fails to cure such default after notice and expiration of the thirty (30)-day cure period.

15.5 **Step in Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must pay Franchisor a reasonable management fee and reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations, plus a twenty percent (20%) service charge. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time Franchisor exercises its rights under this Agreement. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder will not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.



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## 16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, and any third party designated by Franchisor, all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual and all other Proprietary Materials and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business, and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Franchisee's Telephone Numbers and Listings attached hereto as Exhibit D. If Franchisor does not wish to take over the numbers, Franchisee must disconnect the numbers within fifteen (15) days of termination or expiration of this Agreement;

16.1.6 Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Exhibit C, arrange for transfer of the Lease to Franchisor within fifteen (15) days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising and marketing materials and other items containing the Proprietary Marks as Franchisor directs and all items that are a part of the trade dress of the System, no later than five (5) days after the termination or expiration of this Agreement;

16.1.8 Immediately cease to hold itself out as a franchisee of Franchisor;

16.1.9 Take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make a final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-termination covenants set forth in Section 17 hereof, all of which will survive the transfer, termination or expiration of this Agreement;



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16.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

16.1.13 Immediately cease from engaging in any contacts with customers or former customers of the Franchised Business; and

16.1.14 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Option to Purchase Personal Property.** Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee will also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and by paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10)-year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property subject to a lease or finance agreement, the purchase price of such personal property will equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor will be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 **Exclusions.** Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee will promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation will create and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.



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16.5 **Liquidated Damages Upon Termination.**

16.5.1 If this Agreement is terminated by Franchisor prior to the expiration of the Term as a result of Franchisee's default or breach, or if Franchisee abandons the Franchised Business or purports to terminate this Agreement without legal justification, then, in addition to any other amounts owed by Franchisee to Franchisor under this Agreement, Franchisee will pay to Franchisor liquidated damages in an amount equal to the product of: (i) the average monthly Royalty fees paid or payable by Franchisee to Franchisor during the thirty-six (36) month period immediately preceding termination (or, if the Franchised Business has been in operation for less than thirty-six (36) months, the average monthly Royalty fees paid or payable during the period the Franchised Business has been in operation), multiplied by (ii) the lesser of (A) twenty-four (24) or (B) the number of months remaining in the then-current Term at the time of termination.

16.5.2 Notwithstanding the foregoing, in no event will the liquidated damages payable under Section 16.5.1 be less than Twenty-Five Thousand Dollars ($25,000.00) nor more than Two Hundred Fifty Thousand Dollars ($250,000.00). The minimum amount reflects Franchisor's reasonable estimate of its minimum damages from any early termination, including lost royalty streams, administrative costs of system disruption, and harm to franchisee recruitment and system reputation. The maximum amount reflects a reasonable cap on foreseeable damages given the financial profile of a single-unit franchisee.

16.5.3 The parties acknowledge and agree that: (i) actual damages arising from early termination of this Agreement would be extremely difficult and impracticable to calculate and ascertain with certainty, because they would include, among other things, lost royalty streams over the remaining Term, loss of Brand Fund contributions, disruption to the System, harm to the LaundroLab brand in the Protected Territory, and costs of re-franchising or operating the territory; (ii) the liquidated damages formula set forth in Section 16.5.1 represents a reasonable pre-estimate of such damages, arrived at through arm's length negotiation; (iii) the liquidated damages amount is not intended to constitute a penalty; and (iv) each party was represented by, or had the opportunity to retain, legal counsel in connection with this Agreement.

16.5.4 The liquidated damages set forth in this Section 16.5 are in addition to, and not in lieu of: (i) any unpaid Royalties, Brand Fund contributions, or other fees owed by Franchisee to Franchisor as of the date of termination; (ii) Franchisor's right to seek specific performance or injunctive relief to enforce Franchisee's post-termination obligations under Section 16.1 or the restrictive covenants under Section 17; (iii) any damages recoverable for Franchisee's breach of the post-termination non-competition covenants in Section 17; and (iv) any other amounts expressly made payable upon termination elsewhere in this Agreement. The liquidated damages provided in this Section 16.5 apply only to Franchisor's lost future royalty stream and System disruption damages; they do not constitute a limitation on any other category of damages Franchisor may seek.

16.5.5 This Section 16.5 does not apply to a termination that results from Franchisee's death or permanent disability, provided that Franchisee's estate or legal representative has complied with the transfer provisions of Section 14 of this Agreement within one hundred eighty (180) days of such death or onset of permanent disability. For purposes of this subsection, "permanent disability" means a physical or mental condition that renders Franchisee incapable of operating the Franchised Business for a continuous period of ninety (90) days or more, as confirmed by a licensed physician.



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## 17. COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, in order to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, Franchisee shall not, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation (and Franchisee will cause its principals, Key Manager, and members of their immediate families who have had access to Confidential Information to observe the same restrictions under Exhibit B or Exhibit E, as applicable):

17.1.1 Own, maintain, engage in, be employed by or be an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving ten percent (10%) or more of its revenue from (a) laundry, (b) laundry pickup and delivery services, or (c) dry-cleaning services (a "Competing Business") or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee's operation of a Franchised Business under Franchisor's System;

17.1.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise induce or seek to induce such person to leave his or her employment thereat; or

17.1.3 Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, or do or perform, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

17.2 **After the Term of This Agreemen**t.

17.2.1 For a period of two (2) years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, Franchisee shall not, within the Protected Territory, for themselves or through, on behalf of, or in conjunction with any other person, business entity, partnership or corporation (and Franchisee will cause its principals, Key Manager, and any member of their immediate families who had access to Confidential Information during the term to be bound by the same restrictions pursuant to the Personal Guaranty attached as Exhibit B or the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E, as applicable) grant franchises or licenses for any Competing Businesses.

17.2.2 For a period of two (2) years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, Franchisee shall not, for themselves or through, on behalf of, or in conjunction with any other person, business entity, partnership or corporation:

17.2.2.1 Own, maintain, manage, operate or have any operational or management authority, or lend money to, or extend credit to any Competing Business: (i) within the Protected Territory defined on the Data Sheet attached hereto, including at the Approved Location; or (ii) within a twenty-five (25) mile radius of the perimeter the Protected Territory being granted hereunder, or (iii) within any other Protected Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (iv) within the Protected Territory of any corporate-



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owned LaundroLab Business operated by Franchisor as of the date of expiration or termination of this Agreement; or

17.2.2.2 Engage in any Competing Business as an employee, consultant, or independent contractor in any capacity (a) in which Franchisee will perform work which is the same as or substantially similar to the work performed as a franchisee of Franchisor or (b) in which Franchisee would be in a position to use or disclose Confidential Information: (i) within the Protected Territory defined on the Data Sheet attached hereto, including at the Approved Location; or (ii) within a twenty-five (25) mile radius of the perimeter the Protected Territory being granted hereunder, or (iii) within any other Protected Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (iv) within the Protected Territory of any corporate-owned LaundroLab Business operated by Franchisor as of the date of expiration or termination of this Agreement; or

17.2.2.3 Solicit, divert, or attempt to solicit or divert business from current customers of Franchisee's former Franchised Business located in the Protected Territory to any Competitive Business; or

17.2.2.4 Solicit, divert, or attempt to solicit or divert any of Franchisor's current suppliers or vendors who were suppliers or vendors at the time of termination, transfer, expiration or non-renewal for purposes of requesting that the suppliers or vendors provide any support or services for any Competing Business; or

17.2.2.5 Solicit any of Franchisor's current employees, consultants or independent contractors or the current employees, consultants or independent contractors of Franchisor's affiliates or any other System franchisee to discontinue or alter the terms of their engagement with Franchisor or Franchisor's affiliates in any way.

17.3 **Intent and Enforcement**. The parties acknowledge that the covenants in this Section 17 are governed by the laws of the State of North Carolina, including North Carolina General Statutes Section 75-4 and the North Carolina Restrictive Covenants Act, N.C. Gen. Stat. §§ 75-100 et seq. The parties acknowledge and agree that the covenants in this Section 17 are ancillary to an otherwise enforceable agreement, that Franchisee has received valuable consideration in the form of Franchisor's System, trade secrets, Confidential Information, and the right to operate under the Proprietary Marks, and that each covenant is reasonable as to time, territory, and scope of activity in light of that consideration. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. In accordance with North Carolina law, if any court of competent jurisdiction finds any covenant in this Section 17 to be unreasonably broad as to time, geographic scope, or activity, the parties expressly authorize and request such court to modify or "blue-pencil" such covenant to the minimum extent necessary to render it enforceable, and the parties agree to be bound by the covenant as so modified. Any such reduction or modification of one covenant will not affect the enforceability of any other covenant contained herein. In the event of the actual or threatened breach of this Section 17 by Franchisee or any of Franchisee's principals who have individually executed a Confidentiality and Restrictive Covenant Agreement pursuant to Section 17.4, Franchisor will be entitled to seek an injunction or other equitable relief restraining such breach in any court of competent jurisdiction, without the necessity of proving actual damages or posting bond or other security, to the extent permitted by applicable North Carolina law. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other LaundroLab Business franchisees, and the System. Franchisee further acknowledges that the covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted



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during the term of this Agreement. Franchisee specifically acknowledges that: (a) Franchisee has had the opportunity to consult with legal counsel prior to executing this Agreement; (b) the duration and geographic scope of the post-term covenants in Section 17.2 are reasonable and necessary given the nature of the System and the Confidential Information disclosed to Franchisee; and (c) the covenants in this Section 17 are a material inducement to Franchisor entering into this Agreement and granting the franchise. Franchisee acknowledges and agrees, on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17, that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 will be tolled during any period of breach or default under this Section 17, to the extent permitted by applicable North Carolina law.

17.4 **Employees.** Franchisee will ensure that Franchisee's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit E to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense.** Franchisee hereby agrees the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

17.6 **North Carolina Enforceability; Geographic Scope.** The parties acknowledge that this Agreement is governed by North Carolina law and that the post-term non-competition covenants set forth in Section 17.2 are intended to comply with the requirements of North Carolina General Statutes Section 75-4 and applicable North Carolina case law. In particular, Franchisee and Franchisor agree as follows: (a) the post-term covenants are ancillary to and part of a valid franchise agreement for which Franchisee has received substantial consideration; (b) the two (2) year duration of the post-term covenants is reasonable and no greater than necessary to protect the legitimate business interests of Franchisor, including protection of Franchisor's Confidential Information, trade secrets, and System goodwill; (c) the geographic scope of the post-term covenants, being limited to the Protected Territory and the twenty-five (25) mile radius thereof, is narrowly tailored and reasonable in light of the territory in which Franchisee operated and the territory in which Franchisor's goodwill and Confidential Information would be threatened; and (d) the scope of restricted activities is limited to Competing Businesses as defined herein and does not prohibit Franchisee from working in the broader service industry or any non-competing field. Notwithstanding the foregoing, in the event a North Carolina court of competent jurisdiction determines that the twenty-five (25) mile radius set forth in Section 17.2 is unreasonably broad, the parties expressly authorize such court to reduce that radius to the minimum scope the court determines is reasonable and enforceable under North Carolina law, and Franchisee agrees to be bound by the covenant as so modified. The parties further acknowledge that, consistent with North Carolina precedent, the restriction on Franchisee owning, maintaining, or managing a Competing Business in Section 17.2(b)(i) is the primary and most important post-term restriction, and the additional radius restrictions in Sections 17.2(b)(ii) through (iv) are supplementary; if a court reduces or eliminates the supplementary restrictions, the primary restriction shall remain in full force and effect.



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## 18. DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina (without reference to its conflict of laws principals).

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President or designated representative, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

18.3 **Mediation**. At Franchisor's sole and absolute option, all claims or disputes between Franchisor and Franchisee or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to mediation, in Charlotte, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates in respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own attorneys' fees and costs of preparing for and participating in mediation, and Franchisor and Franchisee will share the mediator's fees and administrative costs of the mediation equally; provided, however, that if Franchisor prevails in any subsequent litigation or arbitration following an unsuccessful mediation, Franchisee shall reimburse Franchisor for all mediation costs incurred by Franchisor, including attorneys' fees. This agreement to mediate will survive any termination or expiration of this Agreement.

18.3.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.



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18.4 **Selection of Venue**. Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court of competent jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Charlotte, North Carolina and the jurisdiction and venue of the United States District Court presiding over Charlotte, North Carolina. Franchisee acknowledges that the parties have entered into this Agreement in Charlotte, North Carolina and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Charlotte, North Carolina, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above.

18.5 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor in writing within thirty (30) days after Franchisee first becomes aware of the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages. Such notice must specify in detail the exact nature and extent of the alleged violation or breach.

18.7 **No Right to Offset**. Franchisee is prohibited from withholding all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief**. Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be brought or maintained by Franchisee against Franchisor unless brought before the expiration of two (2) years after the act, transaction or occurrence upon which such action is based or the expiration of two (2) years after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be forever barred, including as a claim (including a claim in any arbitration), counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any



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applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 **Waiver of Punitive Damages**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

## 19. REPRESENTATIONS

19.1 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF THAT HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 **Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.



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19.3 **Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

## 20. GUARANTY

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit B.

## 21. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: _____

_____

_____

Franchisor Name/Address: Dana Daugherty
LaundroLab, LLC



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520 Elliot St.
Charlotte, NC 28202

## 22. MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

22.2 **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof will arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it will then be severed, and the remainder of that provision will continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid applicable law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the franchise will supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section 22.5, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.



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22.6 **Force Majeure.** Neither Franchisee nor Franchisor or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, civil disorders, pandemics, epidemics, quarantines, national emergencies, or other similar events beyond the reasonable control of the affected party. The affected party must provide written notice of the force majeure event within five (5) business days of its occurrence and must use commercially reasonable efforts to resume performance as soon as practicable. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 **Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.



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## 23. ACKNOWLEDGMENTS

Franchisee hereby acknowledges the following:

23.1 Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____

Initial

23.2 It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____

Initial

23.3 Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business.

_____

Initial

**The acknowledgments in clauses 23.4 through 23.10 below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, ANY OF THE AFOREMENTIONED STATES, DO NOT INITIAL THE ACKNOWLEDGMENTS IN CLAUSES 23.4 THROUGH 23.10.**

23.4 Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.



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_____

Initial

23.5 Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____

Initial

23.6 Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing this Agreement and that it/she/he understands all the terms and conditions of this Agreement. Franchisee further acknowledges that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____

Initial

23.7 Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth herein. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

_____

Initial

23.8 Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

_____

Initial



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23.9 Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to this Agreement or the relationship thereby created.

_____

Initial

23.10 Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by this Agreement.

_____

Initial

23.11 Release of Prior Claims. BY EXECUTING THIS AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE LAUNDROLAB, LLC AND THE INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____

Initial

## 24. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:



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No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

*[Signature Page Follows]*



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**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**Exhibit A**
**to**
**LAUNDROLAB, LLC FRANCHISE AGREEMENT**

**SITE SELECTION ADDENDUM**

LaundroLab, LLC ("Franchisor") and _____("Franchisee"), have this _____ , entered into a Franchise Agreement for the operation of a franchised LaundroLab Business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within 120 days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following protected territory:

_____
_____ (the "Site Selection Protected Territory").

2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within ninety (90) days after execution of this Site Selection Addendum. Franchisor will have fifteen (15) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on- site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee must, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's written approval. Franchisor's approval of the lease will be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes and the inclusion of the following terms and conditions:



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5.1 That the initial term of the lease, or the initial term together with renewal terms, will be for not less than ten (10) years with the option to renew the lease for one (1) additional ten (10)-year term;

5.2 That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Franchised Business;

5.3 That the use of the premises be restricted solely to the operation of the Franchised Business;

5.4 That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

5.5 That the lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

5.6 That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease;

5.7 That Franchisor (or Franchisor's designee) has the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's right under the lease terms, including the right to assign or sublease.

6. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site pursuant to Paragraph 4 hereof, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.



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9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**Exhibit B**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

## PERSONAL GUARANTY AND GUARANTY OF SPOUSES

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

### ARTICLE I
### PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to LaundroLab, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of you hereby unconditionally and irrevocably agree, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

### ARTICLE II
### CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Processes, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.



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## ARTICLE III
## NON-COMPETITION

1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither you, nor your principals, officers, directors, nor any members of your family or the family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

   a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving ten percent (10%) or more of its revenue from the provision of laundry services, laundry pickup and delivery services, dry cleaning services, or other goods or services offered or authorized for sale by System franchisees (a "Competing Business") or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to the said parties' operation of a franchised LaundroLab Business;

   b) Employ or seek to employ any person who is at that time employed by Franchisor or Franchisor's affiliates or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

   c) Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

**2) After the Term of the Franchise Agreement.**

   a) or a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, officers, directors, nor any members of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

   b) For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither you, nor your principals, officers, directors, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

      i) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business or any other goods or services offered or authorized for sale by System franchisees, at the time the Franchise Agreement is terminated or otherwise expires and is not renewed, (i) within the Protected Territory, including at the Approved Location; or (ii) within a twenty-five (25) mile radius of the perimeter of (a) the Protected Territory being granted hereunder, (b) any other Protected Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (c) any other LaundroLab Business; or



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ii) Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose nor solicit any of Franchisor's employees or the employees of Franchisor's affiliates to discontinue employment.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty

## ARTICLE IV
## DISPUTE RESOLUTION

1) **Acknowledgment**. You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks, its system, or any other intellectual property belonging to the Franchisor.

2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of North Carolina (without reference to its conflict of laws principals).

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President in writing. The President shall have thirty (30) days from receipt of such written notice to respond and attempt to resolve the dispute. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation, in Charlotte, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each



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party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued; or

(3) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Charlotte, North Carolina and the jurisdiction and venue of the United States District Court presiding over Charlotte, North Carolina.

8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of two (2) years after the act, transaction or occurrence upon which such action is based or the expiration of two



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(2) years after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.

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

15) **Successors**. References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

16) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.



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| PERSONAL GUARANTORS | SPOUSES |
| --- | --- |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |



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**Exhibit C**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("Assignor") hereby assigns and transfers to LaundroLab, LLC, a North Carolina limited liability company, with its principal place of business address at _____ ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a LaundroLab Business between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and instead of Assignor for the purpose of effecting such extension or renewal.

**ASSIGNOR:**

Dated: _____

_____

SIGNED AND SEALED this
day of _____, 23

_____

Notary Public



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**CONSENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days (or such longer period of time as reasonably necessary to cure the default, so long as Assignee commences the cure within 30 days and thereafter diligently pursues the cure to completion) after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the time period set forth above the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

_____

_____



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**Exhibit D**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT**
**OF FRANCHISEE'S TELEPHONE NUMBERS AND LISTINGS**

1. _____ ("Assignor"), in exchange for valuable consideration provided by LaundroLab, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its franchised LaundroLab Business at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

**ASSIGNOR:**

BY: _____ Dated: _____
TITLE: _____

**ASSIGNEE:**

**LAUNDROLAB, LLC**

By: _____ Date: _____



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**Exhibit E**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**
***(for trained employees, shareholders, officers, directors, general partners, members and managers and Key Manager of Franchisee)***

In consideration of my being a _____ of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: Franchisee has acquired the right from LaundroLab, LLC (the "Company") to establish and operate a franchised LaundroLab Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of LaundroLab Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location:_____ (the "Franchised Business Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, Proprietary Processes, copyrighted materials, methods and other techniques and know-how (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques that: (i) relate to the System, (ii) are designated as confidential by the Company, or (iii) should reasonably be understood to be confidential or proprietary to the Company given their nature or the circumstances of their disclosure, will be deemed to be Confidential Information for purposes of this Agreement.

3. As an employee of Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the LaundroLab, LLC operations manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.



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6. Except as otherwise approved in writing by the Company, I will not, while in my position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, nor will I permit any member of my immediate family with access to Confidential Information to, own, maintain, engage in, be employed by, or have any interest in any other business that operates or licenses any business providing laundry services, laundry pickup and delivery services, dry cleaning services, or other goods or services offered or authorized for sale by the Franchised Business, except for a LaundroLab Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement.

10. This Agreement will be construed under the laws of the State of North Carolina (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

**ACKNOWLEDGED BY FRANCHISEE**

**LAUNDROLAB, LLC**

By: _____

Name: _____

Title: _____



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**Exhibit F**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

Bank Name : _____

ABA# : _____

Acct. No. : _____

Acct. Name : _____

Effective as of the date of the signature below, _____("Franchisee") hereby authorizes LaundroLab, LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at: (1) all Royalty and (2) all contributions to the Brand Fund. Such withdrawals will occur on a monthly basis, or on such other schedule as Company will specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Company. Franchisee will provide Company, in conjunction with this authorization, a voided check from the above- referenced account.

AGREED:

FRANCHISEE

By: _____

Print Name: _____

Its: _____



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**Exhibit G**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

# COMPLIANCE CERTIFICATION

**(This Compliance Certification will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**



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Franchise Agreement

## COMPLIANCE CERTIFICATION

**DO NOT SIGN THIS COMPLIANCE CERTIFICATION IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

As you know, LaundroLab, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more franchised LaundroLab businesses (each, a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement, and pay us the appropriate franchise/development fee. You acknowledge that we are relying on the truthfulness of your answers to this questionnaire in deciding whether or not to counter-sign the Franchise Agreement and/or Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and, if you are signing a Development Agreement, have you received and personally reviewed the Development Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement (and Development Agreement, if applicable) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises (or Development Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?



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Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the LaundroLab mark or any other mark at any location outside your (a) Territory under the Franchise Agreement and (b) Development Area if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or the Development Area?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and any other agreement you sign with us, including the Development Agreement (if you enter into a Development Agreement), must be mediated at our then-current headquarters?

Yes____ No ____ 10. Do you understand that the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement or Development Agreement (if you sign a Development Agreement) is us?

Yes____ No ____ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 13. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 14. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a franchised LaundroLab Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 15. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a franchised LaundroLab Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 16. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 17. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with your acquisition of a franchised LaundroLab Business with exception of those payments or loans provided in the Disclosure Document?

Yes____ No ____ 18. Is it true that you understand that the approval of any location for a Franchised Business does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Franchised Business at the location?



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Yes____ No ____ 19. Is it true that you understand that our approval of a financing plan for operation of a Franchised Business does not constitute any representation or assurance that such financing plan is favorable, or not unduly burdensome, or that a Franchised Business will be successful if the financing plan is implemented?

Yes____ No ____ 20. Is it true that you understand that the estimated initial investment expenditures disclosed in Item 7 of the FDD are only estimates of the costs and expenses you may incur in opening a Franchised Business and that the disclosed ranges are not assurances that your costs and expenses will fall within the disclosed ranges?

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

| | |
|---|---|
| _____ | _____ |
| Signature of Franchise Applicant | Signature of Franchise Applicant |
| _____ | _____ |
| Name (please print) | Name (please print) |
| Dated: _____, 20_____ | Dated: _____, 20_____ |
| _____ | _____ |
| Signature of Franchise Applicant | Signature of Franchise Applicant |
| _____ | _____ |
| Name (please print) | Name (please print) |
| Dated: _____, 20_____ | Dated: _____, 20_____ |

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)**



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**Exhibit H**
**to**
**LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**

## DELIVERY ACCOUNT PARTICIPATION AND SERVICE REQUIREMENTS

1. Franchisee has the right to establish and maintain its own delivery accounts ("Delivery Accounts") within the Territory, subject to Franchisor's System standards and specifications. Franchisee must operate all Delivery Accounts in accordance with the requirements set forth in this Section and the Operations Manual.

2. Franchisor and its affiliates may communicate the requirements for servicing Delivery Accounts in any form of written or electronic communication, including by incorporating them into the Operations Manual or in a separate Delivery Account Service Manual. Franchisor and its affiliates have the right to modify the requirements at any time during the franchise term, effective on thirty (30) days' prior notice to Franchisee.

3. Franchisee must prepare, in the format Franchisor specifies, and deliver to Franchisor all reports Franchisor requires relating to Delivery Accounts, including, but not limited to, revenues, services provided, customer information, and expenses.

4. All revenue generated by, and fees paid to, Franchisee in connection with providing services to Delivery Accounts, including any and all amounts paid to Franchisee by Franchisor or its affiliates, will be considered "Gross Revenues," as that term is defined in the Franchise Agreement, including for purposes of calculating the Royalty Fee and other fees calculated as a percentage of Gross Revenues due and payable to Franchisor pursuant to the Franchise Agreement.

5. Franchisor has the right to require Franchisee to suspend (for the timeframe Franchisor deems appropriate) or terminate permanently Franchisee's Delivery Account program if Franchisee:

(a) fails to comply with Franchisor's (and, if applicable, its affiliates') standards, policies, and specifications for servicing Delivery Accounts and to cure that failure within thirty (30) days after receiving written notice of the failure. The suspension or termination will be effective as of the end of the thirty (30)-day cure period (if the default is not cured); or

(b) fails to comply with any other provision of the Franchise Agreement and (only if a cure opportunity is provided under the Franchise Agreement) to cure that failure within the applicable cure period.

6. Franchisee must use only laundry bags and other packaging items approved by Franchisor and displaying the Marks to package items laundered for Delivery Accounts. Franchisee may not use any trademarks other than the Marks in connection with the Delivery Account program without Franchisor's express prior written approval.

7. Franchisee must secure and maintain, at all times during the franchise term, any incremental insurance coverage periodically required by Franchisor to cover Franchisee's operation of the Delivery Account program. Franchisor must be named as an additional insured on all such policies. Franchisee must provide certificates of insurance evidencing such coverage to Franchisor within ten (10) days of Franchisor's written request. Franchisor has the right to make commercially-reasonable changes to



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the insurance coverage specifications at any time upon thirty (30) days' prior written notice, and Franchisee must comply with all such specifications.

8. Franchisee must purchase all supplies, equipment, inventory, and technology for use in connection with operating the Delivery Account program from suppliers approved by Franchisor or as otherwise required by Franchisor. Franchisor has the right to be the sole approved supplier of any or all such supplies, equipment, inventory, and technology. Franchisor has the right to specify minimum quantities of supplies, equipment, inventory, and/or technology that Franchisee must maintain from time to time.

9. Franchisor has the right, at any time, to connect electronically with Franchisee's technology system to monitor or retrieve data stored in the technology system relating to the Delivery Account program. There are no contractual limitations on Franchisor's access to such data. Franchisee must deliver to Franchisor all access codes, static internet protocol ("IP") addresses, and other information to facilitate Franchisor's access to such data.

10. Franchisee must comply with the then-current customer service and quality standards set forth in the Operations Manual. Franchisee is responsible for all laundry items from the time such items are picked up from the Delivery Account customer until such time as they are delivered back to the customer. Franchisee must reimburse customers for all items that are damaged, misplaced, missing, or otherwise unfit for delivery, in accordance with Franchisor's customer reimbursement policies as set forth in the Operations Manual. If any item requires re-cleaning, Franchisee must perform the re-cleaning at no additional cost to the customer.

11. Franchisor has the right to change these Delivery Account Participation and Service Requirements at any time upon thirty (30) days' prior written notice to Franchisee.

12. For each Delivery Account serviced by Franchisee during the franchise term in accordance with the Delivery Account Participation and Service Requirements, Franchisor or its affiliate will pay to Franchisee certain Delivery Account Servicing Fees (see below). Delivery Account Servicing Fees are determined based on reasonable wholesale rates and are specific to the servicing market in which Franchisee operates. The Delivery Account Servicing Fees and laundry processing terms for the Franchised Business will be reflected in a form of Service Level Agreement, adapted for Franchisee's market, to be signed by Franchisee and Franchisor and/or its affiliate before the Franchised Business starts providing services to Delivery Accounts.

The paying party, whether Franchisor or its affiliate, will exercise best efforts to pay Franchisee an amount that results in Franchisee achieving positive annual profit margins on the Delivery Accounts for which it provides services, so long as Franchisee processes orders at an average of sixteen (16) pounds per hour or more. The Delivery Account Servicing Fees will be paid to Franchisee regardless of what fees are charged to or collected from the Delivery Account. Franchisor and its affiliates have no obligation to pay Franchisee any other compensation for providing services to Delivery Accounts, and Franchisee is solely responsible for all costs and/or expenses incurred in providing services to Delivery Accounts, including additional supplies, equipment, inventory, and technology.

Franchisee will be paid the Delivery Account Servicing Fees on a monthly basis on the day of the month and in the manner designated by Franchisor or its affiliates. Franchisor and its affiliates will use commercially-reasonable efforts to pay applicable Delivery Account Servicing Fees within seven (7) days after receiving Franchisee's invoice.



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13. There are no guarantees that Franchisee will receive any minimum amount of laundry service orders from or for the Delivery Accounts. Franchisor and its affiliates have the right to have any LaundroLab business or third-party perform the Delivery Account services, regardless of Franchisee's proximity to a specific Delivery Account.

Details for Franchisee Participation

Service Area: _____

Delivery Account Servicing Fees:

| Item | Delivery Account Servicing Fee: |
|---|---|
| Laundry Bag | $_____ |
| Linen Bag | $_____ |
| Hang Dry Bag | $_____ |

Delivery Account Processing Times:

Franchisee shall make a good faith effort to have cleaned bags and clothing ready for pickup no later than _____ am/pm _____ (____) business days from the date such laundry item was delivered to Franchisee.



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**THE FOLLOWING PAGES ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT**

**RIDER TO THE LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**FOR USE IN ILLINOIS**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Illinois and the LaundroLab Business will be located in Illinois, and/or (b) Franchisee is an Illinois resident.

2. **FEES**. The following language is added at the end of Section 3.1 of the Franchise Agreement:

> The Illinois Attorney General's Office has imposed a fee deferral requirement due to Franchisor's financial condition. Despite the payment provisions above, Franchisor will defer Franchisee's payment of the initial franchise fee due to Franchisor under this Agreement until Franchisor has fulfilled all of its initial obligations to Franchisee and Franchisee has commenced operating its LaundroLab Business. Franchisee must pay Franchisor the initial franchise fee on the day it opens the LaundroLab Business for business.

3. **GOVERNING LAW**. Section 18.1 of the Franchise Agreement is deleted and replaced with the following:

> Illinois law governs this Agreement.

4. **CONSENT TO JURISDICTION**. Section 18.4 of the Franchise Agreement is amended to add the following language at the end:

> 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.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added at the end of Sections 18.10 and 18.11 of the Franchise Agreement:

> HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 25 of the Franchise Agreement:

25. **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 any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**FOR USE IN MINNESOTA**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the LaundroLab Business that Franchisee will operate under the Franchise Agreement will be located in Minnesota, or (b) any of the franchise offer or sales activity occurred in Minnesota.

2. **DEFERRAL**. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business.

3. **RELEASES**. The following language is added to the end of Sections 2.2.8 and 14.3.2.3 of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

4. **TERMINATION**. The following language is added to the end of Section 15 the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

5. **GOVERNING LAW**. The following language is added to the end of Section 18.1 of the Franchise Agreement:

> Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

6. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.4 of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter

80C or Franchisee's rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Sections 18.10 and 18.11 of the Franchise Agreement are deleted in their entirety.

8. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 18.9 of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**STATE OF NEW YORK**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is being signed because (a) Franchisee is a resident of New York and the LaundroLab Business that Franchisee will operate will be located in New York, or (b) any of the franchise offer or sales activity occurred in New York.

2. **RELEASES**. The following language is added to the end of Sections 2.2.8 and 14.3.2.3 of the Franchise Agreement:

> Notwithstanding the foregoing, all rights Franchisee enjoys and any causes of action arising in Franchisee's 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY FRANCHISOR**. The following language is added to the end of Section 14.5 of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

4. **TERMINATION BY FRANCHISEE**. The following language is added to the end of Section 15 of the Franchise Agreement:

> Franchisee may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added at the end of Sections 18.1 and 18.4 of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 18.9 of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**FOR USE IN RHODE ISLAND**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of Rhode Island and the LaundroLab Business that Franchisee will operate will be located in Rhode Island, or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added at the end of Sections 18.1 and 18.4 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

*[Signature Page Follows]*

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**FRANCHISE AGREEMENT**
**FOR USE IN VIRGINIA**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of Virginia and the LaundroLab Business that Franchisee will operate will be located in Virginia, or (b) any of the franchise offer or sales activity occurred in Virginia.

2. 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 the terms of this chapter shall be governed by the laws of the Commonwealth of Virginia. Any provision of the Franchise Agreement that designates a different governing law shall not apply to franchisees located in Virginia.

3. 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. Any post-termination or post-expiration covenant not to compete or similar restriction contained in the Franchise Agreement shall not apply to franchisees located in Virginia to the extent such restriction prohibits the franchisee from engaging in the business of offering, selling, or distributing goods or services at retail.

4. Notwithstanding the foregoing, 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.

5. To the extent that any provision of the Franchise Agreement or the Franchise Disclosure Document conflicts with the Virginia Retail Franchising Act, § 13.1-557 et seq. of the Code of Virginia, the requirements of the Act shall control. These amendments are effective for all franchise agreements offered or entered into on or after July 1, 2026.

*[Signature Page Follows]*



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**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____



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**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

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

1. **Financial Assurance**. The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

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

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

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

5. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

6. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.



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

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

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

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

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

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

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

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

15. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As



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a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

19. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

20. **Post-Termination or Post-Expiration Expenses**. The Post-Termination or Post-Expiration Expenses fee due by franchisee to franchisor are stricken.

21. **Representations**. Section 19 of the Franchise Agreement titled "Representations" shall not apply in Washington.

22. **Death or Disability**. Section 14.2 of the Franchise Agreement is amended to give the Franchisee 180 days to affect the transfer.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

| | |
|---|---|
| _____ | _____ |
| Signature of Franchisor Representative | Signature of Franchisee Representative |
| _____ | _____ |
| Title of Franchisor Representative | Title of Franchisee Representative |



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**THE FOLLOWING PAGES ARE STATE-SPECIFIC RIDERS TO THE DEVELOPMENT AGREEMENT**

**RIDER TO THE LAUNDROLAB, LLC**
**DEVELOPMENT AGREEMENT**
**FOR USE IN ILLINOIS**

THIS RIDER entered into this day of _____between: (i) LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor"); and (ii) a _____, with a principal business address at _____("Developer").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated _____ (the "Development Agreement"). This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Development Agreement occurred in Illinois and the LaundroLab Businesses that Developer will develop under the Development Agreement will be located in Illinois, or (b) Developer is an Illinois resident.

2. **FEES.** The following language is added at the end of Section 2 of the Development Agreement:

> The Illinois Attorney General's Office has imposed a fee deferral requirement due to Franchisor's financial condition. Despite the payment provisions above, Franchisor will defer Developer's payment of the development fee due to Franchisor under this Agreement until Franchisor has fulfilled all of its initial obligations to Developer and Developer has commenced operating its LaundroLab Business. Developer must pay Franchisor the full development fee on the day it opens the first LaundroLab Business under the Development Agreement.

3. **GOVERNING LAW.** Section 12 of the Development Agreement is hereby amended to read as follows:

> Illinois law governs this Agreement.

4. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16 of the Development Agreement:

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

5. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL**. The following language is added to the end of Sections 18 and 19 of the Development Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 30 of the Development Agreement:

**30. 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 any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**DEVELOPER**

_____

(Individual, Partnership or Corporation Name)

By: _____

Print Name:_____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Print Name:_____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**DEVELOPMENT AGREEMENT**
**FOR USE IN MINNESOTA**

**THIS RIDER** entered into this day of _____between: (i) LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor"); and (ii) a _____, with a principal business address at _____("Developer").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated _____ (the "Development Agreement"). This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the LaundroLab Businesses that Developer will develop under the Development Agreement will be located in Minnesota, or (b) any of the franchise offer or sales activity relating to the Development Agreement occurred in Minnesota.

2. **DEFERRAL**. Item 5 of the Franchise Disclosure Document is amended to add the following:

> Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business.

3. **GOVERNING LAW**. The following sentence is added to the end of Section 12 of the Development Agreement:

> Nothing in this Agreement will abrogate or reduce any of Developer's rights under Minnesota Statutes Chapter 80C or Developer's right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

4. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 16:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of Developer's rights under Minnesota Statutes Chapter 80C or its rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Sections 18 and 19 of the Development Agreement are deleted in their entirety.

*[Signature Page Follows]*

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**DEVELOPER**

_____

(Individual, Partnership or Corporation Name)

By: _____

Print Name:_____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Print Name:_____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**DEVELOPMENT AGREEMENT**
**STATE OF NEW YORK**

**THIS RIDER** entered into this day of _____between: (i) LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor"); and (ii) a _____, with a principal business address at _____("Developer").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated _____ (the "Development Agreement"). This Rider is being signed because (a) Developer is a resident of New York and the LaundroLab Businesses that Developer will develop under the Development Agreement will be located in New York, or (b) any of the franchise offer or sales activity relating to the Development Agreement occurred in New York.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Sections 12 and 16 of the Development Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

3. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 28 of the Development Agreement:

> To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Developer's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

*[Signature Page Follows]*

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**DEVELOPER**

_____

(Individual, Partnership or Corporation Name)

By: _____

Print Name:_____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Print Name:_____

Title: _____



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**RIDER TO THE LAUNDROLAB, LLC**
**DEVELOPMENT AGREEMENT**
**FOR USE IN RHODE ISLAND**

**THIS RIDER** entered into this day of _____between: (i) LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor"); and (ii) a _____, with a principal business address at _____("Developer").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated _____ (the "Development Agreement"). This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is a resident of Rhode Island and the LaundroLab Businesses that Developer will develop under the Development Agreement will be located in Rhode Island, or (b) any of the franchise offer or sales activity relating to the Development Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Sections 12 and 16 of the Development Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

*[Signature Page Follows]*

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**DEVELOPER**

_____

(Individual, Partnership or Corporation Name)

By: _____

Print Name: _____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Print Name: _____

Title: _____

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**RIDER TO THE LAUNDROLAB, LLC**
**DEVELOPMENT AGREEMENT**
**FOR USE IN VIRGINIA**

THIS RIDER is made by and between LaundroLab, LLC ("Franchisor"), a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 and _____ ("Developer").

6. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated _____ (the "Development Agreement"). This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is a resident of Virginia and the LaundroLab Businesses that Developer will develop under the Development Agreement will be located in Virginia, or (b) any of the franchise offer or sales activity relating to the Development Agreement occurred in Virginia.

7. 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 the terms of this chapter shall be governed by the laws of the Commonwealth of Virginia. Any provision of the Franchise Agreement that designates a different governing law shall not apply to franchisees located in Virginia.

8. 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. Any post-termination or post-expiration covenant not to compete or similar restriction contained in the Franchise Agreement shall not apply to franchisees located in Virginia to the extent such restriction prohibits the franchisee from engaging in the business of offering, selling, or distributing goods or services at retail.

9. Notwithstanding the foregoing, 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.

10. To the extent that any provision of the Franchise Agreement or the Franchise Disclosure Document conflicts with the Virginia Retail Franchising Act, § 13.1-557 et seq. of the Code of Virginia, the requirements of the Act shall control. These amendments are effective for all franchise agreements offered or entered into on or after July 1, 2026.

*[Signature Page Follows]*

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS RIDER TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

**PERSONAL GUARANTORS**

_____

_____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Title: _____

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

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

1. **Financial Assurance**. The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. For multi-unit development agreements, the development fee shall be prorated and collected in installments, with each installment becoming due only after each respective unit under the development agreement opens for business.

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

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

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

5. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

6. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

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

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

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

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

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

15. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As

a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

19. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

| | |
|---|---|
| _____ | _____ |
| Signature of Franchisor Representative | Signature of Franchisee Representative |
| _____ | _____ |
| Title of Franchisor Representative | Title of Franchisee Representative |

**EXHIBIT E**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# DEVELOPMENT AGREEMENT



© 2026 LaundroLab, LLC

# DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into this _____ between: (i) LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor"); and (ii) _____, a _____, with a principal business address at _____ ("Developer").

## BACKGROUND

A. Franchisor and its principals have developed a system for operating businesses offering laundry services and related goods and services to customers on a walk-in, self-serve basis under the "LaundroLab" name and mark (each a "LaundroLab Business").

B. Developer desires to enter into an agreement with Franchisor to obtain the right to develop and operate multiple franchised LaundroLab Businesses using the system developed by Franchisor, the characteristics of which include, depending on Developer's location: Franchisor's Proprietary System; interior and exterior designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating and managing a LaundroLab Business in the manner set forth in this Agreement and in the Operations Manual and modified from time to time (the "System").

C. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the mark "LaundroLab," in connection with the System (the "Proprietary Marks"). The rights to all Proprietary Marks Franchisor may now, or in the future designate as part of the System, will be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder.

D. Franchisor grants qualified third parties the right to develop a certain number of franchised LaundroLab Businesses within a designated geographic area (the "Development Area") in accordance with the terms of this Agreement that must be strictly adhered to, with each franchised LaundroLab Business within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in Franchisor's then-current form of franchise agreement (each, a "Franchise Agreement").

E. Developer recognizes the benefits from receiving the right to operate a franchised LaundroLab Business and desires to: (i) become a multi-unit franchised LaundroLab Business operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate the total number of franchised LaundroLab Businesses within the Development Area as provided in the Data Sheet, and Franchisor has approved such application in reliance on Developer's representations made therein.

G. Developer hereby acknowledges and agrees that strict adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all LaundroLab Businesses and Franchisor's System as a whole, and any breach

of these terms may result in termination of this Agreement by Franchisor, subject to the terms described herein.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

## AGREEMENT

1. **Development Area**. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish the total number of franchised LaundroLab Businesses within the Development Area described in the Data Sheet attached hereto as Exhibit "A" (the "Data Sheet"), provided Developer opens and commences operations of such franchised LaundroLab Businesses in accordance with the development schedule provided in the Data Sheet ("Development Schedule").

2. **Development Fee**. In consideration of the rights granted under this Agreement, Developer agrees to pay to Franchisor a development fee in the amount designated on the Data Sheet (the "Development Fee").

3. **Payment Terms**. The Development Fee is payable in full upon the execution of this Agreement. Notwithstanding the terms of Developer's individual Franchise Agreements, Developer shall not be required to pay any additional "initial franchise fee" for franchised LaundroLab Businesses opened pursuant to this Agreement. The Development Fee is deemed fully earned and non-refundable upon payment, regardless of whether Developer successfully develops all LaundroLab Businesses contemplated by this Agreement or whether this Agreement is terminated for any reason.

4. **Initial Franchise Agreement**. Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first franchised LaundroLab Business that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 5 of this Agreement.

5. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional franchised LaundroLab Business that Developer is required to open under this Agreement, the terms of which may be materially different than the terms of the current form of Franchise Agreement; and (ii) enter into such Franchise Agreements at such times as are required for Developer to timely meet, and strictly adhere to, its development obligations set forth in Section 6 of this Agreement. Developer's failure to timely execute any Franchise Agreement required under this Section shall constitute an independent and separate default under this Agreement, entitling Franchisor to terminate this Agreement pursuant to Section 7.2 upon written notice and the expiration of any applicable cure period. Developer acknowledges that Franchisor's then-current form of Franchise Agreement may contain terms and conditions that are materially different from those applicable to previously executed Franchise Agreements, and Developer's obligation to execute such then-current form is unconditional, subject only to the express terms of this Agreement.

6. **Development Obligations.** Developer must ensure that it: (i) opens and commences operations of the number of new franchised LaundroLab Businesses during each of the development periods defined in the Development Schedule (each, a "Development Period") until Developer has opened the number of franchised LaundroLab Businesses it is required to open pursuant to the Development Schedule; and (ii) has the minimum cumulative number of franchised LaundroLab Businesses open and operating at



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the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with this Section is grounds for termination of this Agreement following notice and opportunity to cure as set forth in Section 7.2, if any such cure period is provided therein.

7. **Term and Termination.**

7.1 This Agreement will commence as of the date it is fully executed and will expire on the last day of the calendar month that the final franchised LaundroLab Business is required to be opened and operating under the Development Schedule, unless earlier terminated pursuant to Section 7.2. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the rights granted in connection with any franchised LaundroLab Businesses that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (pursuant to the respective Franchise Agreement(s) that Developer entered into for such franchised LaundroLab Business(es)). For the avoidance of doubt, upon expiration or termination of this Agreement, Developer shall have no right to open any additional franchised LaundroLab Businesses within the Development Area that were not already open and operating as of the date of such expiration or termination.

7.2 Franchisor will have the right, at its sole discretion, to terminate this Agreement and all rights granted to Developer hereunder upon written notice to Developer. Terminations under this Section 7.2 will be effective either (a) immediately upon written notice, without any opportunity to cure, for the non-curable defaults identified below, or (b) upon the expiration of any cure period expressly provided below for a curable default, if the default is not timely cured. The following constitute defaults permitting Franchisor to terminate this Agreement: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, with "development activities" including but not limited to site selection, lease negotiations, construction planning, or other substantial steps toward opening LaundroLab Businesses, or any shorter period that indicates an intent by Developer to discontinue development of the franchised LaundroLab Businesses within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed for the Developer; (iii) if Developer fails to meet its development obligations set forth in Section 6 of this Agreement during any Development Period, and fails to cure such default within thirty days of receiving notice thereof; (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement; (v) if Developer or any of its principals makes or has made any material misrepresentation or omission in connection with Developer's application for development rights or in any other agreement with Franchisor; (vi) if Developer or any of its principals is convicted of, or pleads no contest to, a felony or any crime or offense that Franchisor reasonably believes is likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith; (vii) if Developer attempts to transfer any rights under this Agreement without Franchisor's prior written consent as required by Section 9; (viii) if Developer fails to pay when due any fees or other monetary obligations owed to Franchisor or any of its affiliates under any Franchise Agreement or other agreement and fails to cure such failure within ten (10) days after written notice from Franchisor; or (ix) if Developer loses any license, permit, or authorization required to operate or develop a franchised LaundroLab Business and fails to reinstate such license, permit, or authorization within thirty (30) days after written notice from Franchisor.

8. **Reservation of Rights.** (a) If Developer is fully complying with all of its obligations under this Agreement and all Franchise Agreements then in effect with Franchisor for the construction,



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development, and operation of franchised LaundroLab Businesses, then during this Agreement's term only, Franchisor (and its affiliates) will not—except with respect to LaundroLab Businesses proposed to be located at or within Non-Traditional Venues within the Development Area—establish and operate, or grant to others the right to establish and operate, LaundroLab Businesses that have their physical locations within the Development Area. Notwithstanding anything to the contrary in this Agreement, Franchisor (and its affiliates) reserve the unrestricted right to pursue, establish, and operate, or franchise or license others to pursue, establish, and operate, LaundroLab Businesses to be located at or within Non-Traditional Venues within the Development Area. A "Non-Traditional Venue" is defined in this Agreement to include, but not be limited to, business and industrial complexes, healthcare facilities, military bases, hotels and motels, and colleges and universities. These rights with respect to Non-Traditional Venues are reserved and may be exercised whether or not Developer also could have the opportunity (if approved by Franchisor) to pursue, establish, and operate a LaundroLab Business to be located at or within that Non-Traditional Venue.

(b) The location exclusivity described in this Section 8 for LaundroLab Businesses (with the noted exception in clause (a) above for Non-Traditional Venues within the Development Area) is the only restriction on Franchisor's (and its affiliates') activities within the Development Area during this Agreement's term. Franchisor and its affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within and throughout the Development Area, including, without limitation, the types of activities in which Franchisor and its affiliates reserve the right to engage under the Franchise Agreements that Franchisor signs with Developer.

(c) After this Agreement expires or is terminated (regardless of the reason for termination), Franchisor and its affiliates have the right, without any restrictions whatsoever, to: (i) establish and operate, and grant to others the right to establish and operate, LaundroLab Businesses having their physical locations within the Development Area; and (ii) continue to engage, and grant to others the right to engage, in any other activities Franchisor (and its affiliates) desires within and throughout the Development Area, subject only to Developer's rights under Franchise Agreements then in effect with Franchisor.

9. **Sale or Assignment.** (a) Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Without limiting Franchisor's discretion to withhold consent, Franchisor may condition its consent to any proposed transfer on satisfaction of all of the following: (i) Developer has paid all accrued monetary obligations owed to Franchisor, Franchisor's affiliates, and Franchisor's designated or approved suppliers; (ii) Developer has cured all existing defaults under this Agreement and each then-effective Franchise Agreement; (iii) Developer and its principals (if Developer is an entity), and the proposed transferee if it has had any prior relationship with Franchisor or its affiliates, have executed a general release in favor of Franchisor and its affiliates in a form satisfactory to Franchisor (not inconsistent with any applicable state statute regulating franchising); (iv) Developer or the transferee has provided Franchisor a copy of the executed purchase agreement with all supporting documents and schedules; (v) the transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards, possesses a good moral character, business reputation, and credit rating, and has adequate financial resources to satisfy the development obligations under this Agreement and the Franchise Agreement; (vi) the transferee has executed Franchisor's then-current form of development agreement and a contemporaneous Franchise Agreement for any franchised LaundroLab Business to be operated by the transferee; (vii) Developer or the transferee has paid Franchisor a non-refundable transfer fee equal to Fifteen Thousand Dollars ($15,000) plus any broker commissions due, subject to applicable state law; (viii) the transferee has satisfactorily completed Franchisor's initial



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training program at the transferee's expense; and (ix) the transfer is made in compliance with all applicable laws, including state and federal franchise sales laws.

(b) Franchisor has the right to change its ownership or form and/or to assign this Agreement and any other agreement to a third party without restriction. After Franchisor assigns this Agreement to a third party that expressly assumes this Agreement's obligations, Franchisor no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to Developer as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, Developer agrees that Franchisor has the right to sell its assets (including this Agreement), the Proprietary Marks, or the System to a third party; offer its ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

10. **Acknowledgment**. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

11. **Notices**. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

12. **Choice of Law.** This Agreement will be governed by the laws of the State of North Carolina (without reference to its conflict of laws principles).

13. **Internal Dispute Resolution.** Developer shall first bring any claim or dispute between Developer and Franchisor to Franchisor's President or designated representative, after providing Franchisor the notice required by Section 18.6 of the Franchise Agreement (or, if no Franchise Agreement is then in effect between the parties, after providing Franchisor written notice of the dispute in reasonable detail at least thirty (30) days before commencing any action).Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

14. **Mediation**. At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 13 above, must be submitted first to non-binding mediation, in or near Charlotte, North Carolina, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced



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by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

15. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

16. **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to the exclusive jurisdiction and venue of any state court of general jurisdiction in Charlotte, North Carolina and the exclusive jurisdiction and venue of the United States District Court presiding over Charlotte, North Carolina. Developer acknowledges that this Agreement has been entered into in the State of North Carolina, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Charlotte, North Carolina. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above.

17. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

18. **JURY TRIAL WAIVER.** WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO MEDIATION, THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

19. **Waiver of Punitive Damages.** Developer irrevocably waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Developer's recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20. **Attorneys' Fees.** If Developer is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Developer and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Developer must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Developer institutes any legal action to interpret or enforce the terms of this Agreement, and Developer's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.



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21. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. **Integration; Entire Agreement**. This Agreement (together with its Data Sheet and any exhibits and state-specific riders attached) constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior negotiations, understandings, representations, and agreements, whether written or oral, between the parties relating to that subject matter. Nothing in this Section 24 is intended to disclaim any representation made by Franchisor in the franchise disclosure document delivered to Developer in connection with the sale of the development rights granted hereunder.

25. **Amendments**. No amendment, modification, or waiver of any provision of this Agreement will be effective unless set forth in a writing signed by Franchisor and Developer. The failure of either party to enforce any provision of this Agreement at any time will not be deemed a waiver of the party's rights to enforce that provision or any other provision thereafter.

26. **Force Majeure**. Neither Developer nor Franchisor (nor any affiliate of Franchisor) will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations hereunder results from fire, flood, natural disasters, acts of God, governmental acts or orders, civil disorders, pandemics, epidemics, quarantines, national emergencies, labor disruptions, or other similar events beyond the reasonable control of the affected party. The affected party must provide written notice of the force majeure event within fifteen (15) business days of its occurrence and must use commercially reasonable efforts to resume performance as soon as practicable. Any delay resulting from a force majeure event will extend each affected Development Period by the length of the delay, or by such other reasonable period as the parties agree in writing.

27. **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 9 of this Agreement.

28. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in



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order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section within ten (10) business days of Franchisor's written request, Developer hereby irrevocably appoints Franchisor as Developer's attorney-in-fact, coupled with an interest, to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein. This power of attorney shall be irrevocable and shall survive the incapacity, dissolution, or bankruptcy of Developer.

29. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

30. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid applicable law or regulation of the state in which Developer's initial franchised LaundroLab Business is located, then the valid law or regulation of such state will supersede any provision of this Agreement that is less favorable to Developer.

31. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

32. **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

33. **Confidentiality.** Developer acknowledges that, during the term of this Agreement, Developer (and Developer's principals, owners, employees, and agents) will be given access to confidential and proprietary information of Franchisor, including without limitation site-selection criteria, training materials, the Operations Manual or excerpts thereof, supplier specifications, system standards, financial models, and other materials that constitute trade secrets or otherwise are not in the public domain (collectively, "Confidential Information"), and that the Confidential Information has the same meaning, and is entitled to the same protection, as the "Confidential Information" defined in the Franchise Agreement. Developer agrees: (a) to hold all Confidential Information in strict confidence; (b) not to disclose any Confidential Information to any third party except those of Developer's principals, employees, attorneys, and accountants who need to know it to evaluate or perform Developer's obligations under this



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Agreement and who are bound by written confidentiality obligations no less stringent than those in this Section; (c) not to use any Confidential Information for any purpose other than performing Developer's obligations under this Agreement; and (d) upon expiration or termination of this Agreement, to return or destroy all Confidential Information in Developer's or any of its representatives' possession. Developer's obligations under this Section survive expiration or termination of this Agreement indefinitely with respect to trade secrets, and for a period of three (3) years following expiration or termination with respect to all other Confidential Information.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**DEVELOPER**

_____

(Individual, Partnership or Corporation Name)

By: _____

Print Name: _____

Title: _____

**FRANCHISOR**

**LAUNDROLAB, LLC**

By: _____

Print Name: _____

Title: _____



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**EXHIBIT A to DEVELOPMENT AGREEMENT**

**DATA SHEET**

1. **Development Area.** The Development Area is the area described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

_____

_____

2. **Total Number of Franchised LaundroLab Businesses**: _____

3. **Development Fee.** The Development Fee under the Development Agreement is $_____.

4. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

| Expiration of Development Period (each, a "Development Period") | # of New Franchised LaundroLab Businesses Opened Within Development Period | Cumulative # of Franchised LaundroLab Businesses that Must Be Open and Operating |
|---|---|---|
| 12 months from Effective Date | | |
| 18 months from opening location #1 | | |
| 12 Months from opening location #2 | | |

[*Signatures on the following page*]

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**APPROVED AND AGREED BY:**
**FRANCHISOR**
**LAUNDROLAB, LLC**

By: _____

Print Name: _____

Title: _____

**DEVELOPER**

_____
(Individual, Partnership, Corporation, Limited Liability Company, or Other Legal Entity Name)

By: _____

Print Name: _____

Title: _____



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**EXHIBIT F**
**TO LAUNDROLAB, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# SAMPLE TERMINATION AND RELEASE AGREEMENT



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## SAMPLE TERMINATION AND RELEASE AGREEMENT

**THIS SAMPLE TERMINATION AND RELEASE AGREEMENT SHALL NOT APPLY IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF WASHINGTON.**

This Termination of Franchise Agreement and Release (the "Agreement") is made this day of _____, by and between LaundroLab, LLC, a North Carolina limited liability company with a principal business address at 520 Elliot St., Charlotte, NC 28202 ("Franchisor") and _____, a _____ with an address at _____ ("Transferor").

### BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a franchised LaundroLab Business at _____.

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

### AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates, including but not limited to royalties, advertising fees, and any outstanding invoices, have been satisfied in full as of the date of this Agreement, and Transferor shall provide written confirmation from Franchisor of such satisfaction prior to the effectiveness of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations,



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Franchise Disclosure Document

claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and supersedes all prior negotiations, understandings, and agreements, whether written or oral. This Agreement may not be modified except by a written instrument signed by both parties, and no waiver of any provision shall be effective unless in writing and signed by the waiving party.

7. This Agreement will be construed under the laws of North Carolina; which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors, and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement or to remedy any breach thereof, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, court costs, and investigation expenses, incurred in enforcing the terms of this Agreement or remedying such breach, regardless of whether formal legal proceedings are initiated.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Charlotte, North Carolina, and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Charlotte, North Carolina pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this



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Franchise Disclosure Document

Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.



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I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

LAUNDROLAB, LLC

By: _____

TRANSFEROR

By: _____



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Franchise Disclosure Document

# EXHIBIT G
# TO LAUNDROLAB, LLC FRANCHISE DISCLOSURE DOCUMENT

## STATE SPECIFIC ADDENDA / RIDERS TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

### NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF LAUNDROLAB, LLC**

The following are additional disclosures for the Franchise Disclosure Document of LAUNDROLAB, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

## ILLINOIS

1. The following language is added as the last paragraphs of Items 5 and 7

> The Illinois Attorney General's Office has imposed a fee deferral requirement due to our financial condition. Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your LaundroLab Business. You must pay us the initial franchise fee on the day you open the LaundroLab Business for business. You must pay us the full development fee, if applicable, on the day you open the first LaundroLab Business under the Development Agreement.

2. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

> Illinois law governs the Franchise 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.
>
> Franchisees' rights upon termination and non-renewal 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.



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Franchise Disclosure Document

## INDIANA

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document. This Addendum applies if: (a) the offer to sell a franchise is accepted in Indiana; (b) the purchaser of the franchise is a resident of Indiana; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Indiana. To the extent any provision of this Addendum conflicts with any provision of the Franchise Disclosure Document, this Addendum controls.

1. Indiana Code 23-2-2.7-1 prohibits certain unfair franchise practices. To the extent any provision of the Franchise Agreement is inconsistent with Indiana Code 23-2-2.7-1, the Indiana statute controls.

2. Item 17(d) is amended to add: Indiana Code 23-2-2.7-1(7) prohibits any provision restricting a franchisee's right to receive a franchise renewal absent good cause as defined under Indiana law.

3. Item 17(v) and Item 17(w) are amended to add: To the extent the Franchise Agreement requires application of laws other than Indiana, or venue outside of Indiana, the franchisee's rights under the Indiana Deceptive Franchise Practices Act (Indiana Code 23-2-2.7) are preserved.

4. Any provision of the Franchise Agreement that purports to require a franchisee to waive any rights under the Indiana Deceptive Franchise Practices Act, including any release as a condition of renewal, transfer, or settlement, is void.

## MARYLAND

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document. This Addendum applies if: (a) the offer to sell a franchise is accepted in Maryland; (b) the purchaser of the franchise is a resident of Maryland; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Maryland. To the extent any provision of this Addendum conflicts with any provision of the Franchise Disclosure Document, this Addendum controls.

1. Each provision of this Addendum applies only to franchises governed by the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. § 14-201 et seq.

2. Item 17(c) and Item 17(m): Any general release required as a condition of renewal or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(d): The franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(v) and Item 17(w): The choice-of-law and choice-of-forum provisions of the Franchise Agreement do not apply to claims arising under the Maryland Franchise Registration and



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Franchise Disclosure Document

Disclosure Law. A franchisee may bring a claim in Maryland for any violation of the Maryland Franchise Registration and Disclosure Law.

5. Item 5 is amended to add: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required the franchisor to defer collection of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement, if any such requirement is imposed by the Commissioner.

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

**MINNESOTA**

1. Item 5 of the Franchise Disclosure Document is amended to add the following:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business.

2. The following sentence is added to the "Remarks" column of the "Interest on Late Payments, Late Fees, Insufficient Funds" line-item in Item 6 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 604.113, which puts a cap of $30 on an NSF check.

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

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.



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No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**NEW YORK**

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 DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 of the Franchise Disclosure Document:

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



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franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled Requirements for you to renew or extend, and Item 17(m), titled Conditions for our approval of transfer:

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

4. The following replaces the "Summary" section of Item 17(d) of the Franchise Disclosure Document, titled Termination by you:

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

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



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Franchise Disclosure Document

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

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

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

**RHODE ISLAND**

1. The following language is added to the end of the "Summary" section of Item 17(v) of the Franchise Disclosure Document, titled Choice of forum:

except that, to the extent required by the Rhode Island Franchise Investment Act, you may bring an action in Rhode Island.

2. The following language is added to the end of the "Summary" section of Item 17(w) of the Franchise Disclosure Document, titled Choice of law:

Except for federal law and as otherwise required by the Rhode Island Franchise Investment Act, North Carolina law applies.

**VIRGINIA**

1. 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



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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.

2. Item 17(r) is amended to read as follows:
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. Any post-termination or post-expiration covenant not to compete or similar restriction contained in the Franchise Agreement shall not apply to franchisees located in Virginia to the extent such restriction prohibits the franchisee from engaging in the business of offering, selling, or distributing goods or services at retail.

3. 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.

4. Item 17(t) is amended to read as follows:
Notwithstanding the foregoing, 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.

5. 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 the terms of this chapter shall be governed by the laws of the Commonwealth of Virginia. Any provision of the Franchise Agreement that designates a different governing law shall not apply to franchisees located in Virginia.

6. To the extent that any provision of the Franchise Agreement or the Franchise Disclosure Document conflicts with the Virginia Retail Franchising Act, § 13.1-557 et seq. of the Code of Virginia, the requirements of the Act shall control. These amendments are effective for all franchise agreements offered or entered into on or after July 1, 2026.

## WASHINGTON

1. The Franchisee will only be required to pay the Legal fees, costs, and expenses of the Franchisor in the event Franchisor is the substantially prevailing party in a legal action.

2. The Post-Termination or Post-Expiration Expenses fee listed in Item 6 of the



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FDD is stricken.



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**EXHIBIT H**
**TO LAUNDROLAB, LLC FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**



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**LIST OF FRANCHISEES**
**As of December 31, 2025**

| Franchisee | Address | City | State | Zip | Telephone |
|---|---|---|---|---|---|
| Laundry Brothers 1, LLC* | 335 N Gilbert Rd. | Mesa | AZ | 85203 | 847-650-4773 |
| Laundry Brothers 2, LLC* | 7210 E. Main St. | Mesa | AZ | 85207 | 480-219-4654 |
| Double Bubble, LLC* | 1997 S Federal Blvd. | Denver | CO | 80219 | 720-769-4009 |
| AJC Laundry Co, LLC* | 8432 N Armenia Ave | Tampa | FL | 33604 | 813-442-5721 |
| Matt Denault, Carlie Canfield, and Cody Canfield | 4910 Central Avenue | St. Petersburg | FL | 33707 | 727-256-0300 |
| HYLaundroLab1 LLC* | 4145 Lawrenceville Hwy. Suite 8 | Lilburn | GA | 30047 | 470-567-2646 |
| SuperSuds, LLC | 950 Kings Highway, Suite 8 | New Bedford | MA | 02745 | 774-425-2721 |
| LaundroCzar II, LLC | 28735 Gratiot Ave. | Roseville | MI | 48328 | 248-977-4789 |
| Vegas LLAB-I, LLC | 3265 E. Tropicana Ave. Suite B/C | Las Vegas | NV | 89121 | 702-589-7500 |
| Vegas LLAB-II, LLC | 2775 S. Nellis Blvd Ste #5 | Las Vegas | NV | 89121 | 702-563-4420 |
| Beatties Ford Laundry, LLC | 2342 Beatties Ford Rd. | Charlotte | NC | 28216 | 704-817-8138 |
| Tumble Dry, LLC | 3118 E. Milton Rd., Suite E | Charlotte | NC | 28215 | 704-910-3919 |
| Tumble Dry, LLC | 1403 E Franklin Blvd | Gastonia | NC | 28054 | 704-215-5786 |
| Tumble Dry, LLC | 1002 Summit Avenue | Greensboro | NC | 27405 | 336-285-9425 |
| Tumble Dry, LLC | 3204 Randleman Rd. | Greensboro | NC | 27406 | 336-291-8810 |
| Tumble Dry, LLC | 5604-B Rivers Ave. | North Charleston | SC | 29406 | 843-718-0718 |
| Launderful Texas, LLC | 8868 Research Blvd. | Austin | TX | 78758 | 512-284-7950 |
| Absolute LaundroLab One, LLC | 401 E Pioneer Pkwy | Grand Prairie | TX | 75051 | 972-639-3017 |
| Nyassa Karuna, LLC | 3600 Gus Thomasson Rd #112 | Mesquite | TX | 75150 | 214-238-0598 |
| KTX Laundry, LLC | 5718 Bellaire Blvd. | Houston | TX | 77081 | 713-325-2130 |
| PS Hydrous, LLC | 920 E. Little York Rd., Suite A-300 | Houston | TX | 77076 | 346-718-2182 |
| Houston Laundry Company, LLC | 14901 Bellaire Blvd | Houston | TX | 77083 | 346-229-4198 |
| Wash and Dry SA Management Company, Inc.* | 2368 E Southcross Blvd. | San Antonio | TX | 78223 | 210-233-6165 |
| H5 Family Enterprises, LLC* | 6915 Bandera Rd. Suite 100 | San Antonio | TX | 78238 | 210-710-5735 |



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| | | | | | |
|---|---|---|---|---|---|
| Vermont Laundry Services, LLC | 570 Shelburne Rd. | Burlington | VT | 05401 | 802-264-7092 |

**LIST OF FRANCHISEES**
**Opened *After* December 31, 2025**

| Franchisee | Address | City | State | Zip | Telephone |
|---|---|---|---|---|---|
| Lon Langley, Leigh Langley | 3909 S Western Ave | Oklahoma City | OK | 73109 | 405-493-9485 |

**LIST OF FRANCHISEES SIGNED BUT NOT YET OPEN**
**As of December 31, 2025**

| Franchisee | Address | City | State | Zip | Telephone |
|---|---|---|---|---|---|
| John Espey, Scott Sobel | TBD | Jacksonville | FL | | 704-941-0299 |
| Clint Gulley II, Melissa Gulley | TBD | Miami | FL | | 305-978-3470 |
| Raj Sharma | TBD | Philadelphia | PA | | 917-577-5710 |
| Dan Cison & Dan Rivera | TBD | Dallas | TX | | 630-788-0397 |

*Has Development Rights

**LIST OF FORMER FRANCHISEES**
**As of December 31, 2025**

| Franchisee | Address | City | State | Zip | Telephone |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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



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**EXHIBIT I**
**TO LAUNDROLAB, LLC FRANCHISE DISCLOSURE DOCUMENT**



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Franchise Disclosure Document

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Nebraska, New York, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| STATE | EFFECTIVE DATE |
|---|---|
| Illinois | |
| Indiana | |
| Michigan | |
| Minnesota | |
| New York | |
| Rhode Island | |
| Virginia | |
| Wisconsin | |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J**
**TO THE LAUNDROLAB, LLC FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**



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**RECEIPTS**
**(OUR COPY)**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LaundroLab, LLC offers you a franchise, it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.]

If LaundroLab, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issuance Date: April 29, 2026

I have received a Franchise Disclosure Document with an issuance date of April 29, 2026, containing the following Exhibits.

A – List of State Administrators and List of Agents for Service of Process
B – Table of Contents of Operations Manual
C – Financial Statements
D – LaundroLab, LLC Franchise Agreement
E – Development Agreement
F – Sample Termination and Release Agreement
G – State Specific Addenda / Agreement Riders
H – List of Franchisees
I – State Effective Dates
J – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

- Dan D'Aquisto, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- Jason Lepes, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- Mark Vlaskamp, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- Myles Bragman, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- Dana Daugherty, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- _____

<u>If an individual:</u>

By: _____
Name: _____

<u>If a Corporate Entity/Partnership:</u>

By: _____
Name: _____

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Date: _____ Title: _____
Telephone Number: _____ Name of Entity: _____
Date: _____

**RECEIPTS**
**(YOUR COPY)**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LaundroLab, LLC offers you a franchise, it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.]

If LaundroLab, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

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- Dana Daugherty, 520 Elliot St., Charlotte, NC 28202, 704-251-9620
- _____

| If an individual: | If a Corporate Entity/Partnership: |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |

Date: _____ Title: _____
Telephone Number: _____ Name of Entity: _____
Date: _____