

FRANCHISE DISCLOSURE DOCUMENT



Pet Evolution Franchising LLC
a Delaware limited liability
company
4669 Gulf Blvd. #512
St. Pete Beach, Florida 33706
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franchise@petevolution.com
petevolutionfranchising.com

Pet Evolution Franchising LLC is offering franchises for the operation under the Pet Evolution® trademark of pet supply stores focused on pet health and wellness that offer high quality pet food and other pet products along with pet grooming services, including in-store and mobile nail trimming, and that provide in-store self-service dog washing stations for customers to wash their dogs.

The total investment necessary to begin operation of a Pet Evolution franchise with 1 mobile nail trimming unit and 4 self-service dog-washing stations ranges from \$800,550 to \$1,256,000. This includes \$64,000 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Fred Macciocchi Jr. at 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706, telephone 833-266-7387.

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

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

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

ISSUANCE DATE: May 17, 2024.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addend (if any).

See the Table of Contents for the location of the State Specific Addenda.

Special Risk(s) 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 at a location chosen by the mediator or litigation only in Minnesota. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate at a location chosen by the mediator, or litigate with the franchisor in Minnesota than in your own state.
2. **Short Operating History.** This 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 with a longer operating history.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support you.
5. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from suppliers that franchisor designates at prices that they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
6. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also 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.

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in 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.

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48909, telephone: (517) 373-7117.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE.....	3
ITEM 3 LITIGATION.....	4
ITEM 4 BANKRUPTCY.....	4
ITEM 5 INITIAL FEES.....	4
ITEM 6 OTHER FEES	5
ITEM 7 ESTIMATED INITIAL INVESTMENT	8
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	11
ITEM 9 FRANCHISEE'S OBLIGATIONS.....	12
ITEM 10 FINANCING.....	13
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	14
ITEM 12 TERRITORY	20
ITEM 13 TRADEMARKS	21
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	23
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	23
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	23
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	24
ITEM 18 PUBLIC FIGURES.....	28
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	28
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	30
ITEM 21 FINANCIAL STATEMENTS	34
ITEM 22 CONTRACTS	34
ITEM 23 RECEIPTS	34

EXHIBITS:

EXHIBIT A:	STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT
EXHIBIT B:	LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT C:	TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
EXHIBIT D:	LIST OF OUTLETS AND FRANCHISEES WHO LEFT SYSTEM
EXHIBIT E:	FINANCIAL STATEMENTS
EXHIBIT F:	FRANCHISE AGREEMENT, GUARANTY, STATEMENT OF OWNERSHIP AND MANAGEMENT, GENERAL RELEASE, TRANSFER FORM, LEASE RIDER AND STATE SPECIFIC ADDENDA
EXHIBIT G:	ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION
EXHIBIT H:	FRANCHISEE QUESTIONNAIRE
EXHIBIT I:	INFORMATION REGARDING REGIONAL DEVELOPERS

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

To simplify the language in this Franchise Disclosure Document “Pet Evolution,” “we,” “us,” “our” or the “Franchisor”, means Pet Evolution Franchising LLC. “You”, “your” or the “Franchisee” means the person, corporation, partnership or other business entity that buys the franchise. If you are a corporation, partnership or other entity, these terms also include your owners who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

The Franchisor

We are a Delaware limited liability company formed on January 4, 2021. Our principal business address is 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706. We do business only under our company name, “Pet Evolution” and “Pet Evolution Franchising”. In January 2021, we began offering franchises for the operation of Pet Evolution pet supply stores focused on pet health and wellness. These stores offer high quality pet food and other pet products including delivery of these products along with pet grooming services, such as in-store and mobile nail trimming services. These stores also provide in-store self-service dog washing stations for customers to wash their dogs.

Although our affiliate has operated two Pet Evolution stores, we have never operated a business of the type being franchised. We have not and do not conduct business in any other line of business, nor have we or any affiliate offered, nor do we or any affiliate offer, franchises in any other line of business except for the regional development franchises we offer as discussed below. We have no parent companies. Our affiliate, Fetchin Brands LLC, will sell dog treats and other items to our franchisees. It has never operated a business of the type being franchised nor has it ever sold franchises.

Our agents for service of process are disclosed on Exhibit B.

The Business

We offer two types of franchises, unit franchises and regional development franchises. The regional development franchise is offered under a separate disclosure document. Regional developers (also known as area representatives) are granted the right to refer prospective Pet Evolution unit franchise owners to us to determine their qualifications and suitability to become a unit franchisee. The regional developer must also provide certain support to our unit franchise owners. We do not grant regional developers any management responsibility relating to the sale or operation of franchises. As of December 31, 2023, we had 21 regional developers.

Unit franchises, which are offered under this franchise disclosure document, are offered for the establishment, development and operation of pet supply stores that offer high quality pet food and other pet products. The stores also offer pet grooming services, including in-store and mobile nail trimming services, and delivery of products to customers. These stores also provide in-store self-service dog washing stations for customers to wash their dogs. These stores are operated under the Pet Evolution® trademark and logo and other trademarks, trade names, service marks and commercial symbols we may authorize (the “Marks”). These stores are referred to in this Disclosure Document as “Stores” or as a “Store”.

You will operate your Store using our unique operating system, which includes our proprietary methodology for classifying the pet foods that you will sell, and other know-how, information, trade secrets and confidential information, as well as our standards, designs, methods of trademark and service mark usage, and research and development (“System”). We may change or otherwise modify the System at any time as we see fit. Each Store may only sell pet foods that are free of corn, wheat, soy by product and artificial flavors. Your Store must also offer product delivery services and pet grooming services, including

nail trimming, and mobile nail trimming. Your Store must also contain at least 4 self-service dog-washing stations where pet owners can wash their dogs themselves. Each Store must also employ a “pet mascot” for the Store (usually a cat or dog or other small animal meeting our specifications). The pets you service will be made up of primarily dogs but may also include cats and other small animals.

You must sign our standard franchise agreement if we grant you a Pet Evolution franchise (“Franchise Agreement”). Your Store may only provide the services and products we authorize.

If you are not the Manager of the Store you must retain a Manager who meets or requirements including successful completion of our training program. If you own multiple Pet Evolution Stores each store must have a Manager and you may only be the Manager of one of those stores. Although no prior experience in operating a pet supply store is needed, you must have prior business experience. A passion for pets is always a plus but is not required.

Predecessors

Recognizing a need for high quality pet foods the Pet Evolution co-founders teamed together to create the Pet Evolution concept in 2010. Working together over the next two years they opened their first location in February 2012 in Woodbury, Minnesota. This location was originally strictly a retail pet food store. In 2015 this location began providing pet grooming services along with self-service dog washing stations. Seeing a need in the market, the co-founders opened a second Pet Evolution in November 2018. This store is located in Arden Hills, Minnesota. Each of these locations currently provide all of the services that a franchised Store will provide and are operated under the Pet Evolution name.

The Woodbury, Minnesota and Arden Hills, Minnesota locations are owned by Pet Evolution, LLC. Pet Evolution, LLC is owned in part by one of our owners, who is also a co-founder of the Pet Evolution concept. As Pet Evolution, LLC transferred all of its intellectual property to us, including the Pet Evolution trademark, in February 2021, it would be considered a predecessor of ours. Pet Evolution, LLC was incorporated in August 2011 as Tails & Pales, LLC and changed its name to Pet Evolution, LLC in October 2011. The principal business address of Pet Evolution, LLC is 429 Commerce Drive, Suite 500, Woodbury, Minnesota 55125. It has never offered franchises in any line of business.

Market and Competition

The target market for your services is anyone who has a dog, cat or other small animal and is interested in the purchase of high quality pet food and other pet products for their pets to maintain a healthy lifestyle. Your client base will also include those pet owners in need of grooming services for their pets, whether do it yourself pet-owner groomers who need the facilities and tools to groom their pets or those customers who would rather pay a groomer to perform the services. We suggest you focus your marketing efforts on these potential customers.

The market for your services is highly developed and very competitive. The sale of these services is generally not seasonal. You will be competing for customers with other businesses providing pet foods and supplies and those businesses providing grooming services. Many of these businesses are independently owned and operated but there are franchised chains selling pet food and supplies and grooming services. Some of these businesses may specialize in the sale of pet foods or grooming services while others, like grocery stores, may sell a variety of products including pet foods. You will also compete with on-line sellers of pet foods and other products.

Industry Specific Regulations

The pet food you sell is regulated by the Food and Drug Administration and you must comply with these regulations in the sale of these items. You may also need to comply with local regulations as they relate to the housing of a pet mascot in your Store. Any individuals operating the mobile pet trimming unit will need to have a valid driver's license. Your Store will be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, tax laws, and business licensing requirements.

ITEM 2 BUSINESS EXPERIENCE

Rian Thiele – Chief Executive Officer

Rian is one of the co-founders of the Pet Evolution concept and has been our Chief Executive Officer and a member of our Board of Directors since our organization in January 2021. Rian has been an Officer and Director of Pet Evolution, LLC, our predecessor located in Woodbury, Minnesota since its organization in February 2012.

Peter Carlson – President

Peter has been our President and a member of our Board of Directors since our organization in January 2021. Since April 2018, Peter has also been a partner in Jacob Dawn LLC, a franchise development company located in Meza, Arizona. Since June 2018 he has also been a partner in Chicago Hands & Feet, LLC, a franchise development company located in Meza, Arizona. Since November 2009 Peter has been a partner in Our Town of MN, located in St. Paul, Minnesota, a regional developer in the Our Town America franchise system. From July 2005 to September 2019, Peter was a partner in Chicago Massage, LLC located in Maplewood, Minnesota, a regional developer in the Massage Envy franchise system.

Jay Osborn – Chief Financial Officer

Jay has been our Chief Financial Officer and a member of our Board of Directors since our organization in January 2021. Since February 2020 Jay has served as the Vice President of Q3 Contracting, Inc. an energy construction firm located in Little Canada, Minnesota. Jay also served as the President of Q3 from June 2003 to February 2015. From March 2015 to December 2017 Jay served as the Group President of Primoris Services Company, an energy construction firm located in Little Canada, Minnesota. From November 2017 to February 2020, Jay served as an energy consultant for Lakeview Investments #1, LLC a property management firm located in Afton, Minnesota.

Fred Macciocchi Jr. – Chief Operating Officer and Secretary

Fred has been our Chief Operating Officer and Secretary and a member of our Board of Directors since our organization in January 2021. Since August 2018 he has also been an owner of Marv ETF, LLC, located in Sarasota, Florida, an area developer in the Eat The Frog franchise system. From December 2014 to February 2019 he was a partner in Midwest Lashes, Inc., located in Rolling Meadows, Illinois, a regional developer in the Amazing Lash franchise system. From July 2018 to March 2020 Fred served as the National Account Director of WowTools Inc. a sales organization located in Irvine, California.

Lisa Marie O'Brien – Senior Vice President of Franchise Operations

Lisa has served as our Senior Vice President of Franchise Operations since October 2021. From September 2011 to September 2021 Lisa serviced as a Senior Manager Business Consultant for Self Esteem Brands, LLC, located in Woodbury, Minnesota, the franchisor of various health and wellness franchise brands.

Amber Vallecillos –Vice President of Franchise Administration

Amber has served as our Vice President of Franchise Administration since June 2021. From October 2018 to July 2020 she worked in franchise development for JacobDawn, LLC, a franchise development company located in Mesa, Arizona. From September 2013 to May 2019 she worked as an Orientation and Mobility Specialist for the Foundation for Blind Children located in Phoenix, Arizona.

Camila Alejandra Fuentes – Director of Franchise Training and Operations

Camila has served as our Director of Franchise Training and Operations since April 2021. From December 2020 to April 2021 she served as a District Director for the European Wax Center, located in Orange County, the franchisor of the European Wax studios concept. From December 2016 to December 2020 she served as a Regional Trainer for Amazing Lash Studios located in Los Angeles County, the franchisor of the Amazing Lash studios.

Heather Rudolph – Senior Vice President of Marketing

Heather has served as our Senior Vice President of Marketing since April 2022. From October 2013 to March 2022 Heather worked for Self Esteem Brands, LLC located in Woodbury, Minnesota. Self Esteem Brands is the parent company of various health and wellness franchisors, including the franchisor of the Anytime Fitness concept. Heather worked for Self Esteem Brands initially as the Anytime Fitness Brand Director from October 2013 to August 2021 and then as Self Esteem Brand’s Local Marketing Director from August 2021 to February 2022.

See Exhibit I for information on any Regional Developers in your state.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

The initial franchise fee (“Initial Franchise Fee”) for a single Store is \$59,000. The Initial Franchise Fee is due and payable when you sign the Franchise Agreement, is fully earned by us at that time and is nonrefundable. We will reduce the Initial Franchise fee by \$20,000 for each additional Pet Evolution unit franchise you purchase at the time you purchase your initial unit franchise. If you qualify for our Veterans Discount, meaning you are a current member of the United States military in good standing at the time of purchase or a veteran who received an honorable discharge from a branch of the United States military, we will reduce the Initial Franchise Fee by \$10,000. You may only take advantage of one of these discounts.

If you are also purchasing a Pet Evolution regional development franchise at the same time you are purchasing this franchise you will not be charged an Initial Franchise Fee for this franchise. The Initial Franchise Fee we charged in 2023 ranged from \$0-\$59,000 based upon whether the franchisee had also purchased a regional development franchise.

You must purchase an initial treat package from our affiliate. The cost for this package ranges based upon the size of your store and the product mix but is generally \$5,000 for opening.

**ITEM 6
OTHER FEES**

Type of Fee	Amount (Note 1)	Due Date	Remarks
Royalty Fee	7% of monthly Gross Revenue but is reduced to 5% for the first year after your Store opens.	Payable on the tenth day of each month for the prior month.	Gross Revenue includes all revenue generated by or through your Store, including membership fees and any revenue generated from your mobile nail trimming unit or from the delivery of products. (See Note 2)
Brand Fund Contribution	1.5% of your monthly Gross Revenue but is reduced to .50% for the first year after your Store opens.	Payable on the tenth day of each month for the prior month.	
Technology Fee	Currently, \$1,000 per month	Payable on the tenth day of each month.	(See Note 3)
Additional Attendee Training Fee	\$500 per person	Payable before we provide the training.	You must pay \$500 per person for each person over 2 people, including yourself, who attend the Initial Training Program.
New Manager Training	Currently, \$500 per day plus reimbursement of trainer's travel and living expenses if training occurs at a location other than our offices	Payable before we provide the training.	Each new Manager must successfully complete this training.
Operational Training Fee	Currently, \$500 per day plus travel and living expenses of our trainers if the training is not held at our offices.	Payable before we provide the training	If you do not meet our standards and we require additional training, or we require additional training to attempt to maintain competitiveness in the industry, or you request additional training that we agree to provide.
Convention Fee (See Note 4)	Currently, \$750 per person.	Payable at least 120 days before the convention.	If we hold a convention, you must pay this fee, regardless of whether you attend the convention. We will charge you only one fee per Convention even if you have signed a Regional Development Agreement.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Grand Opening Advertising	You must spend at least \$25,000 to market the grand opening of your Store.	Upon demand.	If you fail to spend at least \$25,000 to market the grand opening of your Store on marketing we approve, you must pay us the difference and we will put that amount into the Brand Fund.
Quarterly Local Advertising Expenditure	You must spend at least 6% of your Gross Revenues to market your Store each quarter during the first year after opening of your Store and then 3% of your Gross Revenues to market your Store each quarter during the duration of your Franchise Agreement.	Upon demand.	If you fail to spend these amounts in any quarter on local advertising we approve, you must pay us the difference and we will put that amount into the Brand Fund. The amount you spend on the grand opening for your Store will not count against these quarterly local advertising requirements.
Renewal Fee	\$24,500	Payable at least 30 days before the term of your Franchise Agreement expires.	You only pay this fee if you want to renew your franchise.
Transfer Fee	Amount equal to two-thirds of then-current initial franchise fee. If not selling franchises at time of transfer, fee will be amount of franchise fee paid by franchisee for initial franchise.	Payable before you transfer the franchise.	You only pay this fee if you sell your franchise or an interest in it.
Item/Supplier Review Fee	\$500 per item or supplier.	Payable before we begin review of item/supplier	Only payable if you ask us to approve an item or other product for sale at your Store or if you ask us to approve a supplier. This fee is intended to offset our costs in investigating the supplier or item.
Audit	Cost of audit.	Upon demand.	Payable only if audit shows an understatement of at least 2% of Gross Revenue for any month.
Indemnification	Will vary under circumstances.	As incurred.	You must reimburse us if we are sued or held liable for claims arising from your business, or because of your contractors or the design or construction of your Store.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees. Amount will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we are successful in any legal action we bring against you, or in defending any claim you bring against us.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law.	As incurred.	Payable on all overdue amounts.
Insurance Reimbursement	Will vary under circumstances.	Upon demand.	If you fail to maintain or provide satisfactory evidence of maintaining any insurance coverage we require, we may obtain the insurance coverage on your behalf, and you must reimburse us.
Treat Package	Approximately \$2,000 per month.	Upon receipt of an invoice.	You must purchase from our affiliate dog treats and other items we may specify from time-to-time. This amount will depend upon the size of your Store and how quickly you sell your inventory.
Statement of Ownership Change Fee	Amounts incurred by Franchisor to third parties.	Upon demand.	Only payable if the information in your Statement of Ownership. You must reimburse us for any third-party fees we incur to document such changes.

All fees are paid to us and are non-refundable. All fees are uniform for all new franchisees. You must pay fees and other amounts due to us or our affiliates via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this Disclosure Document as Exhibit G or other form that we may require) for direct debits from your business bank operating account. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Revenue to us for any reporting period, we can, at our option, debit your account for: (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; (b) the amount due based on information we have regarding your business activities; or (c) 110% of the fees transferred from your account for the same period in the prior year. You must certify to us your Gross Revenue in the prior month by the 5th of the immediately following month.

Notes:

- (1) If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you must pay an additional amount equal to the amount of this tax. This does not apply to any federal, Florida or Minnesota income taxes we or our affiliates have to pay.
- (2) You must pay us a Royalty Fee on the monthly Gross Revenues of your Store. Gross Revenues mean the total amount of revenues, income, receipts and other fees received from all business activities taking place by or through the Store, and all other services and products, if any, sold under the Marks, or otherwise related to the Store, including any membership fees, amounts received for mobile nail trimming and amounts received for the delivery of products.
- (3) This fee covers our provision to you of certain technology services, such as use of an on-line booking system, grooming appointment software, 2 email addresses, and a web page on our site for your Store. We can change this fee on notice to you. You will still need to purchase various technology.
- (4) You or your Manager, if any, must attend any conference or convention we decide to have for franchisees. This fee will cover the cost of that registration. If you want to send additional people to the event, for each one you will pay an additional registration fee.

For more information as to your initial investment, see Item 7.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$59,000	\$59,000	Lump sum	Upon signing the Franchise Agreement	Us
Vehicle (Note 3)	\$1,250	\$79,000	Lump sum	Before opening	Vendor
Real Estate and Improvements (Note 4)	\$420,000	\$690,500	As Incurred	Before opening	Landlord and vendors
Architectural Services (Note 5)	\$11,500	\$19,000	Lump Sum	Before opening	Vendor
Furniture, Fixtures and Equipment (Note 6)	\$121,000	\$138,000	Lump sum	Before opening	Vendors
Initial Inventory (Note 7)	\$40,000	\$50,000	Lump sum	Before opening	Vendors
Initial Supplies (Note 8)	\$1,500	\$2,500	Lump sum	Before opening	Vendors
Travel and Living Expenses While Training (Note 9)	\$1,800	\$3,500	As incurred	As incurred during training	Airlines, hotels, restaurants
Grand Opening Advertising (Note 10)	\$25,000	\$25,000	As incurred	Before opening of the Store	Vendors or us
Technology and Security Expenses (Note 11)	\$10,000	\$16,000	As incurred	Before opening	Vendors
Insurance (Note 12)	\$3,000	\$4,500	Lump sum	As agreed	Vendor

Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signage (Note 13)	\$10,000	\$21,000	Lump sum	As incurred	Vendors
Interior/Exterior Window Signage	\$3,500	\$9,500	Lump sum	As incurred	Vendors
Professional Fees	\$4,000	\$7,500	Lump sum	As incurred	Vendors
Additional Funds and Working Capital for First 3 Months (Note 14)	\$89,000	\$131,000	As incurred	As incurred	Vendors and governmental agencies
TOTAL (Note 15)	\$800,550	\$1,256,000			

Notes:

- (1) These estimates are for a Store with approximately 3,200 square feet with 1 mobile nail trimming unit and 4-5 self-service dog-washing stations. None of these payments are refundable. All items in this chart must be purchased from an approved vendor except: vehicle, travel and living services while training, grand opening advertising, insurance, and professional fees.
- (2) See Item 5 for discounts based on the purchase of additional unit franchises and for United States veterans. If you are purchasing a Pet Evolution regional development franchise at the same time as you are purchasing this franchise we will waive the Initial Franchise Fee for this franchise.
- (3) These estimates are for one transit van that you will use to perform mobile nail trimming services. The low estimate assumes you lease the vehicle and the high estimate assumes you purchase a new transit van. In either case, the vehicle must meet our specifications which include that it have a roof height of at least 7 feet high and two wheelbases. The vehicle must be wrapped as we require, and meet all legal requirements including those of the Department of Transportation. The low estimate assumes a 3-year lease for the transit van, with \$2,500 down. The high estimate assumes you pay for the vehicle in full at the time of purchase.
- (4) We have assumed you will lease space for your Store and these assumptions are based on our affiliates costs in leasing and building out Stores in the Minneapolis, Minnesota market. Rent costs are generally between \$25 and \$40 per square foot in the Minneapolis, Minnesota market, not including CAM or taxes, and will vary in other markets. Assuming a 3,200 square foot space the cost for build-out is approximately \$390,00-\$645,500 in the Minneapolis, Minnesota market but will vary in other markets. We encourage you to review this with your professional advisors for assistance. This estimate includes 3-months of rent costs along with a security deposit of 1 month rent. These estimates do not include any tenant improvement allowance.
- (5) These estimates are for an architect to create detailed construction documents and to assist in the construction of your Store in compliance with our mandatory specifications, and to obtain any required permits, and conform the premises to local ordinances or building codes. The estimates assume standard tenant improvements within a structure designed for commercial use, and excludes items such as structural modifications, site work, energy studies, surveys and exterior improvements. Each estimate assumes renovation of an existing space.
- (6) These estimates include the purchase of tubs, shelving, floor mats, furniture and office desks.
- (7) These estimates include the purchase of retail products for re-sale including pet foods, pet toys and accessories along with the initial treat package you must purchase from our affiliate.

- (8) These estimates are for office and janitorial supplies along with grooming and pet washing supplies you will need to open your Store.
- (9) While we do not charge for our Initial Training Program, you must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all attendees. This training will be held at our office in Minnesota or at another location we specify. Your actual costs will vary depending on the distance to be traveled, your method of travel, and your personal circumstances. The low estimate assumes you will act as the Manager of the Store and only 1 person attends the training. The high estimate assumes you and one other person acting as the Manager of your Store attend the training.
- (10) You must spend at least \$25,000 to market the grand opening of your Store on marketing we approve. This marketing must run or otherwise be performed during the 90 day period beginning 60 days before the grand opening of your Store and ending 30 days after the grand opening of your Store. If you fail to do so, you must pay us the difference and we will put that amount into the Brand Fund.
- (11) These estimates are for the minimum technology, including software as described below, you must obtain to open your Store. The estimates assume 2 point of sale systems, 2 scanners, 2 receipt printers, 1 label printer, 2 credit card terminals, 2 credit card readers, 1 iPad, 1 Bluetooth scanner, and a security system including 5 security cameras. It also includes the initial cost for the point of sale system software which we estimate to be between \$4,000 and \$4,500 and the initial cost for a music license and the other software needed to operate your Store.
- (12) You must carry the types and minimum amounts of insurance we specify. We currently require you to carry comprehensive general liability insurance (\$1,000,000 per occurrence, \$2,000,000 aggregate), professional liability/animal floater insurance (\$5,000 per occurrence), automobile liability and property damage insurance (\$1,000,000 per occurrence), workers compensation and employers liability insurance (amounts required by law), employment practices liability insurance (\$250,000 annual aggregate), property coverage (actual replacement cost of Store including all personal property plus minimum limits on other subcoverages), business interruption insurance and extra expense (actual loss sustained or covering not less than 75% of annual revenue), cyberliability insurance (\$50,000), and umbrella coverage (\$1,000,000). This estimate is for the initial deposit for these insurance coverages.
- (13) These estimates are for outdoor signage for your Store.
- (14) These estimates include estimated operating expenses you should expect to incur during the first 3 months of operation, which includes treat package purchases, utility costs, permits, insurance premiums, security system costs, maintenance and repair costs, vehicle lease costs, advertising costs and costs of uniforms for your employees. It also includes payment of the Technology Fee. This amount also includes initial payroll (including payroll to cover the pre-opening training period for your employees). The initial payroll amount is based on the opening of stores in the Minneapolis/St. Paul, Minnesota metropolitan area. It excludes real estate lease costs which are covered above, any revenue generated by your Store, and taxes. We have relied on the experiences of our predecessor in opening locations in Minnesota.
- (15) This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit

worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The equipment, including washing and grooming stations, supplies, furniture, shelving, products for sale, including pet food, treats and supplements, pet toys and shampoo, signage, computer hardware and software, technology and security systems, internet and other electronic communication services, staff uniforms and training content affecting the brand, your mobile nail trimming unit and its equipment and supplies, the product mix carried at your Store, and your insurance must meet our specifications. Those specifications may include minimum standards for type, composition, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the manual that we provide to you either hard copy or on-line, or we may issue them separately. While we do not have specifications for local advertising you create or have created to promote your Store, you must obtain our prior approval to the use of any of these advertising materials, which includes electronic content, and before establishing or having established any website, web page, social media and/or social networking site, online directory or online business profile, review or opinion web page or site, avatar, profile, account, or hashtag relating to or making reference to us, your Store, or to the System. Your Store's design, layout and construction must also meet our specifications and your lease or sublease must contain certain provisions we require.

Your insurance must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations and subrogation waivers. We currently require you to carry comprehensive general liability insurance (\$1,000,000 per occurrence, \$2,000,000 aggregate), professional liability/animal floater insurance (\$5,000 per occurrence), automobile liability and property damage insurance (\$1,000,000 per occurrence), workers compensation and employers liability insurance (amounts required by law), employment practices liability insurance (\$250,000 annual aggregate), property coverage (actual replacement cost of Store including all personal property plus minimum limits on other subcoverages), business interruption insurance and extra expense (actual loss sustained or covering not less than 75% of annual revenue), cyberliability insurance (\$50,000), and umbrella coverage (\$1,000,000). See Item 7 for additional information.

You can expect that the items you purchase to meet our specifications will represent over 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 70% and 80% of your total annual expenses.

We may require you to purchase certain products, pet food, pet toys and pet accessories, supplies, equipment, architecture, build-out and technology services, internet and other electronic communication services, other services used or offered by your Store, and other items, from suppliers we approve, in which case we will provide you with a list of approved suppliers. These suppliers may pay rebates to us. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases. However, we expect that these rebates will not exceed 5% of the cost you pay for the rebated item. They may also provide us and our affiliates with credits on purchases we and our affiliates make from them based on the volume of purchases our franchisees make from them.

Except as disclosed below, in 2023 neither we nor our affiliates received any payments or other consideration from suppliers for required purchases by franchisees, and we did not receive any payments from franchisees for the required purchase or lease of goods or services. In 2023, we received rebates from suppliers of \$3,672 or approximately .5% of our total revenues of \$678,784. Although we have no obligation to do so, we contributed these rebates to the System Brand Fund. In 2023, we also received

revenue of \$19,934 from sales or leases of required products and services to franchisees. This amount constitutes 2.9% of our total revenue of \$678,784. This information is taken from our internal financial records as well as our audited financial statements. In 2023, our affiliate received total revenue of \$54,646 from sales of required products to franchisees. This information is taken from our affiliates internal financial records. We are unaware of any rebates or other amounts received by Pet Evolution area representatives based on unit franchisee purchases in the last year.

If you want to purchase items for your Store that differ from our specifications, or from an unapproved supplier, you must notify us in writing. We currently charge a fee of \$500 for our consideration of each unapproved item or supplier you submit to us in writing for review. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply and supplier meets our specifications and quality standards.

Although we do not make available the criteria we review when approving unapproved items or suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; and is the product of a commercial quality with a proven record of durability. We will generally notify you and the supplier of our approval or disapproval within 60-days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

We have sole suppliers for your dog washing tubs, dog treats and certain other products for sale at a Store, signage, dryers, freezers, architectural services, shirts, marketing materials, and point of sale system. You must purchase these items only from these suppliers. We may in the future require you to purchase other items or services from a single supplier and that supplier may be us or our affiliates. Our affiliate is the sole supplier of dog treats and certain other items you must purchase for sale in your Store. Although we do not currently, we may in the future sell you products or services. If we do, we intend to make a profit on any products or services we sell to you.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors.

Our officers do not own any interest in any of our suppliers, other than our affiliate.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3; 4; Rider; Lease Rider	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3(c)-(h); 13(a)	Items 7 and 8

Obligation	Section in Franchise Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	Sections 3(b)-(h); 4; 10(a); 11(a); 13(a)	Items 7 and 11
d. Initial and ongoing training	Sections 10(a) and (b); 11(a), (c) and (d)	Item 11
e. Opening	Sections 3(e)-(f); 8(d); 11(a)	Items 7 and 11
f. Fees	Sections 2(c); 6; 7; 8(a); 9(a), (f) and (g); 10(a)-(c), (e) and (i); 11(d); 14(b); 18(c); Rider	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 2(a) and (c); 3(e)-(h), and (j)-(m); 8(c)-(g); 10 (d); 11(b)-(m); 13(a)-(b)	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Sections 8(g)(ii); 10(d); 11(d)-(e); 12; 16	Items 13 and 14
i. Restrictions on products/services offered	Sections 11(d); 13	Items 8, 11, and 16
j. Warranty and customer service requirements	Sections 11(d) and (e)	Item 16
k. Territorial development and sales quotas	Section 5 and Rider	Item 12
l. Ongoing product/service purchases	Section 13	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 3(j)-(k); 11(e), (g) and (i)	Item 6
n. Insurance	Section 15	Item 7
o. Advertising	Sections 3(m); 8; 13(a)	Items 6, 7, and 11
p. Indemnification	Sections 3(i); 18(c); 23(c)	Item 6
q. Owner's participation/management/staffing	Sections 10(a); 11(b), (k) and (l)	Item 15
r. Records and reports	Section 9(a)(i); 14(a)	Not Applicable
s. Inspections and audits	Sections 3(k); 14(b) and (c)	Not Applicable
t. Transfer	Sections 18(b)-(e); 19	Item 17
u. Renewal	Sections 2(b)-(d)	Item 17
v. Post-termination obligations	Sections 16; 17; 18(c)(ii); 21(c)-(d)	Item 17
w. Non-competition covenants	Section 17	Items 15 and 17
x. Dispute resolution	Section 22	Item 17
y. Other: guaranty of franchise obligations	Section 14(e) and Personal Guaranty (which follows the Franchise Agreement)	Item 15

ITEM 10 FINANCING

We do not offer, directly or indirectly, any financing to you to help you establish your business. We do not guarantee any note, lease or other obligation you incur. We and our affiliates may sell, assign or discount to a third party all or part of any amounts you may owe to us or to our affiliates.

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

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

Before you open your Store, we will:

(1) Provide you a “search area” in which you must locate your Store (Franchise Agreement – Section 3(a)/Rider), assuming you do not have a site for your Store that we have approved at the time you sign the Franchise Agreement.

(2) Provide you with site selection criteria we use when evaluating locations for a Pet Evolution Store (Franchise Agreement – Section 3(b)(iii)).

(3) Approve the location of your Store as meeting our minimum requirements for the location of a Pet Evolution Store (Franchise Agreement – Section 3(b)).

(4) Designate your Designated Territory (Franchise Agreement – Section 3(b)(ii)/Rider).

(5) Provide you a sample layout of the interior of a Pet Evolution store, including typical preliminary plans and décor specifications (Franchise Agreement – Section 3(e)).

(6) Provide you with our “Path to Opening” that you may use to guide you in the construction and opening of your Store (Franchise Agreement – Section 3(b)(iii)).

(7) Review your proposed lease for your Store to confirm that it does not contradict the terms of the Lease Rider (Franchise Agreement – Section 4(a)).

(8) Provide you with a webpage on our website to advertise your Store (Franchise Agreement – Section 8(g)).

(9) Provide for you and your Manager if you are not the Manager, at our expense, the Initial Training Program (Franchise Agreement – Section 10(a)).

(10) Loan you a copy of our manual that contains various information including mandatory and suggested specifications, standards and procedures. We may modify any manual periodically in our discretion. (Franchise Agreement – Section 10(d)). As of the issuance date of this Disclosure Document, the Brand Standards Manual contains 285 pages. A copy of the table of contents of the Brand Standards Manual is attached to this Disclosure Document as Exhibit C.

(11) Provide you with various forms you may use in the operation of your Store, including a form of grooming contract (Franchise Agreement – Section 10(h)).

(12) Provide you with a list of the approved suppliers and written specifications for certain equipment, products, supplies and services for your Store (Franchise Agreement – Sections 3(g), 3(h), and 13(a)). We do not provide these items directly nor do we deliver or install them. Although we may make suggestions for pricing of your services you are ultimately responsible for establishing those prices unless you are participating in one of our promotions or membership programs.

(13) Provide you with a grand opening marketing plan you can use to market the opening of your Store (Franchise Agreement – Section 10(f)).

(14) Cause our affiliate to sell dog treats and certain other items to you in connection with the opening of your Store (Franchise Agreement – Section 13(a)).

During the term of the Franchise Agreement, we will:

- (1) Provide you at least 2 days of on-site support at your Store, without additional charge, during the 14-day period after you Store opens for business (Franchise Agreement – Section 10(g)).
- (2) Be available during normal business hours to provide you with telephone support on operating issues you confront (Franchise Agreement –Section 10(g)).
- (3) Provide our Initial Training Program to any new Manager you retain at your Store (Franchise Agreement – Section 10(b)).
- (4) Provide you with additional training as discussed below (Franchise Agreement – Sections 10(c) and 11(d)).
- (5) Maintain and administer the Brand Fund (Franchise Agreement – Section 8(b)).
- (6) Provide you with certain technology services, such as use of an on-line booking system, grooming appointment software, 2 email addresses, and a webpage on our website for your Store (Franchise Agreement – Section 10(i)).
- (7) Cause our affiliate to sell dog treats and certain other items to you in connection with the operation of your Store (Franchise Agreement – Section 13(a)).

Training

Initial Training Program

You and your Manager if different than you, must successfully complete the Initial Training Program to our satisfaction. The Initial Training Program must be completed by you and your Manager at least 90 days but not more than 120 days before the Store opens. (Franchise Agreement Section – 10(a)). The Initial Training Program will usually be conducted in Minnesota at a location we specify. This training will be held on an as needed basis as we sell franchises. There is no charge to you or your Manager for this training, but you are responsible for all travel and living expenses you and your attendees incur in attending the training. If you or any other attendee fail this training we can terminate the Franchise Agreement. If you would like to bring additional people to the training we currently charge \$500 per person.

Our Initial Training Program as of the date of this Disclosure Document consists of approximately 4 days of training as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
History/Philosophy/Use of Manual/Pre-Opening Procedures	4	0	Minnesota
Recruiting/Grand Opening/Marketing	6	0	Minnesota
Daily Operating Procedures/	4	0	Minnesota

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
Reporting/Accounting			
Product Knowledge/ Merchandising/Manager Duties	7	2	Minnesota
Inventory Management/Grooming Procedures/POS System	7	2	Minnesota
Total Training Time	28	4	

The officer in charge of our Initial Training Program is Rian Thiele. Rian is one of the co-founders of the Pet Evolution brand and has been involved in the retail pet store business since 2010. Each instructor providing this training will have been affiliated with us for at least 1 year and have at least 1 year of experience in business. Our Brand Standards Manual serves as our primary instructional material during the Initial Training Program.

The Initial Training Program and the training discussed below are for the purpose of protecting the goodwill related to the System and the Marks and not to control the day-to-day operation of your Store or your Franchised Business.

Additional Training

New Manager Training

Any new Manager must attend and successfully complete to our satisfaction our New Manager Training Program within 90 days after they begin to perform services on your behalf. The cost for this training is currently \$500 per day plus reimbursement of trainers travel and living expenses if training occurs at a location other than our offices (Franchise Agreement – Section 10(b)). You are responsible for travel and living expenses of your attendees.

Operational Training

If you do not meet our standards and we require additional training, or we require additional training to help maintain competitiveness in the industry you must successfully complete this training. If you request training we will provide it to you as long as we can agree on the subjects, training times and costs. (Franchise Agreement – Sections 10(c) and 11(d)). Cost of this training is currently \$500 per day plus travel and living expenses of our trainers if the training is not held at our offices. This training may be a mix of in-person and on-line training. If we require this training, you must complete it to our satisfaction.

Convention

You or your Manager, if any, must attend any conference or convention we decide to have for franchisees. The current registration fee is \$750 per person. If you want to send additional people to the event, for each one you will pay an additional registration fee.

Advertising Programs

System Brand Fund

Under the Franchise Agreement, you must contribute a percentage of your monthly Gross Revenue to the Pet Evolution System Brand Fund as a Brand Fund contribution. This amount is .50% of your monthly Gross Revenue during the first year after your Store opens and 1.5% after the first year for the remainder

of the term of your Franchise Agreement. (Franchise Agreement – Section 8(a)). Your contributions to this Fund are due at the same time you pay your Royalty Fee, based on the amount of Gross Revenue you generated in the previous month. All our franchisees must contribute to this Fund. Stores operated by us and our affiliates will not contribute to this Fund.

We account for the contributions to this Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the Fund and for creative services, including salaries and overhead of these individuals. The purpose of the Fund is to develop programs that benefit the Pet Evolution brand and promote the Marks. This means we may use monies in the Fund for any purpose that promotes the Pet Evolution name, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts, for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities.

We may create advertising materials in-house or use international, national, regional and local agencies. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, electronic and online advertising, video, radio or television. We do not guarantee that advertising expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. It is our responsibility to determine how these monies are spent. We are not required to use monies in this Fund to benefit any individual market. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises, but we may use monies in the Fund to update and administer our social media presence, including any website, web page, social media or social networking site, profile or account, or any application, web-based or otherwise, which may contain information on franchise opportunities.

In 2023, we loaned the Fund \$60,678. We may loan the Fund additional funds in the future. All amounts will be paid back at the times we determine. In our fiscal year ended December 31, 2023, expenditures from the Fund were as follows: 17% on television and radio advertisements, 27% on digital marketing, 16% on updates to our website, 25% on production of marketing materials, and 15% on creating marketing assets (these percentages have been rounded).

Any unused amounts in the Fund in any calendar year will be carried over to the following year. Any interest the Fund earns will be used for advertising before we use any principal. At your request, we will make available to you an annual accounting for the Fund, but these statements will not be audited. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

We do not have an advertising council that advises us on advertising policies. We are not obligated to spend any specific amount on advertising in the Designated Territory in which your Store will be located.

Local Marketing

You must conduct your own local marketing of your Store. You must spend at least \$25,000 to market the grand opening of your Store on marketing we approve. (Franchise Agreement – Section 8(d)). This marketing must run or otherwise be performed during the 90 day period beginning 60 days before the grand opening of your Store and ending 30 days after the grand opening of your Store. You must spend at least 6% of your Gross Revenues to market your Store each quarter during the first year after opening of your

Store and then 3% of your Gross Revenues each quarter during the duration of your Franchise Agreement to market your Store. We must approve all of these marketing materials. The amount you spend on the grand opening for your Store will not count against these quarterly local advertising requirements (Franchise Agreement – Section 8(e)). If you do not meet one or both of these minimum advertising requirements, in addition to our other rights, you must pay us the difference and we will put that amount in the System Brand Fund.

You must obtain our prior approval of all local marketing you engage in for your Store. (Franchise Agreement – Section 8(c)). Use of the Marks and other materials identifying our brand must be consistent with our approved standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established, any websites, applications, online directory, hashtags, profiles or accounts relating to us, your Store, or to the System. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it. We may also impose prohibitions on you posting or blogging comments about the Store or the System on social media. “Social media” includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools). (Franchise Agreement – Section 8(g)).

Although we can require you to, we do not currently require Pet Evolution franchisees to participate in a local or regional advertising cooperative. If we do, we will define the area of membership of the cooperative and determine how much you must contribute to the cooperative. If we establish a cooperative in a market serviced by Stores owned by us or an affiliate, these Stores will not participate in the cooperative. We will administer any cooperatives. The cooperatives will not operate from governing documents, nor will they prepare annual or periodic financial statements. We can form, change, dissolve or merge these cooperatives.

Site Selection and Opening

You must operate your Store from one location we approve in your Designated Territory. If you do not have a location that we have approved for your Store at the time you sign the Franchise Agreement, we will assign you a non-exclusive “search area” in which you must locate your Store. Although we do make available to you criteria we look for in any potential site, we do not provide you with any site selection assistance. Although we provide you with prototypical plans and specification for a Store, we do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel or decorate the premises.

You must submit to us information and materials we require and obtain our approval of the site for your Store within 120 days after the date you sign your Franchise Agreement. (Franchise Agreement – Section 3(a)). If we have not approved a site within this time period, we can terminate your Franchise Agreement and retain any fees you have paid. We have 30 days from the date of submission to approve or disapprove your site. We take various factors into consideration when reviewing a site, such as whether the site is proposed to be in-line, the real estate class of the proposed location, if the site is proposed to be located in a mall, whether there is a large anchor tenant, the location and proximity of the site to a high density, high income residential neighborhood, whether the location is on a main thoroughfare, the size of the proposed premises, and parking availability and the proximity to other Pet Evolution Stores. The site must generally be between 2,500 and 3,500 square feet. The premises must be capable of containing at least 4 self-service dog washing stations and at least 4 grooming stations that meet our standards. You must enter into a lease or sublease for your Store, which must be reviewed by us, before you sign it. You and

your landlord must also sign the Lease Rider, the form of which is attached to the Franchise Agreement, at the time the lease or sublease is signed. (Franchise Agreement – Section 4(b)).

You may not open your Store until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you and your Manager have completed our Initial Training Program to our satisfaction; (3) you have furnished us with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (4) you notify us that all approvals and conditions in the Franchise Agreement have been met; (5) you have obtained all required permits and licenses; and (6) you have retained at least 6 groomers to perform grooming services for your Store. (Franchise Agreement – Section 11(a)). You must open your Store within 1 year from the date you sign your Franchise Agreement. (Franchise Agreement – Section 3(f)). If you do not, we can terminate your Franchise Agreement and retain all amounts you have paid to us. However, we may allow you to begin mobile nail trimming services 30 days before the grand opening of your Store so long as you have satisfied all the conditions we require.

We estimate that the typical length of time between signing the Franchise Agreement and opening of your Store will be between 6-12 months. Some factors that may affect this timing are the amount of time it takes you to locate a site we approve, the extent of remodeling needed for your site, and your ability to secure any necessary financing and the time it takes you to obtain necessary staff.

Computer Systems

Computer Hardware

You must purchase and use at a minimum, 2 point of sale systems, 2 scanners, 2 receipt printers, 1 label printer, 2 credit card terminals, 2 credit card readers, 1 iPad, and 1 Bluetooth scanner. All of these items must meet our specifications, including those related to model, brand and functionality, but can be purchased from any vendor. (Franchise Agreement – Section 13(a)). You will use this hardware for various functions including to process customer transactions, perform accounting functions, inventory control, purchase order fulfillment, and to process payroll, maintain financial information, produce daily reports, and email correspondence with us and others. You must also purchase the hardware required for a security system, including 5 security cameras.

The number of items specified above is based upon a Store with 1 mobile nail trimming unit and 4 self-service dog-washing stations. If you have additional mobile trimming units or additional stations, you will need to purchase additional hardware.

Computer Software

The iPad discussed above must contain the desktop applications we require. You must maintain on your point of sale systems the most current version of Microsoft Office and the most current version of the point of sale software we require. You must also obtain a license for the music to be played at your Store. You must also purchase the software required for your security system. You must renew your licenses on a yearly basis. We estimate the cost to maintain the licenses is approximately \$12,000 per year.

We estimate the total cost for the computer hardware and software above, to be between \$10,000 and \$16,000. This does not include ongoing music licensing costs, which will vary, nor does it include processing fees. It also does not include the Technology Fee. See Item 7 for more information.

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades or updates to the technology discussed above. Although most new computer hardware comes with a limited warranty, we are not aware of any third parties with an obligation to repair, update, upgrade or maintain these items. We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. (Franchise Agreement – Section 11(g)).

You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. We can independently access your electronic information and data and collect and use this electronic information and data in any manner we choose without compensation to you. There is no contractual limitation on our right to receive or use information we obtain from you. You must protect yourself from viruses, computer hackers, and other communications and computer-related problems.

ITEM 12 TERRITORY

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

If you do not have a site for your Store when you sign your Franchise Agreement, we will list a general “search area” in the Rider to your Franchise Agreement. You do not acquire any exclusive rights in this area. It is only the area in which you will look for a site for your Store. We may grant other people a franchise for this area as well. Once you identify a site for your Store, and we approve that site, we will then update the Rider to your Franchise Agreement to identify this location. Your site may not be located within the Designated Territory of another Pet Evolution franchisee.

At the time we approve a site for your Store, we will also grant you a territory. We refer to this territory as the “Designated Territory” and we describe it in the Rider to your Franchise Agreement. Your Designated Territory will generally encompass an area surrounding your Store that is 2.5 miles. However, the exact size will depend upon various factors including whether your Store is located in a metropolitan area and its proximity to other Pet Evolution Stores. Designated Territories may overlap, but we will not approve anyone opening a Pet Evolution Store, or relocating a Pet Evolution Store, that would be physically located in a Designated Territory of another franchisee. We will allow you to relocate your Store so long as it continues to be in your market, is not within the Designated Territory of another of our franchisees, and meets our other then-current requirements for a site.

As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate under the Pet Evolution name a Store that is physically located in your Designated Territory. Other than this limitation there are no other prohibitions on us in your Designated Territory. For example, we can operate or allow others to operate similar or identical businesses within the Designated Territory even if such businesses operate under our Marks so long as the businesses locations are not physically located in your Designated Territory. This will occur as other Pet Evolution franchisees may service customers located in your Designated Territory via their mobile nail trimming units or may deliver to customers in your Designated Territory even though their Stores are located outside of your Designated Territory. We can also operate or allow others to operate similar or identical business within your Designated Territory if these businesses do not operate under the Pet Evolution name or outside of your Designated Territory under any trademarks even if the businesses compete with your Store in your Designated Territory. We can also operate or allow others to operate businesses that are physically located inside the Designated Territory under the Marks so long as the businesses are not competitive with your Store. For example, one or more Pet Evolution regional

developers may have granted territories which include all or a portion of your Designated Territory or may otherwise have offices located in your Designated Territory. We can sell any products we or our affiliates provide to you for use or sale in your Store to any person, whether in or outside your Designated Territory. We can sell or grant third parties the right to sell goods or services competitive with those sold by your Store under the Marks or otherwise through other distribution channels including the Internet, catalog sales, telemarketing or other direct marketing, inside and out of your Designated Territory. We can acquire businesses in the Designated Territory that are similar to your Store or sell our business whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to your Store.

We cannot unilaterally change your Designated Territory, and there are no minimum quotas required under the Franchise Agreement. If you are in compliance with your Franchise Agreement, you will retain the rights described above. You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your Designated Territory.

We do not restrict the customers you may serve, and you generally may solicit customers outside your Designated Territory. In fact, aggressive franchisees may solicit customers in your Designated Territory. Other franchisees may also be operating their mobile nail trimming units in your Designated Territory or make deliveries to customers located in your Designated Territory. Pet Evolution regional developers may have a development territory that includes all or a portion of your Designated Territory or may otherwise have an office located in your Designated Territory.

Although you can solicit customers outside of your Designated Territory you cannot solicit these customers via the Internet, telemarketing or other direct marketing efforts unless we approve of those efforts. In any event, all of your advertising, including any electronic content, must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, or application, web-based or otherwise, relating to or making reference to us, your Store or the System.

**ITEM 13
TRADEMARKS**

The Franchise Agreement gives you the right to operate a Store under the trade names, trademarks and service marks that we establish. The following principal marks have been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration Number
PET EVOLUTION	March 22, 2016	4,921,005

	September 5, 2023	7,154,680
	September 5, 2023	7,154,681

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. No currently effective agreement limits our right to use or license the use of these Marks. All affidavits required to preserve and renew the principal mark disclosed above have been or will be filed. We do not know of any infringing uses that could materially affect your use of the Marks.

You must follow our standards when you use the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including online directories, URLs, domain names, hash tags, e-mail addresses, locators, links, metatags or search techniques nor with any applications, web-based or otherwise. You may not use any of the Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We will protect and maintain all rights to use the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of use, as we deem appropriate. You must notify us immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. While we are not required to defend you against a claim based on your use of the Marks, we will either do so, or we will reimburse you for your liability as long as you properly use the Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change the Marks and require you to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must, at your expense, comply with these changes immediately after we notify you that we have discontinued, modified or changed one or more of the Marks. We will have no liability or obligation because of the discontinuation, modification or change. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information or business techniques that are part of our System. You must use the designations of ®, ™, and SM in advertising and promotions using the Marks, as we designate.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our manuals, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement. We may change these items at any time and you must modify your operations to comply with these changes. We will have no liability or obligation because of the discontinuation, modification, or change of any item.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your Store during the duration of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to the Store's Manager and other employees but only to the extent necessary to operate the Store, and then only while your Franchise Agreement is in effect.

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

You must participate personally, on a full-time basis, in the operation of your Store. Although you do not need to be an owner-operator, you must be involved in the day-to-day operation of the Store. If you are a business entity, your majority owner must be involved in the day-to-day operation of the Store and this individual may be the Manager. You must have a Store Manager. This Manager must have successfully completed our Initial Training Program. The Manager need not have any ownership interest in your Store but must sign a non-competition and confidentiality agreement that restricts him or her to the same extent as you are restricted under the Franchise Agreement.

If you are a legal or business entity or you transfer your Franchise Agreement to a corporation, limited liability company or partnership, you and any other owners and spouses must sign a personal guaranty of all obligations under the Franchise Agreement. The form of guaranty is attached to the Franchise Agreement. You must complete a Statement of Ownership and Management in the form attached to the Franchise Agreement. This document describes all of your owners and their interests in you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products and services we specify, and you may not sell other products or services without our prior written approval. This means that we can limit the type of items that you may sell. We can also change the services and products we allow you to offer at any time. You must follow our policies,

procedures, methods, and techniques and comply with all of our mandatory standards and specifications when selling products or providing services in or through your Store, including complying with any product mix requirements we may impose minimum days of operation and hours of operation per day.

You may only sell pet foods that are free of corn, wheat, soy by product and artificial flavors. You must also follow all the policies and procedures we specify in the operation of your Store, including your mobile dog trimming unit. We can add to, modify, or delete any services or products that you must offer or sell at any time as we determine, and change and modify our policies.

We do not restrict or limit the customers you may serve and we expect you to market your business throughout a broad trade area. But you may not sell products or services over or through the Internet without our approval. All of your advertising and marketing must be approved by us, including any electronic content. You must obtain our written approval before you establish or have established any website, web page, or social networking or social media site, online directory or online business profile, review or opinion web page or site, avatar, profile, account or hashtag, relating to or making reference to us, your store, our marks, or the franchise system.

We can implement pricing policies, such as minimum or maximum price policies, minimum advertised price policies and unilateral minimum price policies, and you must abide by these policies. You cannot operate other businesses from your Store. You must comply with the membership programs we implement and all policies related to them, as we may periodically modify them.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Franchise Agreement - Section 2(a)	10 years.
b. Renewal or extension of the term	Franchise Agreement - Section 2(b)	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 10-year period.
c. Requirements for you to renew or extend	Franchise Agreement - Section 2(c)	Give written notice, sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); upgrade your Store and update your equipment to comply with then-current standards; provide us with evidence of property control; sign general release; pay renewal fee.

Provision	Section in Franchise or Other Agreements	Summary
d. Termination by you	Franchise Agreement - Section 21(f)	You may terminate on 10 days' notice to us, if you are in compliance with the Franchise Agreement and we materially breach the agreement and fail to cure the breach within 30 days after you give us notice of the breach (subject to state law).
e. Termination by us without cause	Franchise Agreement - None	Not Applicable
f. Termination by us with cause	Franchise Agreement - Section 21(a)	We may terminate only if you default.
g. "Cause" defined – curable defaults	Franchise Agreement - Section 21(a)	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults).
h. "Cause" defined – non-curable defaults	Franchise Agreement - Section 21(a)	You are liquidated or dissolved; fail to obtain our approval of a site for your Store within 120 days of the date of your Franchise Agreement, fail to open within 1 year of the date of your Franchise Agreement; abandon the relationship or business, lose the right to do business or to occupy the Store; lose a license required to operate the Store; unapproved transfers; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes or are alleged to have committed animal cruelty or another law protecting animals; you maintain false books or records or submit any false or misleading application, statement or report to us; you misuse the Marks or materially impair the value of, or the goodwill associated with the Marks or the System; fail to successfully complete the Initial Training Program in a timely manner; and other stated non-curable defaults.
i. Your obligations on termination/non-renewal	Franchise Agreement - Section 21(c)	Stop operating the business, stop using our names and the Marks, return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites and domain names, and pay all amounts you owe us, comply with our purchase option if we exercise it, and if we require, assign your lease or sublease to us and if your affiliate is the landlord require the modification of the lease or sublease on commercially reasonable terms including market rent for a term of 10 years.
j. Assignment of contract by us	Franchise Agreement - Section 18(a)	No restriction on our right to assign (subject to state law).

Provision	Section in Franchise or Other Agreements	Summary
k. "Transfer" by you – defined	Franchise Agreement - Section 18(b)	Includes transfer of contract or business, or transfer of majority control of the Franchise Agreement or of the business.
l. Our approval of transfer by franchisee	Franchise Agreement - Section 18(c)	We must approve all transfers but will not withhold our consent if all of the requirements for the transfer are met.
m. Conditions for our approval of transfer	Franchise Agreement - Section 18(c)	Transferee must meet our requirements, including successful completion of our Initial Training Program, sign a new franchise agreement on our then current form for the remaining term of your Agreement. (The new agreement may provide for different fees or territory than in your Agreement, but we will not require the transferee to pay us a new initial franchise fee.) You must also pay a transfer fee and sign a release (subject to state law).
n. Our right of first refusal to acquire your business	Franchise Agreement - Section 19	We can match any offer for your business or an interest in the business, including a sale between owners or between an owner and you.
o. Our option to purchase your business	Franchise Agreement - Section 19(a)	Upon termination or expiration of the Franchise Agreement, we can purchase your business including the Store, all assets, and take over the lease for the Store's space, upon the termination or expiration of your Franchise Agreement.
p. Your death or disability	Franchise Agreement - Section 18(c)(ii)(h)	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Franchise Agreement - Section 17(a)	No involvement in a business that offers or sells pet grooming services or that offers or sells primarily pet supplies including, a business that sells primarily pet food, toys, supplements or other items intended for animals, or that franchises or licenses this type of business, no diversion of a customer to a competitor, may not interfere with the business activities of us, any of our affiliates or any of our franchisees. (Subject to applicable state law).

Provision	Section in Franchise or Other Agreements	Summary
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement - Section 17(a)	<p>For a period of 2 years, no involvement in any business that offers or sells pet grooming services or that offers or sells primarily pet supplies including, a business that sells primarily pet food, toys, supplements or other items intended for animals, and is located or doing business in your Designated Territory, including at the Store, a radius of 10 miles from the Designated Territory or a radius of 10 miles from any other Pet Evolution Store. During this period, no involvement in a business that is offering or selling franchises or licenses for this type of a business and that is located in or doing business in the prohibited area above, or that is selling franchises or licenses for locations located in or to be located in the prohibited area above. During this period, you may not solicit or attempt to persuade any customer of your business to do business with a party other than us nor otherwise interfere with the business activities of us, any of our affiliates or any of our franchisees. (Subject to applicable state law).</p> <p>If there is no Designated Territory identified in the Franchise Agreement, the prohibited area means the “search area”, a radius of 10 miles from the search area, and a radius of 10 miles from any other Pet Evolution Store, whether franchised or company-owned. The search area is the area we grant you to search for a Store location (see Item 12).</p>
s. Modification of the agreement	Franchise Agreement - Section 25(i)	No modifications without consent by all parties, but our manuals are subject to change.
t. Integration/merger clause	Franchise Agreement - Section 25(c)	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement - Section 22(b)	Except for certain disputes, all disputes must be mediated, and if not settled by mediation, are then subject to litigation.
v. Choice of forum	Franchise Agreement - Section 22(b) and (e)	Mediation to be held in a metropolitan area with a population of at least 250,000 people that is not located within 200 miles of your Store or our principal office. In most cases, litigation must be brought in the state or federal courts located in Hennepin County, Minnesota (subject to applicable state law).

Provision	Section in Franchise or Other Agreements	Summary
w. Choice of law	Franchise Agreement - Section 25(a)	Minnesota law generally applies (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Statement of Historic Gross Revenues From
Pet Evolution Stores**

The following are statements of actual gross revenues for all Pet Evolution stores that were open and operating for any period of time between May 1, 2023 and April 30, 2024. The information includes 2 Pet Evolution stores operated by our predecessor. The remaining stores are franchised Stores. These are all of the Pet Evolution stores that operated during this time period.

Each of these stores has at least one mobile nail trimming unit and at least 4 self-service dog washing stations. There are no material financial and operational characteristics of the stores operated by our predecessor that are reasonably anticipated to differ materially from future operational franchise stores.

Gross Revenue Information for 12 Month Period ended April 30, 2024

Franchised Stores

	Months in Operation During Time Period	Year Opened	Gross Revenue
Mill Creek WA	10 months 3 days	2023	\$787,514
St Paul MN	12	2023	\$729,055
Frisco TX	12	2023	\$716,067
Eden Prairie MN	12	2023	\$696,480
St Cloud MN	12	2022	\$668,349
Blaine MN	12	2022	\$644,491
Chanhassen MN	9 months 3 days	2023	\$590,465
Irvine CA	5 months 20 days	2023	\$225,905
Mckinney/E. Frisco TX	2 months 13 days	2024	\$74,909
Cypress TX	2 months 27 days	2024	\$57,424

Stores owned by Predecessor

	Months in Operation During Time Period	Year Opened	Gross Revenue
Woodbury MN	12	2012	\$2,615,948
Arden Hills MN	12	2018	\$1,120,892

Notes to Item 19

We rounded these amounts to the nearest dollar.

Months in operation is based upon the opening date of the Store. We have disclosed number of days in a month in those situations where the Store was not open for an additional full month as of April 30, 2024.

“Gross revenue” used in this Item 19 was determined consistent with the definition in the Franchise Agreement except that tips and rebates would be included in the definition of Gross Revenue but were excluded from the above amounts. Gross Revenue means the total amount received from all business activities taking place by or through the store, and all other services and products, if any, sold under the Pet Evolution trademark, or otherwise related to the store, including amounts received for mobile nail trimming and amounts received for the delivery of products.

These figures only represent gross revenues. These figures exclude from gross revenues, sales tax, discounts, tips and returns. These gross revenue figures do not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue figures to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Pet Evolution Store. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon request.

Other than as set forth above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchise Stores. 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 Store, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Rian Thiele, at 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706, telephone 833-266-7387, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1
Systemwide Outlet Summary
For Years 2021-2023¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	2	+2
	2023	2	8	+8
Company-Owned ²	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	2	2	0
	2022	2	4	+2
	2023	4	10	+6

1. The numbers for each year are as of December 31.
2. These outlets are owned by our predecessor.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021-2023^{1, 2}

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Totals	2021	0
	2022	0
	2023	0

1. The numbers for each year are as of December 31.
2. Does not include transfers where beneficial ownership of less than 50% of the franchise did not change, circumstances where an individual transfers the franchise to an entity the individual owns or transfer to heirs.

Table No. 3

Status of Franchised Outlets
For Years 2021-2023¹

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
California	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Minnesota	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	3	0	0	0	0	5
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Washington	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	6	0	0	0	0	8

1. The numbers for each year are as of December 31.

Table No. 4

Status of Company-Owned Outlets
For Years 2021-2023^{1,2}

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

1. The numbers for each year are as of December 31.

2. These outlets are owned by our predecessor.

Table No. 5

**Projected Openings as of
December 31, 2023**

State	Franchise Agreements Signed as of December 31, 2023, But Outlet Not Opened	Projected New Franchised Outlets in 2024	Projected New Company-Owned Outlets in 2024
Arizona	0	0-1	0
California	4	2-4	0
Colorado	2	2-4	0
Florida	3	1-2	0
Illinois	0	0-1	0
Michigan	1	0-1	0
Minnesota	9	1-2	0
Missouri	1	0-1	0
New Jersey	1	0-1	0
New York	2	2-4	0
Oregon	0	1-2	0
Texas	8	1-2	0
Virginia	1	1-2	0
Washington DC	1	0-1	0
Washington	1	1-2	0
Wisconsin	0	0-1	0
Total	34	12-31	0

Exhibit D contains a list of the names, addresses and telephone numbers of all Pet Evolution unit franchisees as of December 31, 2023. Exhibit D also contains a list of franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2023, or who had not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. There is 1 franchisee on this list.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three years current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document at Exhibit E is a copy of our audited financial statements for the periods ended December 31, 2023, December 31, 2022, and December 31, 2021. We have also included at Exhibit E, our unaudited Balance Sheet and Profit and Loss Statement as of, and for the two-month period ended, February 29, 2024.

ITEM 22
CONTRACTS

Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document. Attached as Exhibit F is a copy of the form Pet Evolution Franchise Agreement, state specific addenda to the Franchise Agreement, form of a Guaranty to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee, as a condition to your transfer of the Franchise Agreement to a corporation, limited liability company or partnership and a Statement of Ownership and Management. Also attached is the form of Lease Rider to be signed by you and your landlord and a form of a transfer form if you want to sell, assign or transfer your Franchise Agreement to a corporation, limited liability company, or partnership you own and an example of a release you must sign if you want to sell, assign or transfer your Franchise Agreement to an unrelated third party or to an entity or partnership you do not own or control. Attached as Exhibit H is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

ITEM 23
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A

STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

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

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

3. Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement. We have or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.

4. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph:

“Neither Pet Evolution Franchising LLC nor any person described in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”

5. Item 17 of the FDD is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”

6. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

7. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

8. The highest interest rate allowed by law in California is 10% annually.

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

10. Any document or portion thereof that serves to disclaim the franchisor's representations, or has the effect of waiving the franchisee's claims under the Franchise Investment Law, shall not be applicable to California residents.

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

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution franchises offered and sold in the state of Hawaii:

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required a deferral of the Initial Franchise Fee that is to be paid to the Franchisor until the Franchisor's pre-opening obligations to the Franchisee have been fulfilled and the Franchisee is open for business.
2. Pet Evolution Franchising LLC's Franchise Disclosure Document is currently registered or exempt from registration in the following states: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
3. The states in which Pet Evolution Franchising LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
4. No state has refused, by order or otherwise, to register the Pet Evolution franchise.
5. No state has revoked or suspended the right to offer Pet Evolution franchises.
6. Pet Evolution Franchising LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

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

11. The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois or if your business will be located in Illinois.

1. Item 5 of the FDD is amended to include the following:

Based on the financial condition of the Franchisor, the Franchisor has posted a surety bond in conformance with Rule 200.505 of the Illinois Administrative Rules and Section 15 Illinois Franchise Disclosure Act. The Illinois Attorney General's Office imposed the bond requirement due to Franchisor's financial condition.

2. The governing law, venue and jurisdictional requirements in the Disclosure Document and Franchise Agreement are subject to the provisions of the Illinois Franchise Disclosure Act, and nothing in these documents shall be considered a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act.

3. Item 17 of the FDD is amended to include the following:

“Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement to the extent required by the Illinois Franchise Disclosure Laws.

In addition, you will be provided with a reasonable time period to cure any default with respect to goodwill, which in no event shall be less than ten (10) days.”

4. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this addendum to the FDD shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution franchises sold to residents in the state of Maryland:

This Maryland Addendum is only applicable if you are a resident of Maryland or if your business will be located in Maryland.

1. Based on the financial condition of the Franchisor, the Franchisor has posted a surety bond in conformance with COMAR 02.02.08.08 and Section §14-217 of the Maryland Franchise Law.

2. Item 17 of the Franchise Disclosure Document is amended as follows:

“Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)”

3. Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(v) and (w) are modified by the insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

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

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

Each provision of this Addendum to the FDD shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

4. Item 13 is revised to include the following language:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.”

5. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

6. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

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

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in 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 B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND 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:

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

4. 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), entitled “**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.

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

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

6. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

8. 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.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Based on the financial condition of the Franchisor, the Franchisor has deferred the payment of the Initial Franchise Fee until the Franchisee's franchised business is open.
2. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document.
3. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.
4. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.
5. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

“Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.”
6. Any references in the Disclosure Document to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
7. Any references in the Disclosure Document to any requirement to consent to a waiver of trial by jury are deleted.
8. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.
9. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance

on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§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.”

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE SOUTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of South Dakota.

This South Dakota Addendum is only applicable if you are a resident of South Dakota or if your business will be located in South Dakota.

Based on the financial condition of the Franchisor, the Franchisor has deferred the payment of the Initial Franchise Fee until the Franchisee's franchised business is open.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the South Dakota Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pet Evolution Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Franchise Fee owed by a Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. Item H of the chart in Item 17 is hereby amended by the addition of the following disclosure:

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

3. The page entitled “**Special Risk(s) to Consider About *This Franchise***” is amended by the addition of the following language:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$800,550 to \$1,256,000. This amount exceeds the franchisor's stockholders' equity as of December 31, 2023, which is (\$3,589,236).

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

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
4. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. Based on the financial condition of the Franchisor, the Franchisor has posed a surety bond in conformance with WAC 460-80-460 of the Washington Franchise Investment Protection Act.
10. The page entitled “**Special Risk(s) to Consider About *This Franchise***” is amended by the addition of the following language:

Special Risk(s) to Consider About *This Franchise*

Use of Franchise Brokers. The franchisor uses the services of one or more franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
12. Nothing set forth in the Pet Evolution Franchising LLC Franchise Disclosure Document shall waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary set forth in the Pet Evolution Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Wisconsin.

This Wisconsin Addendum is only applicable if you are a resident of Wisconsin or if your business will be located in Wisconsin.

“The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement that is inconsistent with Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis. Code.”

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this addendum.

EXHIBIT B

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT B

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation Same Address
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8299	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services PO Box 6700 Tallahassee, FL 32314-6700 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2744	Same
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1638	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st fl New York, New York 10005 212-416-8222	Secretary of State of New York One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4140	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Insurance Securities Regulations 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of South Dakota Division of Insurance Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 801-530-6601	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
WASHINGTON	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360-902-8700
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-2139	Administrator, Division of Securities Same Address

EXHIBIT C

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

SECTION A: INTRODUCTION

PET EVOLUTION MISSION & BRAND PROMISE	1
WELCOME LETTER.....	2
THE EVOLUTION OF PET EVOLUTION	4
SERVICES PROVIDED TO FRANCHISEE	5
Advertising Materials and Sales Aids ◀	5
Approved Suppliers ◀	5
Corporate Website ◀	5
Design Assistance ◀	6
Designated Territory ◀	6
Franchisee Advisory Councils ◀	6
Initial Training ◀	6
Ongoing Training and Support ◀	7
On-Site Assistance ◀	7
Research and Development ◀	7
Site Selection Assistance ◀	7
Use of Trademarks ◀	8
RESPONSIBILITIES OF FRANCHISEE AND STAFF	9
Responsibilities to Your Customers ◀	9
Responsibilities to Your Employees ◀	10
Responsibilities to Your Community ◀	11
Responsibilities to Your Fellow Franchisees ◀	11
Responsibilities to the Franchisor ◀	11
VISITS FROM THE HOME OFFICE	13
PAYING OTHER FEES	14
Additional Training ◀	14
Audit ◀	14
Convention Fee ◀	14
Costs and Attorneys' Fees ◀	15
Indemnification ◀	15
Insufficient Funds ◀	15
Insurance Fees ◀	15
Remodeling / Modernization ◀	16
Successor Franchise Fee ◀	16
Technology Fee ◀	16
Transfer ◀	16

SECTION B: PRE-OPENING PROCEDURES

PRE-OPENING CHECKLIST	1
ESTABLISHMENT OF BUSINESS FORM	5

SITE SELECTION AND ACQUISITION	6
Site Criteria ◀	6
Market Analysis ◀	7
Gaining Site Acceptance ◀	8
Negotiating a Lease ◀	9
Obtaining Lease Approval ◀	14
STORE BUILD-OUT	15
Design Specifications ◀	16
Working with our Architect ◀	16
Submitting Plans for Approval ◀	17
Selecting a Contractor ◀	17
Permitting Process ◀	18
Final Details Completed ◀	19
Final Inspection ◀	19
REQUIRED EQUIPMENT, FIXTURES, & FURNITURE	20
INITIAL INVENTORY AND SUPPLIES.....	22
SIGNAGE SPECIFICATIONS	23
VEHICLE SPECIFICATIONS	24
CONTRACTING WITH REQUIRED	
UTILITIES AND SERVICES	27
OBTAINING REQUIRED LICENSES AND PERMITS	29
SETTING UP BANK ACCOUNTS.....	31
Accounts to Open ◀	31
PROCURING REQUIRED INSURANCE POLICIES	32
INITIAL STAFFING	35
FINE TUNING THE STORE	36
Last-Minute Details Prior to Opening ◀	36
MEETING YOUR TAX OBLIGATIONS.....	39
Employer Identification Number ◀	39
Federal Taxes ◀	39
State and Local Taxes ◀	40
CONDUCTING A GRAND OPENING	41
Planning Your Opening ◀	41
Suggested Grand Opening Activities ◀	42

SECTION C: HUMAN RESOURCES

HELPFUL LINKS/RESOURCES.....	1
EEOC GUIDELINES FOR HIRING EMPLOYEES.....	3
Employers Covered by EEOC-Enforced Laws ◀	3
How Employees Are Counted ◀	4

Pet Evolution Brand Standards Manual

Table of Contents

Record Keeping Requirements ◀.....	4	Criminal Background Checks ◀.....	41
Reporting Requirements ◀.....	4	DMV Check ◀.....	42
Charge Processing Procedures ◀.....	5	Making the Job Offer ◀.....	42
Mediation ◀.....	5	ORIENTATION PROCESS	44
Remedies ◀.....	6	Completing Necessary Paperwork ◀.....	44
Regulatory Enforcement Fairness Act ◀.....	6	Policies and Benefits ◀.....	47
Technical Assistance ◀.....	6	Overview of Operation ◀.....	47
Informal Guidance ◀.....	7	TRAINING	48
Publications ◀.....	7	Training Tips ◀.....	48
WAGE AND LABOR LAWS	8	Initial Training of New Employees ◀.....	49
Fair Labor Standards Act ◀.....	8	Ongoing Training ◀.....	50
What the FLSA Requires ◀.....	8	PERSONNEL POLICIES	52
What the FLSA Does Not Require ◀.....	10	TIME-TRACKING PROCEDURES	57
FLSA Minimum Wage Poster ◀.....	11	UNIFORM AND DRESS CODE	58
Other Mandatory Labor Law Posters ◀.....	11	CONDUCTING PERFORMANCE EVALUATIONS	60
LAWS REGARDING HARASSMENT	13	Evaluation Process ◀.....	61
Sexual Harassment ◀.....	13	Review Meeting ◀.....	62
Racial and Ethnic Harassment ◀.....	13	PROGRESSIVE DISCIPLINE	63
Pregnancy Discrimination ◀.....	14	TERMINATION/SEPARATION	66
Religious Accommodation ◀.....	14	Termination ◀.....	66
IMMIGRATION REFORM/CONTROL ACT	15	Resignation ◀.....	68
AMERICANS WITH DISABILITIES ACT (ADA)	16		
Who is Protected? ◀.....	16	SECTION D: DAILY OPERATING PROCEDURES	
Ensuring Compliance ◀.....	17	SUGGESTED HOURS OF OPERATION	1
ADA Survey and Enhancements ◀.....	17	DAILY PROCEDURES	2
ADA Resources ◀.....	17	Store Opening Procedures ◀.....	2
PROFILE OF THE IDEAL PET EVOLUTION EMPLOYEE	18	Ongoing Duties ◀.....	3
JOB DESCRIPTIONS	21	Closing Procedures ◀.....	4
BUILDING YOUR TEAM	22	Use of Checklists ◀.....	5
Hiring Principles ◀.....	23	Mobile Van Checklist ◀.....	7
Determining Hiring Needs ◀.....	24	One Hour to Close Protocol – Dog Wash ◀.....	7
Recruiting Groomers ◀.....	25	CUSTOMER SERVICE PROCEDURES	9
Recruiting Managers ◀.....	26	Customer Engagement and	
Employment Application ◀.....	26	Assistance (In-Store) ◀.....	10
Pre-Screening /Phone Interview ◀.....	27	Carry Out Service ◀.....	11
Groomer Pre-Screen / Testing Procedures ◀.....	29	Obtaining Customer Feedback/Use of Surveys ◀.....	11
THE INTERVIEW PROCESS	30	Secret Shopper / NPS ◀.....	12
Interview Overview ◀.....	35	Handling Customer Complaints ◀.....	12
Sample Interview Questions ◀.....	38	Handling Returns ◀.....	13
Reference Checks ◀.....	40	Customer Requests / Special Orders ◀.....	16

Pet Evolution Brand Standards Manual

Table of Contents

Handling Refund Requests ◀.....	16	ANIMAL CARE/SAFETY IN THE STORE.....	44
UNDERSTANDING THE PET EVOLUTION		SAFETY AND SECURITY	45
CUSTOMER OFFERING	17	Orientation ◀.....	46
Products / Product Knowledge ◀.....	17	Accident Reporting and Investigation ◀.....	47
Good Life Nutrition Guide ◀.....	17	Workers' Compensation Issues ◀.....	47
Grooming ◀.....	20	Responsibility ◀.....	48
Self-Serve Dog Wash ◀.....	20	Safety Rules ◀.....	49
Mobile Nail Trim ◀.....	21	Safe Lifting ◀.....	50
Home Delivery for Online Orders ◀.....	21	OSHA Requirements ◀.....	51
Good Life Rewards Program ◀.....	22	Chemical Safety ◀.....	53
Events ◀.....	22	SDS (Safety Data Sheets) ◀.....	54
FAQs ◀.....	22	Fire Safety ◀.....	58
SALES AND SERVICE PROCEDURES	23	Robbery ◀.....	60
Assisting Customers ◀.....	23	Burglary ◀.....	61
Identifying the Customer's Needs ◀.....	25	Using the Alarm System ◀.....	61
Suggestive Selling ◀.....	26	EMERGENCY PROCEDURES	62
Sampling ◀.....	27	Injuries ◀.....	62
Customer Check Out Process ◀.....	27	Pet Injury/Illness ◀.....	62
PROPER HANDLING OF INCOMING CALLS/INQUIRIES	28	POS Malfunction / Outage ◀.....	62
TRANSACTING SALES	29	Power Failure ◀.....	63
Cash Handling Procedures ◀.....	29	Equipment Malfunction/Failure ◀.....	63
Accepting Credit Cards ◀.....	30	Credit Card Processor ◀.....	64
Accepting Gift Cards ◀.....	30	Staffing ◀.....	64
Accepting Checks ◀.....	31	Deliveries ◀.....	64
Coupons ◀.....	31	Extreme /Inclement Weather ◀.....	65
DAY-END CLOSE-OUT PROCEDURES	32	REQUIRED CLEANING AND MAINTENANCE	66
Preparing the Bank Deposit ◀.....	32	Daily Cleaning ◀.....	68
MERCHANDISING THE STORE	33	Weekly Cleaning and Maintenance ◀.....	69
Promotional Floor Displays ◀.....	36	Monthly Cleaning & Maintenance ◀.....	69
End Cap Displays ◀.....	37	SECTION E: MANAGING A PET EVOLUTION	
Wing Rack Displays ◀.....	38	BUSINESS PLANNING	1
Slatwall Displays ◀.....	38	Sales Growth Plan ◀.....	2
Front End Register Gondolas and		PRICING	3
Sales Counter Displays ◀.....	39	Pricing Philosophy ◀.....	3
Pet Evolution Rewards Signage ◀.....	39	Markdown Philosophy ◀.....	3
OPERATING THE EQUIPMENT	40	MANAGING PERSONNEL	5
GROOMING PROCEDURES	41	Building an Effective Team ◀.....	5
Booking a Grooming Appointment ◀.....	41	Developing Efficient Schedules ◀.....	6
Groom Room Communications ◀.....	43	Communicating with Employees ◀.....	7
Use of the Groom Room Cleaning Checklist ◀.....	43		

Pet Evolution Brand Standards Manual

Table of Contents

Daily Communication Tools ◀	7
Hosting Employee Meetings ◀	7
Using the Store Meeting Sign-Off Sheet ◀	8
Employee Morale ◀	9
Average Unit Sale Tracking ◀	9
MANAGING THE CUSTOMER EXPERIENCE	10
Communicating with Customers ◀	10
Managing Wait Times ◀	11
Maintaining a Positive Environment ◀	11
Facility Maintenance Schedule ◀	13
INVENTORY MANAGEMENT	15
Using Approved Suppliers ◀	15
Ordering Procedures ◀	16
Special Orders ◀	18
Receiving Orders/Product Deliveries ◀	18
Labeling and Rotating Inventory ◀	20
Vendor Returns ◀	20
Filing Purchase Orders ◀	21
Tracking Inventory ◀	22
Reconciling Inventory ◀	23
OPERATIONAL AND FINANCIAL REPORTING	25
End of Month Checklist ◀	25
Generating the Necessary Reports ◀	27
FRANCHISE REPORTING	28
Royalty ◀	28
Advertising Contributions ◀	28
Electronic Funds Transfer ◀	29
Financial Statements ◀	29
LOSS PREVENTION	30
Shoplifting ◀	30
Cash Control ◀	30
Employee Theft ◀	32
RECORDKEEPING REQUIREMENTS	34
PCI Compliance ◀	34
SECTION F: MARKETING AND PROMOTION	
PROMOTING PET EVOLUTION IN YOUR AREA	1
Community Marketing ◀	1
Networking/Referral Sources ◀	2

Pet Evolution Brand Standards Manual

On-Site and Off-Site Events	4
Table of Contents	

EXHIBIT D

**LIST OF OUTLETS
as of December 31, 2023**

Unit Franchisees
As of December 31, 2023

<u>Name</u>	<u>Address/Telephone Numbers</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Regional Developer</u>
Pets World Inc.	3935 Irvine Blvd. 949-404-3302	Irvine	CA	92602	X
Sweetpuppy – Blaine LLC*	1510 109 th Avenue NE 963-746-4500	Blaine	MN	55449	X
KC Pet Inc.	880 W 78 th St. 952-474-1204	Chanhassen	MN	55318	
David Denniston	8248 Commonwealth Drive 612-247-8986	Eden Prairie	MN	55344	
Sweetpuppy – St. Cloud LLC	2716 West Division Street 320-230-0500	St. Cloud	MN	56301	X
PE Grand LLC	1074 Grand Ave. 651-788-9996	St. Paul	MN	55105	
Neil Sheth and Akta Sheth	2115 W. University Dr., Suite 230 469-481-7387	Frisco	TX	75033	
Pet Alpha LLC	13218 39 th Ave. SE 425-458-2746	Mill Creek	WA	98052	X

*Franchisee left the System after December 31, 2023, but before the Issuance Date of this Disclosure Document.

Franchise Agreements Signed but Store not Open
As of December 31, 2023

<u>Name</u>	<u>Address/Telephone Number</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Regional Developer</u>
Garrett Mayo and Neftali Bonilla	9813 Sattley Place 408-841-6238	Granite Bay	CA	95746	X
Fufu & Tommy LLC	243 Carmine 612-999-4445	Irvine	CA	92618	X

<u>Name</u>	<u>Address/Telephone Number</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Regional Developer</u>
Martin Balcaitis and Richard Zarski	4 Entonar Road 949-973-3491	Rancho Mission Viejo	CA	92694	
Martin Balcaitis and Richard Zarski	4 Entonar Road 949-973-3491	Rancho Mission Viejo	CA	92694	
William Jeffress**	6204 Utah Avenue NW 646-232-5576	Washington	DC	20015	X
Maece LLC	9370 South Colorado Blvd. 303-917-1979	Highland Ranch	CO	80126	
Elevation Incubator Corporation	5835 Angie Court 949-289-1728	Parker	CO	80134	X
Since Start LLC	2100 Ponce de Leon Ave, Suite 850 305-850-9384	Coral Gables	FL	33134	
Since Start LL	2100 Ponce de Leon Ave, Suite 850 305-850-9384	Coral Gables	FL	33134	
Daniel J. Morris	2200 South Ridgewood Ave. 386-871-7583	South Daytona	FL	32119	X
Detroit Evolution LLC	25784 Island Lake Dr. 313-790-1784	Novi	MI	48374	X
GJH Animals LLC	1510 109th Avenue NE 963-746-4500	Blaine	MN	55449	
James George	8 1st St 612-812-6901	Excelsior	MN	55356	
James George	8 1st St 612-812-6901	Excelsior	MN	55356	
James George	8 1st St 612-812-6901	Excelsior	MN	55356	
David Denniston	1200 Phillips Dr 612-247-8986	Long Lake	MN	55356	
Scot Ziessman	17340 70th Ave N 763-772-6649	Maple Grove	MN	55311	X
Scot Ziessman	17340 70th Ave N 763-772-6649	Maple Grove	MN	55311	X

<u>Name</u>	<u>Address/Telephone Number</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Regional Developer</u>
SLP Pet Team, LLC*	5217 Excelsior Blvd. 952-333-3647	St. Louis Park	MN	55416	
Charles and Sarah Schlatter	5217 Excelsior Blvd. 952-333-3647	St. Louis Park	MN	55416	
Dennis Lowery and Bradley Frame	3107 Russell Blvd. 314-616-6032	St. Louis	MO	63104	X
Henrik Warn and Valentina Warn	106 McIntosh Drive 201-788-2247	Mahwah	NJ	07430	X
Dacoro, Inc.	749 Union Street, Apt. 3L 202-669-4165	Brooklyn	NY	11215	X
NETCIM LLC	375 South End, Apt. #28N 917-528-5756	New York	NY	10280	
PetSai LLC*	26349 Northwest Freeway Cypress 832-604-5115	Cypress	TX	77429	X
Neil Sheth and Akta Sheth	2115 W. University Dr., Suite 230 469-481-7387	Frisco	TX	75033	
SMDMM Holdings, Inc.*	8175 S. Custer Road #A100 469-536-0055	Frisco	TX	75035	
SMDMM Holdings, Inc.	8175 S. Custer Road #A100 469-536-0055	Frisco	TX	75035	
Amanpreet Kaur and Jaspreet Singh	3210 FM 1463 Rd., Suite 300 832-529-4001	Katy	TX	77494	
DSA PE Corp.	320 Shadowwood Trail 817-658-6012	Ovilla	TX	75154	X
Harpal Singh Dhaliwal and Aarti Dhaliwal	18321 W. Airport Blvd. Suite 207 832-981-7676	Richmond	TX	77407	
Harpal Singh Dhaliwal and Aarti Dhaliwal	18321 W. Airport Blvd. Suite 207 832-981-7676	Richmond	TX	77407	

<u>Name</u>	<u>Address/Telephone Number</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Regional Developer</u>
Delvan Vending LLC	3903 Fair Ridge Drive, Suite F 703-592-9985	Fairfax	VA	22033	X
Phanidhar Bezawada Raghupathy and Sujanasree Ratakonda	15515 Westminster Way N, Suite C 337-254-5270	Shoreline	WA	98133	

*Store opened after December 31, 2023, but before the Issuance Date of this Disclosure Document.

** Terminated after December 31, 2023, but before the issuance date of this Disclosure Document.

Stores owned by Predecessor
As of December 31, 2023

<u>State</u>	<u>Address</u>
Minnesota	Pet Evolution, LLC 3845 Lexington Ave. N. Arden Hills, MN 55126 (651) 340-3840
	Pet Evolution, LLC 429 Commerce Drive, Suite 500 Woodbury, MN 55125 (651) 788-9998

Below is a list of franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2023, or who had not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

<u>Name</u>	<u>Telephone Number</u>	<u>City</u>	<u>State</u>
William Jeffress	646-232-5576	Washington	DC

EXHIBIT E

FINANCIAL STATEMENTS

The Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the contents or form.

Pet Evolution Franchising LLC

Balance Sheet

As of February 29, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	\$65,005.84
Accounts Receivable	\$134,000.00
Other Current Assets	
11000 Accounts Receivable	60,678.00
12000 Inventory	2,303.00
Inventory Asset	0.00
Prepaid Expense	0.00
Undeposited Funds	0.00
Total Other Current Assets	\$62,981.00
Total Current Assets	\$261,986.84
Fixed Assets	
13010 Computer Equipment	6,825.57
14000 Furniture and Equipment	-0.42
17000 Intangible Assets	1,480.00
18005 Depreciation and Amortization Accumulated Depreciation	0.48
18010 Depreciation and Amortization Accumulated Amortization	0.00
Total Fixed Assets	\$8,305.63
Other Assets	
16010 Prepaid Assets - General	1,475,280.00
16020 Prepaid Expenses - Insurance	299.72
Total Other Assets	\$1,475,579.72
TOTAL ASSETS	\$1,745,872.19
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	\$18,685.26
Other Current Liabilities	
20000 Accounts Payable	600.00
21000 Deferred Revenue	5,359,254.00
25000 Payroll Liabilities	78,135.78
25020 Payroll Taxes Payable	1,095.00
Direct Deposit Payable	0.00
Total Other Current Liabilities	\$5,439,084.78
Total Current Liabilities	\$5,457,770.04
Long-Term Liabilities	
27000 Member Loan	0.00
Total Long-Term Liabilities	\$0.00
Total Liabilities	\$5,457,770.04
Equity	\$ -3,711,897.85
TOTAL LIABILITIES AND EQUITY	\$1,745,872.19

Pet Evolution Franchising LLC

Profit and Loss

January - February, 2024

	TOTAL
Income	
40000 Revenue	98,775.00
40020 Franchise Royalty Fee Income	47,328.97
40040 National Marketing Fund Fee	7,281.19
40051 Regional Developer Technology Fee	1,945.78
Uncategorized Income	8,630.78
Total Income	\$163,961.72
Cost of Goods Sold	
54000 Commissions Paid	14,949.30
57000 Franchise Development Sales Expense	32,299.87
Total Cost of Goods Sold	\$47,249.17
GROSS PROFIT	\$116,712.55
Expenses	
61000 Facility Expenses	3,702.92
62000 Personnel Expenses	115,987.35
63000 General Operating Expenses	63,841.14
67000 Sales & Marketing	31,756.11
68000 Training	14,577.93
Payroll Expenses	1,275.00
QuickBooks Payments Fees	20.00
Reimbursements	-187.46
Uncategorized Expense	8,397.52
Total Expenses	\$239,370.51
NET OPERATING INCOME	\$ -122,657.96
Other Income	\$1,968.35
Other Expenses	
80000 Other Misc. General Operating	1,196.54
81000 Interest & Other Expenses	773.70
Total Other Expenses	\$1,970.24
NET OTHER INCOME	\$ -1.89
NET INCOME	\$ -122,659.85

Audited Financial Statements

PET EVOLUTION FRANCHISING LLC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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**PET EVOLUTION FRANCHISING LLC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF OPERATIONS	4
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Members
Pet Evolution Franchising LLC
St. Pete Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pet Evolution Franchising LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, with the exception of the issues described in the Adjustments to Prior Period Financial Statements paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Evolution Franchising LLC, as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adjustments to Prior Period Financial Statements

As discussed in Note 5 to the financial statements, the Company has adjusted its 2022 financial statements to retrospectively correct an error in accounting for revenue.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Evolution Franchising LLC's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
May 17, 2024

PET EVOLUTION FRANCHISING LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 76,597	\$ 12,757
Accounts Receivable	135,000	347,434
Due from Brand Fund	60,678	-
Current Portion of Deferred Costs	157,240	92,985
Other Assets	4,083	2,882
Total Current Assets	433,598	456,058
PROPERTY AND EQUIPMENT, Net	6,826	7,835
DEFERRED COSTS, Net of Current Portion	1,210,040	754,950
Total Assets	\$ 1,650,464	\$ 1,218,843
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 17,128	\$ 25,444
Due to Members	-	120,000
Accrued Expenses	64,543	11,665
Current Portion of Deferred Revenue	592,650	465,546
Total Current Liabilities	674,321	622,655
DEFERRED REVENUE, Net of Current Portion	4,565,379	2,728,529
Total Liabilities	5,239,700	3,351,184
MEMBERS' DEFICIT	(3,589,236)	(2,132,341)
Total Liabilities and Members' Deficit	\$ 1,650,464	\$ 1,218,843

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
REVENUES		
Franchise Fees	\$ 113,242	\$ 60,450
Regional Developer Fees	352,304	217,667
Royalties	167,221	17,941
Other, Net	46,017	60,875
Total Revenues	678,784	356,933
EXPENSES		
Auto Expenses	678	2,673
Commissions	468,362	182,392
Depreciation	1,009	1,000
Dues and Subscriptions	19,931	15,647
Insurance	30,982	18,270
Marketing Fees	64,781	191,703
Office Expenses	12,625	9,320
Office Salaries and Benefits	610,675	510,983
Outside Services	416,008	458,632
Payroll Taxes	35,608	34,136
Rent Expense	36,079	12,703
Technology Fee	32,190	46,623
Training Expenses	53,884	64,553
Travel and Entertainment	45,093	42,150
Bad Debt Expense	195,000	-
Miscellaneous	52,774	51,129
Total Expenses	2,075,679	1,641,914
NET LOSS	\$ (1,396,895)	\$ (1,284,981)

See accompanying Notes to Financial Statements.

**PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Members' Deficit
BALANCE - DECEMBER 31, 2021 (restated)	\$ (587,360)
Net Loss (Restated)	(1,284,981)
Distributions	(260,000)
BALANCE - DECEMBER 31, 2022 (restated)	(2,132,341)
Net Loss	(1,396,895)
Distributions	(60,000)
BALANCE - DECEMBER 31, 2023	\$ (3,589,236)

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (1,396,895)	\$ (1,284,981)
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,009	1,000
(Increase) Decrease in Assets:		
Accounts Receivable	151,756	(172,434)
Deposits on Inventory	-	204,930
Deferred Costs	(519,345)	(498,733)
Other Assets	(1,201)	(400)
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,316)	20,026
Accrued Expenses	52,878	6,604
Due to Members	(120,000)	120,000
Deferred Revenue	1,963,954	1,482,883
Net Cash Provided (Used) by Operating Activities	123,840	(121,105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(6,100)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to Members	(60,000)	(260,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,840	(387,205)
Cash and Cash Equivalents - Beginning of Year	12,757	399,962
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 76,597	\$ 12,757

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

Pet Evolution Franchising LLC (the Company) was formed on January 4, 2021, as a partnership in the state of Delaware. The Company operates as a franchisor, offering regions and franchises for the operation of pet supply stores focused on pet health and wellness under the Pet Evolution trademark. At December 31, 2023, the Company had 2 franchised locations in operation and 33 signed franchises not yet open. The Company also had 21 signed regional development agreements.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statement in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at highly regarded financial institutions. The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At times, deposits held with financial institutions may exceed the limits of the Federal Deposit Insurance Corporation (FDIC) of \$250,000, per depositor, per financial institution. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are stated at the amount management expects to collect from Outstanding balances. At the beginning of 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined. The Company extends credit terms to customers, primarily franchisees, in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivables are recorded at their estimated net realizable value.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

The Company's estimate of the allowance for credit losses is based upon historical experience, its evaluation of the current status of receivables, current economic conditions, certain forward-looking information and unusual circumstances, if any. Expected credit losses are recorded through a charge to earnings and a credit to the allowance for expected credit losses based on its assessments. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Company determined no allowance was necessary at December 31, 2023 and 2022.

Property and Equipment

Property and equipment consist of leasehold improvements, furniture and fixtures, and computer equipment and are stated at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Leasehold improvements are depreciated using the straight-line method over an estimated useful life of 10 years. Furniture and fixtures and computer equipment are depreciated using the straight-line method over an estimated useful life of five years. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations. Depreciation expense for the years ended December 31, 2023 and 2022, was approximately \$1,000.

Deferred Revenue

Deferred revenue represents franchise fees received that have not been fully earned and will be recognized in future periods.

Deferred Costs

Deferred franchise costs represent an agreement to provide a commission in exchange for obtaining franchisees. These costs are recognized upon the date of opening and recognized ratably on a straight-line basis over the term of the franchise agreement. The franchise agreements typically have an initial term of ten years from the date a store opens.

Advertising and Marketing

Advertising and marketing costs, which are reflected on the statements of income, are expensed as incurred and amounted to \$64,781 and \$191,703 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Company is treated as a partnership for income tax purposes and does not incur income taxes. Instead, members are taxed on their share of the Company's earnings. The Company's net income or loss is allocated to the members based on their respective profit and loss percentages.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted the requirements of Topic 606 and Subtopic 340-40 for the year ended December 31, 2019, utilizing the modified retrospective method of transition.

The primary impact of ASC 606 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees and related commission expense. Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, tools, and support associated with their franchise business. The Company previously recorded the initial franchising fees as revenue and the related commission expense at the execution of a franchise agreement. Beginning in January 2019, under ASC 606, initial franchise fees were recognized as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which is generally 10 years. The unrecognized portion of initial franchising fees was recorded as deferred franchise fees. Similarly, commissions are an incremental cost of obtaining a contract under ASC 606, which are capitalized as deferred franchise costs and amortized over the term of the franchise agreement.

The Company generates revenue primarily through royalties, regional developer and franchise fees, and marketing fees.

Regional Developer Fees and Franchise Fees

The Company requires the entire nonrefundable initial regional developer fee or franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years from the date of agreement. Revenues are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company does not provide formal financing to regional developers or franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Regional developers and franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a regional developer or franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged similar to the initial franchise fee.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 7% of gross sales, reduced to 5% during first year of operations. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

Other Revenues

Other revenues include, but are not limited to, items such as brand fund fees, technology fees, and others. These fees can be based on a percentage of sales or a flat monthly fee. These fees are related entirely to the Company's performance obligation under the franchise agreement and are recognized on a monthly basis or as franchisee store level sales occur. These fees are generally collected monthly.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the year ended December 31, 2023 and the period ended December 31, 2022.

Adoption of New Accounting Standards

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments— Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did result in changes to the Company's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses.

Reclassification

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2023 financial statements with no impact on previously reported net income or members' equity.

NOTE 2 ASC 842 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheets.

Total rent paid for the years ended December 31, 2023 and 2022 was \$36,079 and \$12,703, respectively.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

The members will, at times, provide the Company with capital and records these amounts in a Due to Members account as noted on the balance sheets.

NOTE 4 MEMBERS' EQUITY

The membership interest in the Company owned by the members is the only class of membership interest issued and outstanding as of December 31, 2022 and 2021.

NOTE 5 CORRECTION OF ERRORS

In the 2022 issued financial statements, the Company was not correctly recording revenue as prescribed by ASC 606. The effect of the Company's previously issued 2022 financial statements is summarized in the following tables. As disclosed in Note 1, certain accounts in 2022 have been reclassified for comparative purposes as well.

Balance sheet and statement of members' deficit as of December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Deferred Revenues	\$ 3,232,687	\$ (38,612)	\$ 3,194,075
Members' Deficit - December 31, 2021	(564,818)	(22,542)	(587,360)
Net Loss	(1,346,135)	61,154	(1,284,981)
Distributions	(260,000)	-	(260,000)
Members' Deficit - December 31, 2022	(2,170,953)	38,612	(2,132,341)

Statement of operations for the year ended December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Revenues	\$ 295,779	\$ 61,154	\$ 356,933
Net Loss	(1,346,135)	61,154	(1,284,981)

Statement of cash flows for the year ended December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Net Loss	\$ (1,346,135)	\$ 61,154	\$ (1,284,981)
Change in Deferred Revenue	1,544,037	(61,154)	1,482,883
Net Cash Used by Operating Activities	(121,105)	-	(121,105)

**PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.



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PET EVOLUTION FRANCHISING LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021



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**PET EVOLUTION FRANCHISING LLC
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	4
STATEMENTS OF OPERATIONS	5
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Members
Pet Evolution Franchising LLC
St. Petersburg, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pet Evolution Franchising LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, with the exception of the issues described in the Correction of 2021 Financial Statements paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Evolution Franchising LLC, as of December 31, 2022, and the results of its operations and its cash flows for the period January 4, 2021 (inception) to December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adjustments to Prior Period Financial Statements

The financial statements of Pet Evolution Franchising LLC as of December 31, 2021, were audited by other auditors whose report dated April 28, 2022, expressed an unmodified opinion on those financial statements. As discussed in Note 6 to the financial statements, the Company has adjusted its 2021 financial statements to retrospectively correct an error in accounting for revenue. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2022 financial statements, we also audited the adjustments to the 2021 financial statements to retrospectively correct the accounting error described in Note 6. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Pet Evolution Franchising LLC's 2021 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Evolution Franchising LLC's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Members
Pet Evolution Franchising LLC

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
April 28, 2023

PET EVOLUTION FRANCHISING LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,757	\$ 399,962
Accounts Receivable, Net	347,434	175,000
Deposits on Inventory	-	204,930
Current Portion of Deferred Costs	92,985	68,685
Other Assets	2,882	2,482
Total Current Assets	456,058	851,059
PROPERTY AND EQUIPMENT, Net	7,835	2,735
DEFERRED COSTS, Net of Current Portion	754,950	280,517
Total Assets	\$ 1,218,843	\$ 1,134,311
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 25,444	\$ 5,418
Due to Members	120,000	-
Accrued Expenses	11,665	5,061
Deferred Revenue	80,200	60,450
Total Current Liabilities	237,309	70,929
DEFERRED REVENUE, Net of Current Portion	3,152,487	1,628,200
Total Liabilities	3,389,796	1,699,129
MEMBERS' DEFICIT	(2,170,953)	(564,818)
Total Liabilities and Members' Deficit	\$ 1,218,843	\$ 1,134,311

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Franchise Fees	\$ 60,450	\$ 17,350
Regional Developer Fees	156,513	90,000
Royalties	17,941	-
Other, Net	60,875	900
Total Revenues	<u>295,779</u>	<u>108,250</u>
EXPENSES		
Auto Expenses	2,673	278
Commissions	182,392	17,230
Depreciation	1,000	1,000
Dues and Subscriptions	15,647	4,112
Insurance	18,270	16,993
Marketing Fees	191,703	183,921
Office Expenses	9,320	3,029
Office Salaries and Benefits	510,983	62,526
Outside Services	458,632	190,133
Payroll Taxes	34,136	4,858
Rent Expense	12,703	1,176
Technology Fee	46,623	4,913
Training Expenses	64,553	11,790
Travel and Entertainment	42,150	24,700
Miscellaneous	51,129	146,409
Total Expenses	<u>1,641,914</u>	<u>673,068</u>
NET LOSS	<u>\$ (1,346,135)</u>	<u>\$ (564,818)</u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEAR ENDED DECEMBER 31, 2022 AND PERIOD JANUARY 4, 2021 (INCEPTION) TO
DECEMBER 31, 2021

	Members' Deficit
BALANCE - JANUARY 4, 2021 (INCEPTION)	\$ -
Contributions	120,400
Net Income	599,630
Correction of an Error (Note 4)	(1,164,448)
Distributions	(120,400)
BALANCE - DECEMBER 31, 2021	(564,818)
Net Loss	(1,346,135)
Distributions	(260,000)
BALANCE - DECEMBER 31, 2022	\$ (2,170,953)

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (1,346,135)	\$ (564,818)
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,000	1,000
(Increase) Decrease in Assets:		
Accounts Receivable, Net	(172,434)	(175,000)
Deposits on Inventory	204,930	(204,930)
Deferred Costs	(498,733)	(349,202)
Other Assets	(400)	(2,482)
Increase (Decrease) in Liabilities:		
Accounts Payable	20,026	5,418
Accrued Expenses	6,604	5,061
Due to Members	120,000	-
Deferred Revenue	1,544,037	1,688,650
Net Cash Provided (Used) by Operating Activities	(121,105)	403,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,100)	(3,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from Members	-	120,400
Distributions to Members	(260,000)	(120,400)
Net Cash Provided (Used) by Financing Activities	(260,000)	-
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(387,205)	399,962
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	399,962	-
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 12,757	\$ 399,962

See accompanying Notes to Financial Statements.

**PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

Pet Evolution Franchising LLC (the Company) was formed on January 4, 2021, as a partnership in the state of Delaware. The Company operates as a franchisor, offering regions and franchises for the operation of pet supply stores focused on pet health and wellness under the Pet Evolution trademark. At December 31, 2022, the Company had 2 franchised locations in operation and 22 signed franchises not yet open. The Company also had 13 signed regional development agreements.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Reclassification

Certain amounts in the 2021 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2022 financial statements with no impact on previously reported net income or members' equity.

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statement in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at highly regarded financial institutions. The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At times, deposits held with financial institutions may exceed the limits of the Federal Deposit Insurance Corporation (FDIC) of \$250,000, per depositor, per financial institution. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable arising from monthly billings to franchisees do not bear interest. At times, regional developers and franchisees will pay the initial fee in installments. The Company considers these installments to be short-term and are included in Accounts Receivable on the balance sheets.

Accounts receivable are stated at the amount management expects to collect. An allowance for doubtful accounts is not considered necessary, as management expects full collection of the Company's accounts receivable balances at December 31, 2022 and 2021.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment consist of leasehold improvements, furniture and fixtures, and computer equipment and are stated at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Leasehold improvements are depreciated using the straight-line method over an estimated useful life of 10 years. Furniture and fixtures and computer equipment are depreciated using the straight-line method over an estimated useful life of five years. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations. Depreciation expense for the year ended December 31, 2022 and the period ended December 31, 2021, was approximately \$1,000.

Deferred Revenue

Deferred revenue represents franchise fees received that have not been fully earned and will be recognized in future periods.

Deferred Costs

Deferred franchise costs represent an agreement to provide a commission in exchange for obtaining franchisees. These costs are recognized upon the date of opening and recognized ratably on a straight-line basis over the term of the franchise agreement. The franchise agreements typically have an initial term of ten years from the date a store opens.

Advertising and Marketing

Advertising and marketing costs, which are reflected on the statements of income, are expensed as incurred and amounted to \$191,703 and \$183,921 for the year ended December 31, 2022 and the period ended December 31, 2021, respectively.

Income Taxes

The Company is treated as a partnership for income tax purposes and does not incur income taxes. Instead, members are taxed on their share of the Company's earnings. The Company's net income or loss is allocated to the members based on their respective profit and loss percentages.

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted the requirements of Topic 606 and Subtopic 340-40 for the year ended December 31, 2019, utilizing the modified retrospective method of transition.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The primary impact of ASC 606 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees and related commission expense. Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, tools, and support associated with their franchise business. The Company previously recorded the initial franchising fees as revenue and the related commission expense at the execution of a franchise agreement. Beginning in January 2019, under ASC 606, initial franchise fees were recognized as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which is generally 10 years. The unrecognized portion of initial franchising fees was recorded as deferred franchise fees. Similarly, commissions are an incremental cost of obtaining a contract under ASC 606, which are capitalized as deferred franchise costs and amortized over the term of the franchise agreement.

The Company generates revenue primarily through royalties, regional developer and franchise fees, and marketing fees.

Regional Developer Fees and Franchise Fees

The Company requires the entire nonrefundable initial regional developer fee or franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years from the date of agreement. Revenues are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company does not provide formal financing to regional developers or franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Regional developers and franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a regional developer or franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged similar to the initial franchise fee.

Royalties Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 7% of gross sales, reduced to 5% during first year of operations. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Revenues

Other revenues include, but are not limited to, items such as brand fund fees, technology fees, and others. These fees can be based on a percentage of sales or a flat monthly fee. These fees are related entirely to the Company's performance obligation under the franchise agreement and are recognized on a monthly basis or as franchisee store level sales occur. These fees are generally collected monthly.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the year ended December 31, 2022 and the period ended December 31, 2021.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of Right-of-Use (ROU) Assets and Lease Liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

NOTE 2 ASC 842 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as Lease Liabilities or Right-of-Use Assets on the balance sheets.

Total rent paid for the year ended December 31, 2022, was \$12,703.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 3 ASC 840 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. Total rent paid for the period from January 4, 2021 (inception) to December 31, 2021, was \$1,176.

NOTE 4 TRANSACTIONS WITH RELATED PARTIES

The members will, at times, provide the Company with capital and tracks these amounts in a Due to Members account as noted on the balance sheets.

NOTE 5 MEMBERS' EQUITY

The membership interest in the Company owned by the members is the only class of membership interest issued and outstanding as of December 31, 2022 and 2021.

NOTE 6 CORRECTION OF ERRORS

In the 2021 issued financial statements, the Company was not correctly recording revenue as prescribed by ASC 606. The effect of the Company's previously issued 2021 financial statements is summarized in the following tables. As disclosed in Note 1, certain accounts in 2021 have been reclassified for comparative purposes as well.

Balance sheet as of December 31, 2021:

	Previously Reported	Increase (Decrease)	Restated
Deferred Costs	\$ -	\$ 349,202	\$ 349,202
Deferred Revenues	175,000	1,513,650	1,688,650
Members' Equity (Deficit):			
Members' Equity - January 4, 2021	-	-	-
Contributions	120,400	-	120,400
Net Income (Loss)	599,630	(1,164,448)	(564,818)
Members' Distributions	(120,400)	-	(120,400)
Members' Deficit - December 31, 2021	<u>599,630</u>	<u>(1,164,448)</u>	<u>(564,818)</u>

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 6 CORRECTION OF ERRORS (CONTINUED)

Statement of income and members' deficit for the period ended December 31, 2021:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Revenues	\$ 1,621,900	\$ (1,513,650)	\$ 108,250
Commissions and Networking Fees	366,432	(349,202)	17,230
Net Income (Loss)	599,630	(1,164,448)	(564,818)

Statement of cash flows for the period ended December 31, 2021:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Deferred Costs	\$ -	\$ (349,202)	\$ (349,202)
Deferred Revenues	175,000	1,513,650	1,688,650
Net Income (Loss)	599,630	(1,164,448)	(564,818)

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated through April 28, 2023, the date on which the financial statements were available to be issued, noting no subsequent events for disclosure.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

EXHIBIT F

**FRANCHISE AGREEMENT, GUARANTY,
STATEMENT OF OWNERSHIP AND
MANAGEMENT, GENERAL RELEASE,
TRANSFER FORM, LEASE RIDER AND STATE
SPECIFIC ADDENDA**

PET EVOLUTION FRANCHISE AGREEMENT

TABLE OF CONTENTS

1.)	<u>DEFINITIONS</u>	1
2.)	<u>GRANT OF FRANCHISE AND RENEWAL OF FRANCHISE</u>	2
3.)	<u>SEARCH AREA; LOCATION; CONSTRUCTION</u>	4
4.)	<u>LEASING</u>	7
5.)	<u>DESIGNATED TERRITORY</u>	7
6.)	<u>INITIAL FRANCHISE FEE</u>	8
7.)	<u>ROYALTIES</u>	8
8.)	<u>MARKETING AND PROMOTION</u>	9
9.)	<u>METHOD OF PAYMENT/LATE PAYMENT CHARGES</u>	12
10.)	<u>ASSISTANCE; TRAINING; ONGOING SUPPORT</u>	14
11.)	<u>OPERATION OF THE FRANCHISED BUSINESS</u>	16
12.)	<u>NAMES AND MARKS</u>	20
13.)	<u>EQUIPMENT/SUPPLIES/SERVICES</u>	21
14.)	<u>INFORMATION, REPORTS, INSPECTIONS AND AUDITS</u>	22
15.)	<u>INSURANCE</u>	23
16.)	<u>CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE</u>	24
17.)	<u>RESTRICTIVE COVENANTS</u>	25
18.)	<u>ASSIGNMENT</u>	26
19.)	<u>PURCHASE OPTION AND RIGHT OF FIRST REFUSAL</u>	29
20.)	<u>PRE-TERMINATION OPTIONS OF FRANCHISOR</u>	30
21.)	<u>TERMINATION</u>	31
22.)	<u>ENFORCEMENT</u>	34
23.)	<u>INDEPENDENT CONTRACTORS/INDEMNIFICATION</u>	37
24.)	<u>FRANCHISEE REPRESENTATIONS</u>	38
25.)	<u>MISCELLANEOUS</u>	38

PET EVOLUTION FRANCHISE AGREEMENT

THIS AGREEMENT is made the ____ day of _____, 20__, by and between PET EVOLUTION FRANCHISING LLC, a Delaware limited liability company (“Franchisor”), and _____ (“Franchisee”).

INTRODUCTION

Franchisor and its predecessor have developed certain policies, procedures and techniques for the operation of pet supply stores focused on pet health and wellness. These stores offer high quality pet food and other pet products along with pet grooming services, including in-store and mobile nail trimming, and provide in-store self-service dog washing stations. Franchisor desires to grant to qualified persons franchises to use the concepts, programs and methods of promotion developed by Franchisor and its predecessor to develop and operate a Pet Evolution store. Franchisee has made application to Franchisor for a franchise and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1.) DEFINITIONS

The terms and phrases specified below shall have, for purposes of this Agreement, the following meanings:

- (a) “Competitive Business” shall mean any business that offers or sells pet grooming services or that offers or sells primarily pet supplies including, any business that sells primarily pet food, toys, supplements or other items intended for animals.
- (b) “Designated Territory” shall mean the area described as such and identified in the Rider to this Agreement.
- (c) “Franchise” shall mean the right granted to Franchisee by Franchisor to use the System of Operation and to use the Names and Marks selected, used, and promoted by Franchisor to develop and operate a pet supply store that offers high quality pet food and other pet products, pet grooming services, including in-store and mobile nail trimming services, and self-service dog washing stations, and delivery of products to customers.
- (d) “Franchised Business” shall mean the business franchised under this Agreement to operate utilizing the System of Operation and the Names and Marks.
- (e) “Franchised Store” shall mean the pet supply store franchised under this Agreement to operate utilizing the System of Operation and the Names and Marks.

(f) “Gross Revenues” shall mean the total amount of revenues, income, receipts and other fees received from all business activities taking place by or through the Franchised Business, and all other services and products, if any, sold under the Names and Marks, or otherwise related to the Franchised Business, including amounts received for mobile nail trimming, amounts received for the delivery of products and any amounts received as membership fees. There shall be excluded from “Gross Revenues” amounts collected and remitted by Franchisee to any governmental taxing authority in satisfaction of sales or occupation taxes.

(g) The term “including” shall mean “including, but not limited to.”

(h) “Names and Marks” shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System of Operation.

(i) “Restricted Area” shall mean the Designated Territory, which for the avoidance of doubt shall include the premises of the Franchised Store, a radius of ten (10) miles from the Designated Territory, and a radius of ten (10) miles from any other Pet Evolution pet supply store in existence as of the date of termination or assignment of this Agreement. If there is no Designated Territory identified in the Franchise Agreement, the Restricted Area means the “search area”, a radius of 10 miles from the search area, and a radius of 10 miles from any other Pet Evolution pet supply store, whether franchised or company-owned. The search area is the area we grant you to search for a pet supply store location.

(j) “System of Operation” shall mean the business plans and methods developed by Franchisor and its predecessor to be used in connection with a pet supply store that offers high quality pet food and other pet products, pet grooming services, including in-store and mobile nail trimming services, and self-service dog washing stations, and delivery of products to customers. The “System of Operation” includes standards, specifications, methods, procedures, techniques, and management systems, all of which may be changed, improved and further developed from time to time by Franchisor, but specifically excludes any employee policies or procedures that Franchisor may make available to Franchisee for its optional use during the Term of the Franchise.

(k) “Term of the Franchise” shall mean the initial term of the Franchise.

2.) GRANT OF FRANCHISE AND RENEWAL OF FRANCHISE

(a) Initial Term - Subject to the provisions of this Agreement, Franchisor grants to Franchisee a Franchise for an initial term of ten (10) years, commencing on the date of this Agreement, to utilize the System of Operation and to use the Names and Marks of Franchisor in the conduct of a pet supply store that offers high quality pet food and other pet products, pet grooming services, including in-store and mobile nail trimming services, and self-service dog washing stations, and delivery of products to customers, all pursuant to and in accordance with Franchisor’s System of Operation.

(b) Renewal - Franchisee may renew the Franchise for an additional term of ten (10) years, subject to the satisfaction of any conditions imposed by Franchisor upon renewal, including those set forth in Section 2(c) below.

(c) Conditions - Franchisee must satisfy such conditions for renewal as Franchisor may impose, including that upon expiration of the Term of the Franchise, Franchisee shall have: (a) complied with all provisions of this Agreement; (b) operated the Franchised Business utilizing and conforming to the System of Operation; (c) utilized exclusively the Names and Marks in the operation of the Franchised Business; (d) upgraded the Franchised Store, including equipment, to meet Franchisor's standards; and (e) provided Franchisor with evidence of control of the premises for the Franchised Store for the renewal term. Additionally, Franchisee shall:

(i) Provide Franchisor at least two hundred ten (210) days prior written notice of its election to renew the Franchise; and

(ii) Within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal: (a) execute Franchisor's then current form of franchise agreement offered to prospective new franchisees and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of Franchises to prospective new franchisees, including a general release; and (b) paid to Franchisor a renewal fee of Twenty Four Thousand Five Hundred Dollars (\$24,500).

(d) Renewal Acknowledgments - Franchisee acknowledges that the right of renewal set forth herein does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of franchise agreements utilized by Franchisor upon renewal are likely to be substantially different than the terms offered by Franchisor as of the date hereof. Franchisee further acknowledges that the failure to meet any conditions of renewal imposed by Franchisor, including those set forth herein, shall be deemed an election by Franchisee not to renew the Franchise.

(e) Holdover - If Franchisee does not sign a new franchise agreement prior to expiration of the Term of the Franchise, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (i) have expired as of the date of its stated expiration, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary: (x) all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired; and (y) all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3.) SEARCH AREA; LOCATION; CONSTRUCTION

(a) Search Area - Franchisee will have the right to operate the Franchised Store at one (1) location only. The Franchised Store will be located at a site selected by Franchisee and approved by Franchisor. If the site has not been approved as of the date Franchisor executes this Agreement, the Franchised Store must be located in the non-exclusive search area set forth in the Rider to this Agreement. Franchisee acknowledges that Franchisor may grant others the right to seek sites within the foregoing area, and that Franchisee acquires no exclusive or priority rights in such area. If Franchisor has not approved a site for the Franchised Store at the time this Agreement is executed, Franchisor may terminate this Agreement if Franchisee fails to obtain Franchisor's approval of a site within one hundred twenty (120) days of the date of this Agreement.

(b) Site Selection - It shall be the responsibility of Franchisee to identify, and ultimately acquire, an appropriate site, acceptable to Franchisor, for the operation of the Franchised Store. As Franchisee identifies prospective sites, it shall notify Franchisor, and Franchisor will review criteria regarding such prospective sites as Franchisor deems appropriate. Franchisee will assist Franchisor by providing Franchisor any information Franchisor may request regarding any prospective sites.

(i) Franchisor may recommend potential sites to Franchisee, but the responsibility to ultimately select a site for the Franchised Store belongs to Franchisee, and Franchisee, in consideration for any assistance Franchisor provides with respect to the identification or approval of potential sites, acknowledges and agrees Franchisor shall not be responsible for Franchisee's results in operating at any particular site that may have been recommended, reviewed, or approved by Franchisor.

(ii) Following Franchisor's approval of the site, Franchisee authorizes Franchisor to amend the Rider to this Agreement, to indicate the address of the approved location for the Franchised Store, and the Designated Territory.

(iii) Franchisor shall provide Franchisee with a "Path to Opening" which shall be made up of the site selection criteria it uses when evaluating sites, and certain recommendations and guidelines Franchisee may use in connection with the construction and opening of its Franchised Store.

(c) Governmental Approvals - Franchisee shall obtain all required municipal and other governmental approvals and permits necessary to construct the Franchised Store in accordance with applicable law.

(d) Location - Franchisee shall operate the Franchised Business from the Franchised Store. The Franchised Store must meet Franchisor's requirements, including those related to location, size of the facility, and available parking. If Franchisee desires to operate the Franchised Business from a location other than that indicated in the Rider, and Franchisor approves the new location, Franchisee authorizes Franchisor to amend the Rider to change

the location to the address of the new site approved by Franchisor. Franchisee shall not use the Franchised Store to operate any business other than the Franchised Business. Franchisee may not operate the Franchised Business from more than one location; provided, however, Franchisee may provide mobile nail trimming services as approved by Franchisor.

(e) Design of the Franchised Store - Franchisor shall provide to Franchisee a sample layout for the interior of a typical Pet Evolution pet supply store, including a set of typical preliminary plans and décor specifications. Franchisee shall, at its own expense, employ architects, engineers, or others as may be necessary to complete, adapt, and modify the sample plans and specifications for the Franchised Store to fit the location. Franchisee shall submit to Franchisor a complete set of final plans and specifications prior to commencing construction of the Franchised Store. Franchisor shall review such plans and specifications and approve or provide comments to Franchisee on the plans and specifications. Franchisee shall not commence construction of the Franchised Store until Franchisor approves in writing the final plans and specifications to be used in constructing the Franchised Store. Franchisor shall consult with Franchisee, to the extent that Franchisor deems necessary, on the construction and equipping of the Franchised Store, but it shall be and remain the sole responsibility of Franchisee to diligently design, construct, equip, and otherwise ready and open the Franchised Store on a timely basis.

(f) Construction Obligations of Franchisee; Opening - Franchisee shall use a licensed general contractor satisfactory to Franchisor to perform construction work at the Franchised Store. Franchisor shall not be responsible for delays in the construction, equipping, or decoration of the Franchised Store or for any loss resulting from the store design or construction since Franchisor has no control over the landlord or developer and the numerous construction and/or related problems which could occur and delay the opening of the Franchised Store. Franchisor must approve in writing any and all changes in any store plans prior to construction of the Franchised Store or the implementation of such changes. Franchisor shall have access to the location of the Franchised Store while work is in progress and may require such reasonable alterations or modifications of the construction of the Franchised Store as Franchisor deems necessary. Franchisee shall not open the Franchised Store if the Franchised Store does not conform to the plans and specifications approved by Franchisor, including changes thereof approved by Franchisor. Franchisee shall correct any unauthorized variance from the approved plans and specifications promptly and open the Franchised Store to the general public within one (1) year after the date of this Agreement.

(g) Fixtures, Leasehold Improvements and Equipment - Franchisor will provide to Franchisee specifications for leasehold improvements, fixtures and equipment for the Franchised Store. All leasehold improvements used in the Franchised Store shall be constructed according to the exact specifications of Franchisor in effect at the time the improvements are made. All equipment installed in the Franchised Store must also meet the exact specifications of Franchisor, including brand and model number, where designated. Franchisor may designate specific or approved suppliers from whom such items can be purchased. If Franchisor designates a specific supplier for any items,

Franchisee must purchase the items from the specific, designated supplier. Franchisee acknowledges that designated, specific suppliers may include Franchisor or its affiliates.

(h) Exterior and Interior Signs - All signs used in the Franchised Store or its advertisement must conform to Franchisor's sign criteria at the time the signage is installed as to type, color, size, design, and location. All signs must be approved in writing by Franchisor prior to installation.

(i) Indemnification of Franchisor - Franchisee is strictly responsible for the acts or omissions of its contractors regarding compliance with all specifications and requirements provided by Franchisor, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Franchised Store. Franchisee shall indemnify Franchisor for any loss, cost, or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or arising out of the design or construction of the Franchised Store.

(j) Alterations - During the Term of the Franchise, the floor plan, interior and exterior design, furnishings and equipment of the Franchised Store shall not be materially altered or modified, without the prior written approval of Franchisor.

(k) Remodeling - Franchisee shall be required to periodically make reasonable capital expenditures to remodel, modernize and re-decorate the Franchised Store so that the premises reflect the current image intended to be portrayed by Pet Evolution pet supply stores. All remodeling, modernization and redecoration of the Franchised Store must be done in accordance with the standards and specifications prescribed by Franchisor from time to time and with the prior written approval of Franchisor. All replacements must conform to Franchisor's then current quality standards and specifications and must be approved by Franchisor in writing. Franchisor may inspect, but shall not be obligated to inspect, such work at any time to determine that the work is done in accordance with Franchisor's approved plans and specifications. In addition to the remodel which may be required at the time of renewal, Franchisor may require Franchisee to remodel, modernize and re-decorate the Franchised Store at any time during the Term of the Franchise and to update any equipment including any self-service dog washing stations as well as the mobile nail trimming unit.

(l) Relocation of the Franchised Store - During the Term of the Franchise, Franchisee shall not change the site of the Franchised Store without Franchisor's prior written consent, which consent shall not be unreasonably withheld; provided, however, if Franchisor approves a change in the location of the Franchised Store, Franchisor may also change the Designated Territory to conform to its then current standards for the grant of similar territories.

(m) Franchise Advertising - Franchisor may require Franchisee to display signage in its Franchised Store advertising Franchisor's Pet Evolution franchises for sale. Franchisor shall pay for any such signage. Franchisee shall, at all times, place and maintain such

signage at the location inside its Franchised Store as Franchisor may designate from time to time.

4.) LEASING

(a) Lease Rider – Franchisee shall ensure that the Lease Rider attached to this Agreement is executed by the Franchisee and the landlord for the Franchised Store contemporaneous with the execution of the lease or sublease for the Franchised Store. Upon the termination of this Agreement or expiration of this Agreement without renewal, Franchisor or its designee shall have the right to assume the lease or sublease for the Franchised Store in accordance with the Lease Rider. If the lease or sublease for the Franchised Store is with Franchisee’s affiliate, and this Agreement is terminated or expires without renewal, Franchisor shall have the right to assume the lease or sublease on commercially reasonable terms, including a then-current market rate for space in the immediate area surrounding the Franchised Store for an initial term of ten (10) years, unless the parties to the proposed lease agree otherwise.

(b) Lease or Sublease - Franchisor shall have no responsibility to review the lease or sublease for the Franchised Store or to make any recommendations regarding the terms thereof. Franchisee shall provide Franchisor within five (5) days before initial execution and then within five (5) days after amendment, a copy of the lease or sublease, including the Lease Rider, and any amendments to any of the foregoing.

5.) DESIGNATED TERRITORY

(a) Designated Territory - During the term of this Agreement, and provided that Franchisee is not in default under this Agreement or any other agreement between Franchisor and Franchisee or any Franchisor affiliate, Franchisor will not grant to anyone else a Franchise to operate, and will not itself operate, under the Pet Evolution name, a pet supply store that is physically located in the Designated Territory. Franchisee acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

- (i) Operating, or allowing others to operate, similar or identical businesses within the Designated Territory even if such businesses operate under the Names and Marks so long as the location from which the business is operated is not physically located in the Designated Territory;
- (ii) Operating or allowing others to operate, similar or identical businesses within the Designated Territory if such business do not operate under the Pet Evolution trademark;
- (iii) Operating, or allowing others to operate, similar or identical businesses physically located outside the Designated Territory, whether under the Names and Marks or other trade or service marks even if the businesses compete with the Franchised Business;

- (iv) Operating, or allowing others to operate, businesses located inside the Designated Territory under the Names and Marks that are not competitive with the Franchised Business;
- (v) Selling products that may be provided to Franchisee for use or sale in its Franchised Business to other parties, whether located in the Designated Territory or otherwise and whether under the Names and Marks or otherwise;
- (vi) Selling goods or services, or granting others the right to sell goods or services, similar to or competitive with those sold by the Franchised Business, whether using the Names and Marks or other trademarks or service marks, through other distribution channels (including, the Internet, catalog sales, telemarketing, or other direct marketing) both inside and outside the Designated Territory;
- (vii) Acquiring businesses that are similar to the Franchised Business; and
- (viii) The sale of Franchisor or substantially all its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to the Franchised Business.

(b) Acknowledgments - Franchisee acknowledges: (i) that the restrictions set forth in this Section do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions; (ii) Franchisor cannot prevent another franchisee from soliciting customers inside Franchisee's Designated Territory; (iii) Franchisee is not prohibited from soliciting customers located outside of its Designated Territory; (iv) other Pet Evolution franchisees may provide nail trimming and delivery services to customers located in Franchisee's Designated Territory without payment of any compensation to Franchisee; and (v) Pet Evolution regional developers may have granted territories which include all or a portion of Franchisee's Designated Territory or may otherwise have offices located in Franchisee's Designated Territory.

6.) INITIAL FRANCHISE FEE

In consideration for the grant of the Franchise to Franchisee, Franchisee shall pay to Franchisor an initial franchise fee in the amount set forth on the Rider (the "Initial Franchise Fee"). The Initial Franchise Fee shall be due and payable upon execution of this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor at the time it is due and shall not be refundable.

7.) ROYALTIES

On or before the tenth (10th) day of each month, Franchisee shall pay to Franchisor a monthly nonrefundable royalty fee (the "Royalty Fee") equal to seven percent (7%) of the Gross Revenues of the Franchised Business for the prior month; provided, however, the Royalty Fee shall be reduced to five percent (5%) of Gross Revenues for the one year period immediately following the opening of the Franchised Store. The Royalty Fee shall be due and payable

beginning on the tenth (10th) day of the month following the first full month after the commencement of operation of the Franchised Business for the prior full month and any prior partial month and continuing thereafter for each subsequent month. The Franchised Business shall be deemed to be operating on the date certified as such by Franchisor. Notwithstanding anything set forth herein to the contrary, if Franchisor allows Franchisee to perform mobile nail trimming services prior to the certification referred to above, Royalty Fees and any other amounts due hereunder for Gross Revenues from such services shall be due and payable at the later of the time set forth in the second sentence of this paragraph or upon demand by the Franchisor. Failure by Franchisor to certify the Franchised Business for operation shall not relieve Franchisee from its obligation to pay Royalty Fees and any other amounts hereunder.

8.) MARKETING AND PROMOTION

(a) Brand Fund Contribution - Franchisee shall pay to Franchisor a monthly “Brand Fund Contribution” equal to one and one-half percent (1.5%) of the previous month’s Gross Revenues of the Franchised Business; provided, however, the Brand Fund Contribution shall be reduced to one-half percent (.50%) of Gross Revenues for the one year period immediately following the opening of the Franchised Store. The Brand Fund Contribution shall be due and payable beginning at the same time the Royalty Fee becomes due and payable.

(b) Use of System Brand Fund - Reasonable disbursements from the Pet Evolution Brand Fund (the “System Brand Fund”) shall be made solely for the payment of expenses incurred by Franchisor in connection with the general promotion of the Names and Marks, including: (i) development and production of advertising and promotional materials; (ii) the cost of formulating, developing and implementing advertising campaigns, including Internet advertising and Internet search engine campaigns and the cost to maintain and update Franchisor’s or its affiliates websites, web pages, social media and social networking sites, profiles and accounts, the costs of search engine optimization and the costs to create and maintain any applications, whether web-based or otherwise; (iii) the cost of formulating, developing and implementing promotional and public relations programs, including advertising in trade publications; (iv) market research; and (v) the reasonable cost of administering the System Brand Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor’s employees engaged in administration of the System Brand Fund and creative services, and overhead allocated to advertising activities. All interest, if any, earned by the System Brand Fund shall be used for the payment of the foregoing expenses in connection with promotion of the Names and Marks, before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency. Disbursements from the System Brand Fund shall not be made for the production or placement of advertising that is principally for the purpose of marketing franchise licenses. Franchisor reserves the right to dissolve the System Brand Fund but will not do so until all the monies in the System Brand Fund have been expended or until monies have been rebated to the then-existing franchisees operating

under the Names and Marks on a pro-rata basis based upon their contributions to the System Brand Fund during the preceding twelve (12) months.

(c) Marketing Materials - Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not object to the use of such materials by Franchisee within ten (10) days after its receipt of such materials, Franchisee shall be free to use such materials.

(d) Grand Opening - Franchise shall spend at least Twenty-Five Thousand Dollars (\$25,000) to market the grand opening of the Franchised Store on marketing Franchisor approves. This marketing must run or otherwise be performed during the ninety (90) day period beginning sixty (60) days before the grand opening of the Franchised Store and ending thirty (30) days after the grand opening of the Franchised Store. If Franchisee fails to do so, Franchisee must pay Franchisor the difference and Franchisor will put that amount into the System Brand Fund.

(e) Local Marketing; Minimum Advertising Requirements - At its own expense, Franchisee shall conduct local marketing campaigns and promotional programs designed solely to promote the Franchised Business (“Local Marketing”). To that end: Franchisee shall spend during each quarter of the first year after opening its Store at least six percent (6%) of its Gross Revenues on Local Marketing that has been approved by Franchisor and thereafter for the remainder of the term of this Agreement at least three percent (3%) of its Gross Revenues on Local Marketing that has been approved by Franchisor (collectively, the “Quarterly Marketing Amount”). Franchisee shall, upon request of Franchisor, provide Franchisor with receipts evidencing its expenditure of the grand opening amount set forth in Section 8(d) above and the Quarterly Marketing Amount on Local Marketing approved by Franchisor. If Franchisee fails to spend the amount set forth in Section 8(d) above within the timeframe set forth therein, or the Quarterly Marketing Amount in any given quarter, Franchisee shall, upon demand of Franchisor, pay to Franchisor the difference between the unspent amount, and the amount spent by Franchisee, and Franchisor shall place such amount in the System Brand Fund. The amount set forth in Section 8(d) shall not count toward the Quarterly Marketing Amount required to be expended by Franchisee. Local Marketing includes any electronic content Franchisee desires to use to market or otherwise advertise the Franchised Business, including the Franchised Store.

(f) Advertising Cooperative - At such time as Franchisor in its sole discretion may determine, Franchisee shall join an advertising cooperative made up of other Pet Evolution franchisees (the “Local Cooperative”), as determined by Franchisor. In such event, Franchisee shall participate in the Local Cooperative on the terms and conditions required by Franchisor. Franchisor shall have the right to modify or dissolve any Local Cooperative at any time.

(g) Website; Internet; Security -

(i) Franchisor shall provide Franchisee a webpage on Franchisor’s website where Franchisee may advertise its Franchised Business. This webpage

shall be a template and Franchisee shall be responsible for providing Franchisor with the information to complete this page Any and all changes to the webpage must be made by Franchisor and the webpage may contain only such information as Franchisor may approve from time to time. Other than this webpage, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other digital or electronic medium or method of communication, including a website, email address, home page, HTML document, Internet site, online directory, online business profile, web page, review or opinion page or site, social media or social networking site, hashtag, profile, avatar, account or username, or application, whether web-based or otherwise, in any event relating to or making reference to Franchisor or the Franchised Business (each, a “Social Media Presence”), unless otherwise approved by Franchisor. Franchisee must provide Franchisor with all passwords and access to any Social Media Presence.

- (ii) Franchisee will comply with all directives from Franchisor with respect to any Social Media Presence approved by Franchisor, including those related to materials posted on any Social Media Presence, links to and from any Social Media Presence, the use of the Names and Marks on any Social Media Presence, provision to Franchisor of passwords and any log-in credentials needed to access, remove, delete or modify any Social Media Presence, and security for any Social Media Presence. In addition, any Social Media Presence approved by Franchisor must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements that Franchisor may specify from time to time. Franchisee must also maintain any Social Media Presence approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to itself, or require Franchisee to, remove, delete or modify any Social Media Presence, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, hashtag, profile or page reference (a “Franchisor Identified Social Media Presence”).
- (iii) Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates as the direct or indirect result of such disruptions, failures or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of

such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Store, unless otherwise directed by Franchisor. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish.

- (iv) In addition to the prohibitions set forth above, Franchisee may not offer, promote or sell any products or services or make use of any of Franchisor's Names and Marks, the Franchised Store or the System of Operation, via any Social Media Presence without Franchisor's prior written approval. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee posting or blogging of comments about Franchisor, the Franchised Store or the System of Operation. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

(h) Photos, Videos and Electronic Records - Franchisor shall have the right to take photographs, videos and electronic records of the Franchised Business, including the Franchised Store, and associated vehicles and signage and to use such photographs, videos and electronic records in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs, videos and electronic records and for obtaining the necessary consents of, or assignments from, individuals, or for any animals, depicted in or involved in such photographs, videos and electronic records. Franchisee irrevocably assigns to Franchisor its right, title, and interest, if any, in and to all such photographs, videos and electronic records, together with all related intellectual property rights.

9.) METHOD OF PAYMENT/LATE PAYMENT CHARGES

(a) Electronic Funds Transfer - Franchisee shall remit Royalty Fees, Brand Fund Contributions, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other similar means. Franchisee shall comply with all procedures specified by Franchisor in this Section and in the Confidential Manual(s) with respect to such transfers

and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section.

- (i) On or before the fifth (5th) day of each month throughout the Term of the Franchise, beginning in the month following the first full month after the commencement of operation of the Franchised Business, Franchisee shall report to Franchisor on a form required by Franchisor the true and correct Gross Revenues of the Franchised Business during the preceding month (but in the first month, the report shall include all Gross Revenues received by Franchisee from the date of this Agreement through the end of the preceding month, all of which shall be deemed received in the preceding month). Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Brand Fund Contributions, and any other amounts payable to Franchisor or its affiliates under this Agreement. Franchisee shall make the funds available to Franchisor for withdrawal by electronic transfer no later than 10:00 a.m. central time on the tenth (10th) day of each month, or if that day is not a banking business day, then by 10:00 a.m. central time on the next banking business day. If Franchisee fails to timely report Gross Revenues for any period Franchisor may debit Franchisee's account for: (i) one hundred ten percent (110%) of the Royalty Fees and Brand Fund Contributions paid by Franchisee for the last period for which a Gross Revenue report was provided; (b) the amount due for Royalty Fees and Brand Fund Contributions based upon information Franchisor has regarding the Franchised Business; or (c) one hundred ten percent (110%) of the Royalty Fees and Brand Fund Contributions paid by Franchisee for the same period in the prior year.
- (ii) If, at any time, Franchisor determines that Franchisee has under-paid Royalty Fees, Brand Fund Contributions, or other amounts payable to Franchisor or its affiliates, Franchisor shall be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount in accordance with the foregoing procedure, plus late payment charges as provided for in this Agreement. Any overpayment shall be credited to Franchisee's account through a credit effective as of the first reporting date after Franchisee and Franchisor determine that such credit is due. If the amount debited is less than the actual amount owed, Franchisee shall pay the remaining amount owing, plus a late payment charge thereon as set forth in this Agreement. If Franchisor is unable for any reason to debit the full amount permitted under this Agreement, Franchisee shall remit the remaining amount owing within five (5) days from notice by Franchisor, plus a late payment charge thereon as set forth in this Agreement.

(b) Minimum Account Balance - Franchisee shall at all times maintain a minimum balance in the designated checking or savings account for payments of Royalty Fees, Brand Fund Contributions, and any other amounts payable by Franchisee to Franchisor or its affiliates in an amount specified by Franchisor.

(c) Late Payment Charges - All fees or payments of any type whatsoever owed by Franchisee to Franchisor or its affiliates that are not received when due will be subject to the imposition of late payment charges equal to the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month.

(d) No Setoff - Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee.

(e) Timing of Payment - Unless specifically set forth herein to the contrary, all amounts owed to Franchisor or any affiliate shall be due and payable to Franchisor within ten (10) days following Franchisee's receipt of an invoice therefor. Royalty and Brand Fund Contributions shall be due and payable as set forth in this Agreement.

(f) Fees - Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the Royalty Fee and Brand Fund Contributions.

(g) Taxes - If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any federal, Florida or Minnesota income taxes imposed upon Franchisor).

10.) ASSISTANCE; TRAINING; ONGOING SUPPORT

(a) Initial Training - Franchisor shall provide, at a suitable location of its choice, an initial training program consisting of approximately four (4) days of training for Franchisee and its Manager (the "Initial Training Program"). The Initial Training Program for Franchisee and its Manager will be provided without charge, but travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee. Further, if additional individuals would like to attend the Initial Training Program the cost for each additional individual is Five Hundred Dollars (\$500) per person. Franchisee and its Manager shall attend and satisfactorily complete the Initial Training Program at least ninety (90) days, but not more than one hundred twenty (120) days, before the Franchised Store opens for business to the general public. If Franchisee or its Manager fail to satisfactorily complete the Initial Training Program within such period, Franchisor may terminate the Franchise Agreement. Franchisor may waive all or parts of this Initial Training Program if Franchisee is operating other Pet Evolution stores at the time of the required training and is in good standing with Franchisor.

(b) New Manager Training - Any new Manager must attend and successfully complete to Franchisor's satisfaction the "New Manager Training Program" within ninety (90) days after the individual begins to perform services on Franchisee's behalf. This training is held at Franchisor's offices. The cost of this training is currently Five Hundred Dollars (\$500) per day, but may be adjusted. Franchisee must pay the charges for such training prior to

the beginning of the training. Franchisee is responsible for travel and living expenses of its attendees at this training. If the training occurs at a location other than Franchisor's offices Franchisee shall reimburse the travel and living expenses of the trainers.

(c) Additional Optional Training - Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training to Franchisee on topics requested by Franchisee and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge such fees as it shall establish from time to time for such training and such fees must be paid prior to the time such training begins. Cost of this training is currently Five Hundred Dollars (\$500) per day, plus reimbursement of the travel and living expenses of Franchisor's trainers if the training is not held at Franchisor's offices. This cost may be adjusted.

(d) Confidential Manual(s) - Franchisor shall loan to Franchisee one or more manuals for use in the Franchised Business, which manuals may consist of brand standards, operations, and training manuals or otherwise (the "Confidential Manual(s)"). The Confidential Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor and shall always be kept in safekeeping. Franchisor, from time to time, may add to or modify some or all of the Confidential Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder and Franchisee shall at all times maintain the updated Confidential Manual(s). Notwithstanding anything set forth herein to the contrary, Franchisor may provide Franchisee with electronic notice of any such changes or modifications by posting them at a website of which Franchisee has notice or sending them electronically to Franchisee.

(e) Conventions - Franchisor may conduct an annual or bi-annual convention for all franchisees operating under the Names and Marks. If Franchisor chooses to hold such a convention, Franchisee or its Manager must attend such convention. Regardless whether Franchisee attends the convention, it shall pay to Franchisor any convention registration fee established by Franchisor for that convention.

(f) Marketing Plan - Franchisor shall provide Franchisee with a suggested grand opening marketing plan that Franchisee may use in connection with the marketing of the grand opening of its Franchise Business.

(g) On-Site Support; Telephonic Assistance - In addition to its other obligations under this Agreement, Franchisor will, without additional charge, provide Franchisee with at least two (2) days of on-site support and assistance at the Franchised Business during the fourteen (14) day period after the opening of the Franchised Business. Franchisor will also be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone support on operating issues concerning the Franchised Business.

(h) Forms - Franchisor shall provide to Franchisee various forms Franchisee may use in the operation of the Franchised Business, including a form of grooming contract. Franchisor makes no representation or warranty as to the enforceability of any contracts or

other forms provided to Franchisee for use in its Franchised Business, or whether any such forms meet the legal requirements of the jurisdiction in which Franchisee does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms to meet all laws and regulations applicable to the Franchised Business and to use no contract that does not comply with applicable law. Franchisor may from time to time update the forms provided to Franchisee. Upon provision of an updated form to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form on a going forward basis.

(i) Technology Fee - Franchisor will provide Franchisee with certain technology services from time to time. These services may include the provision of a certain number of email addresses for the Franchised Store, access to and use of an on-line booking system, grooming appointment software and a web page on Franchisor's website to market its Franchised Business. Franchisee shall pay Franchisor at the times specified by Franchisor the then-current "Technology Fee" charged for these services, which fee may change upon notice to Franchisee. Franchisor may modify or terminate these technology services at any time. These are not the only technology or technology services Franchisee will need to operate its Franchised Business and Franchisee is responsible for obtaining such technology and services.

(j) Level of Performance; Delegation - Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 18(a) below.

(k) Notice of Deficiencies - If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee or its employees in regard to the training, support or any other matter affecting the establishment of the Franchised Business, Franchisee shall so notify Franchisor in writing within thirty (30) days following opening of the Franchised Store. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

11.) OPERATION OF THE FRANCHISED BUSINESS

(a) Commencement of Operation - Franchisee may not commence operation of the Franchised Business until Franchisee has satisfied all conditions set forth in this Agreement required to be satisfied by Franchisee prior to opening the Franchised Business, including successful completion by Franchisee and its Manager of the Initial Training Program, Franchisee has obtained all required permits and licenses, has retained at least six (6) groomers to provide grooming services for the Franchised Business, and Franchisor has provided Franchisee with written certification of the satisfaction of all such conditions.

However, Franchisor may allow Franchisee to begin performing mobile nail trimming services thirty (30) days before the scheduled grand opening of the Franchised Store so long as Franchisee has satisfied all requirements of Franchisor to perform such services.

(b) Full Time Basis; Involvement - Although Franchisee may have a Manager responsible for the general operation of the Franchised Business, Franchisee (or the majority owner of Franchisee if Franchisee is not an individual) must be involved on a full-time basis in the operation of the Franchised Business. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Franchised Business. The Franchised Business shall be open to the general public for at least the minimum days per week and minimum hours of operation per day as specified in the Confidential Manuals.

(c) Training - Franchisee shall provide to each of its staff members an initial training program meeting Franchisor's requirements. Franchisee shall also provide such annual trainings to such individuals as are required by Franchisor. The content of these trainings shall also meet Franchisor's requirements. Franchisee shall provide to Franchisor, upon Franchisor's request, a certification that all of such individuals have successfully completed the initial training program as well as any annual programs. No such individual shall perform services on behalf of Franchisee until such individual has successfully completed the initial training program.

(d) Maintenance of High Quality Service - Franchisee shall utilize its best efforts, skill and diligence to ensure that Franchisee and Franchisee's employees and agents establish and maintain high quality service to all doing business with the Franchised Business. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks.

If Franchisor requires additional training to attempt to maintain competitiveness in the industry or Franchisee fails to provide services that meet Franchisor's standards, specifications or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee. Cost of this training is currently Five Hundred Dollars (\$500) per day plus the travel and living expenses of Franchisor's trainers if the training is not held at Franchisor's offices. This cost may be adjusted. This training may be a mix of in-person and on-line training.

Franchisee shall at all times offer such products and services through the Franchised Business as are required by Franchisor and shall comply with any product mix requirements. Franchisee may not, however, operate any business, or offer or sell any products or services, that have not been approved by Franchisor.

(e) Compliance with Specifications and Procedures - Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and systems, and the Names and Marks, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of

Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations and directives.

(f) Internet Usage - Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, operating software, communication services, and other electronic and computer systems, and the like, for communicating, reporting and other operations of the Franchised Business. Franchisor shall have independent access to all of Franchisee's computer systems and Franchisee shall provide Franchisor with any passwords or login ability to access all such computer systems, including any software, and any Social Media Presence. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System of Operation. To that end, Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee in the conduct of its business.

(g) Upgrades - Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Business at any time and without regard to any expenditure limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its point of sale system, to replace or upgrade other computer hardware or software used by Franchisee in the Franchised Business or to require Franchisee to purchase additional computer hardware or software that Franchisor may select for use in the Franchised Business.

(h) Provision of Information - Franchisee also acknowledges and agrees that any and all information provided to Franchisee by Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(i) Equipment Maintenance - Franchisee shall maintain all equipment used in the Franchised Business in excellent working condition. As such items become obsolete or mechanically impaired to the extent they require replacement, Franchisee shall replace such items with either the same or substantially similar types and kinds of equipment as are being installed in other, similar businesses franchised by Franchisor, or opened by Franchisor or its affiliates, at the time replacement becomes necessary. All equipment used in the Franchised Business shall meet the specifications of Franchisor and shall be approved by Franchisor prior to installation thereof.

(j) Taxes - Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(k) Personnel - All Franchisee's personnel involved in the Franchised Business shall wear apparel meeting Franchisor's standards. Franchisee shall hire all personnel of the Franchised Business, and be exclusively responsible for the terms of their relationships with Franchisee, including compensation.

(l) Franchisee Control - Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring, setting the conditions of employment, supervising, discipline and termination of all personnel, purchases (or leases) and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the System of Operation. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations and to enforce its rights, exists only to the extent necessary to protect its interest in the System of Operation and the Names and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Store, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(m) Programs - Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time, including, but not limited to, any national or regional campaigns or membership programs for Pet Evolution customers. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion.

(n) Compliance with Laws - Franchisee shall comply with all laws applicable to its Franchised Business. For the avoidance of any doubt, Franchisee shall ensure that the operation of its Franchised Store complies with all applicable laws.

12.) NAMES AND MARKS

(a) Display of Names and Marks - Franchisee shall operate under, and prominently display, the Names and Marks in the operation of the Franchised Business in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. If this Agreement is assigned to a corporation, partnership, or limited liability company, Franchisee may not use all or part of the Names and Marks as part of the name of the corporation, partnership, or limited liability company, and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation or organization, as applicable. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by Franchisor.

- (i) If Franchisor deems it advisable, Franchisee shall file for and maintain a "Certificate of Trade Name" in the county, or other appropriate jurisdiction, in which the Franchised Business is located.
- (ii) Franchisee shall not use any of the Names and Marks in combination with other words, letters, prefixes, suffixes, logos or designs, other than in the manner authorized by Franchisor.

(b) Change of Names and Marks - From time to time, Franchisor may elect to discontinue the use of certain Names and Marks and to commence use of new Names and Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Names and Marks in the Franchised Business and commencing the use of new Names and Marks therein.

(c) Ownership of Marks and Goodwill - Franchisee acknowledges that Franchisor owns the Names and Marks. Franchisee's right to use the Names and Marks is derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor. Franchisee waives any right to challenge Franchisor's entitlement or ownership of the Names and Marks.

(d) Cessation of Use - Franchisee agrees that, upon the termination of the Term of the Franchise for any reason whatsoever, Franchisee shall forthwith discontinue the use of the Names and Marks, and thereafter shall no longer use, or have the right to use, the Names and Marks.

(e) Notification of Infringement - Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of present and future Names and Marks and shall not communicate with any other person in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any Trademark

Office or other administrative proceeding arising out of any such infringement, challenge or claim relating to any of the Names and Marks.

13.) EQUIPMENT/SUPPLIES/SERVICES

(a) Equipment; Supplies and Approved Suppliers - All equipment, including washing and grooming stations, vehicles, supplies, furniture, products for sale, including pet food, treats and supplements, pet toys and shampoos, design and décor of the Franchised Store, shelving, signage, computer hardware and software, technology applications, security systems, staff uniforms, insurance, advertising and marketing materials, the lease or sublease of the Franchised Store, internet and other electronic communication services, and staff training content affecting the Names and Marks, must meet Franchisor's specifications as they may be provided to Franchisee from time to time, unless otherwise consented to by Franchisor. From time to time, Franchisor shall provide Franchisee a list of approved suppliers of various items and services, including, equipment, pet foods and supplies, other supplies, software, hardware, and other items used in the operation of the Franchised Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. To that end, Franchisor, an affiliate or an unrelated third party may be the sole source of supply for an item. To that end, Franchisor's affiliate is the sole source of supply for various products for sale, including dog treats and pet allergy test kits.

- (i) Unless otherwise specified by Franchisor, Franchisee shall not be restricted from using sources of supply other than those previously approved by Franchisor, if the other sources supply items or services of substantially the same quality and specifications as those supplied by the approved suppliers.
- (ii) Franchisor reserves the right to require Franchisee to obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Franchised Business and any other information Franchisor requires. In such event, Franchisor shall have sixty (60) days from its receipt of all such information to approve such supplier. Any supplier not approved in such time period shall be deemed disapproved. Franchisor does not maintain any written criteria for approval of a supplier.
- (iii) Franchisee acknowledges that, as of the date hereof, Franchisor has only approved one supplier of certain dog treats, and other items for sale, equipment, signage and the point of sale system and that Franchisor is unlikely to approve another supplier for such items.

(b) Services/Pricing - Franchisee shall not offer or sell any products or services that have not been approved by Franchisor. Franchisee shall set its own pricing and rates for the products and services it offers in the Franchised Business; provided, however, Franchisee shall adhere to any minimum or maximum prices prescribed by Franchisor for

services or products offered by Franchisee, in accordance with applicable law. Franchisee shall not offer or sell any products or services over the internet or otherwise via the world wide web, through virtual worlds, or telemarketing, nor shall Franchisee sell products to a party for re-sale or sell products that have an expired date code. Franchisee must comply with the minimum inventory levels, mix of product requirements and all other requirements related to product purchases and sales as set forth in the Confidential Manual(s). Franchisee shall advertise and attempt to sell all products specified by Franchisor to customers of the Franchised Store. If Franchisee accepts the return of any product sold by Franchisee to a customer, Franchisee shall not resell or give away such product (even if returned unopened).

(c) Liability - Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for purchase any item or service, unless the failure is the result of factors within Franchisor's reasonable control.

14.) INFORMATION, REPORTS, INSPECTIONS AND AUDITS

(a) Books and Records; Reports - Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such operational, financial and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor, which shall include, but is not limited to, revenue certifications, all in the forms as required by Franchisor. To that end, Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisee, and if Franchisee is a limited liability company, corporation or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city, if any, income and sales tax returns, if any.

(b) Audit Rights - Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the financial books, records and sales and income tax returns of Franchisee, and if Franchisee is a limited liability company, corporation or partnership, the owners of Franchisee. If any audit discloses that Franchisee has failed to pay to Franchisor any Royalty Fees or Brand Fund Contributions owed Franchisor based upon an understatement of Gross Revenues, Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the Royalty Fees, Brand Fund Contributions and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenues of the Franchised Business for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, room and board, and compensation of persons employed by Franchisor to make the audit.

(c) Inspection Rights - Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on and inspect the Franchised Store and any of its vehicles. Franchisor and its representatives may also, without notice to Franchisee, interview and otherwise communicate with customers of the Franchised Business.

(d) Ownership of Information - All information Franchisor obtains from Franchisee or about or related to the Franchised Business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property. Franchisee may use information that it acquires from third parties in operating the Franchised Business, such as customer data, at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional and national requirements applicable to the Franchised Business. Further, Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to and all interest in and to any data, whether customer data, click-stream data, user data, reviews or otherwise, hits or other information collected via any electronic medium or method of communication, including a website, home page, HTML document, Internet site, online directory, web page, or social media or social networking site, or application, whether web-based or otherwise, related to the System of Operation or the Names and Marks. Such information is deemed by Franchisor to be and constitutes its confidential information.

(e) Owners - At the time this Agreement is executed by Franchisee, Franchisee shall also complete the Statement of Ownership and Management attached hereto, and, if Franchisee is a corporation, partnership or limited liability company, each owner of Franchisee as of the date hereof, as well as any future owners of Franchisee must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. Franchisee shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management. Franchisee shall pay Franchisor for all costs incurred by Franchisor in connection with the issuance of a new Statement of Ownership based upon changes to the information contained in the last Statement of Ownership provided by Franchisee to Franchisor, regardless of whether such changes constitute an assignment or other transfer hereunder.

15.) INSURANCE

(a) Type of Coverage - At all times during the Term of the Franchise, Franchisee shall maintain in force, at its sole expense, comprehensive general liability insurance, professional liability/animal floater insurance, automobile liability and property damage insurance, workers compensation and employers liability insurance, employment practices

liability insurance, property coverage, business interruption insurance and extra expense, cyber liability insurance, and umbrella coverage, and such other types of insurance and coverages, all in such minimum amounts and on such terms as may be specified by Franchisor from time to time.

- (i) The insurance coverage shall be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies meeting Franchisor's requirements.
- (ii) All insurance policies shall name Franchisor as an additional insured and provide for a waiver of subrogation, other than workers compensation. All such policies shall provide that Franchisor receive thirty (30) days' prior written notice of termination, expiration, reduction or cancellation of any such policy.
- (iii) Franchisee shall submit to Franchisor upon placement and annually thereafter, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy. If requested by Franchisor, Franchisee shall also promptly deliver to Franchisor the actual insurance policies in addition to the foregoing certificates.

(b) Failure to Obtain - If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

16.) CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE

(a) Maintenance of Confidence - Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation and the concepts and methods of promotion franchised hereunder, is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence and shall only be used for the purposes set forth in this Agreement. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting franchises hereunder.

(b) Improvements - If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation, new trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion or marketing ideas related to the Franchised Business ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor

may be used by Franchisor and all other franchisees of Franchisor without any obligation to Franchisee for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

17.) RESTRICTIVE COVENANTS

(a) Covenants - Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that it shall not:

- (i) During the Term of the Franchise, either directly or indirectly: (a) operate, own, manage, or be employed by or consult with, any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, or any business or other venture offering or selling franchises or licenses for a Competitive Business, or (b) divert or attempt to divert any customer or potential customer to any competitor of Franchisor, or a competitor of a franchisee or of an affiliate of Franchisor; or (c) otherwise interfere with the business activities of Franchisor or any affiliate or any other franchisee of Franchisor with respect to any of the foregoing.
- (ii) For a period of two (2) years following the termination or assignment of this Agreement, either directly or indirectly: (a) operate, own, manage, be employed by or consult with: (1) any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, that is located or doing business in the Restricted Area; or (2) any business or other venture located in or doing business in the Restricted Area that is offering or selling franchises or licenses for the operation of a Competitive Business, or any business or other venture located outside of the Restricted Area that is offering or selling franchises for Competitive Businesses located in, or to be located in, the Restricted Area; or (b) otherwise interfere with the business activities of Franchisor or any affiliate or any other franchisee of Franchisor, including diversion or attempt to divert any customer or potential customer to any competitor of Franchisor, or a competitor of a franchisee or of an affiliate of Franchisor.
- (iii) In the event of the violation of Section 17(a)(ii) above by Franchisee following termination or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

(b) Franchisee Acknowledgments - Franchisee agrees that the restrictions contained in this Section 17 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee further acknowledges that because of the narrow scope of the limitations, the foregoing restrictions do not unduly restrict Franchisee's ability to engage in gainful employment. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee shall be liable, Franchisor shall be entitled to injunctive relief to prevent the continuation of such breach.

18.) ASSIGNMENT

(a) By Franchisor - This Agreement is fully assignable by Franchisor, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) General Prohibition on Franchisee Assignment - No Franchisee, partner (if Franchisee assigns this Agreement to a partnership), shareholder (if Franchisee assigns this Agreement to a corporation), or member (if Franchisee assigns this Agreement to a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, have redeemed or encumber to any person, trust, firm, corporation, partnership or company, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company which, directly or indirectly, owns any interest in the Franchise, or its interest in the Franchised Business or the assets of the Franchised Business. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

(c) Conditions to Franchisee Assignment - Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

(i) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:

(a) the transferee shall be newly organized, and its charter shall provide that its activities are confined exclusively to operating the Franchised Business;

(b) Franchisee shall be and shall remain the owner of all of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, all of the voting control of the transferee partnership;

(c) Franchisee shall be and shall remain the principal executive officer of the transferee;

(d) the transferee shall enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;

(e) all the partners, shareholders or members of the transferee shall enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement;

(f) each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(g) no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent; and

(h) all accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates and assigns shall be satisfied prior to assignment or transfer.

(ii) If an assignment (other than an assignment as set forth in Section 18(c)(i) above), alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring control of the Franchise created hereby or the Franchised Business:

(a) the transferee shall meet Franchisor's then current standards for the issuance of a franchise, be of good moral character and reputation and shall have a good credit rating, financial capabilities and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;

(b) the transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee;

(c) if the transferee is a corporation, limited liability company or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(d) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(e) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a transfer fee equal to two-thirds of the then-current initial franchise fee being charged by Franchisor in connection with the sale of a new Pet Evolution unit franchise; provided, however, if Franchisor is not then selling franchises the fee shall be equal to the initial franchise fee paid by franchisee for the Franchise;

(f) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (i) release any claims it has against Franchisor and its affiliates; (ii) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; (iii) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions; and (iv) indemnify Franchisor against all claims brought against Franchisor by the transferee arising out of the transfer for a period of three (3) years following the transfer;

(g) if the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee and their spouses shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

(h) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Section 18(c)(ii) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers or sells its interest in the Franchise within sixty (60) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 18(c)(ii) as transferee.

(d) Disclosure - Franchisee consents to Franchisor releasing to any proposed transferee any information concerning the Franchised Business.

(e) No Single or Partial Transfer - Notwithstanding anything set forth herein to the contrary, Franchisee may not transfer a portion of its rights or obligations hereunder or a portion of the Franchised Business, including the mobile nail trimming portion of the

Franchised Business, if such transfer would result in the division of the Franchised Business.

19.) PURCHASE OPTION AND RIGHT OF FIRST REFUSAL

(a) Franchisor's Purchase Option - If this Agreement is terminated for any reason, Franchisor has the option, upon thirty (30) days' written notice from the date of termination of this Agreement, to provide notice of its intent to purchase from Franchisee or any affiliate, as applicable, all the tangible and intangible assets relating to the Franchised Business, including the Franchised Store (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to take an assignment of Franchisee's lease or sublease, as applicable, for: (1) the Franchised Store premises (or, if an assignment is prohibited for any reason, a sublease for the full remaining term under the same provisions as the lease or sublease) and (2) any other tangible leased assets used in operating the Franchised Business. If the landlord under the lease or sublease for the Franchised Store premises is Franchisee's affiliate (controlling, controlled by or under common control with Franchisee) Franchisor will have the right to assume the lease or sublease on commercially reasonable terms, including a then-current market rate for space in the immediate area surrounding the Franchised Store for an initial term of ten (10) years. Franchisor may assign to a third party this option to purchase and assignment of lease or sublease separate and apart from the remainder of this Agreement.

The purchase price for the Franchised Business will be the fair market value of the Purchased Assets; provided that: (1) Franchisor may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) Franchisor may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Names and Marks and any confidential information). If the parties cannot agree on fair market value within ten (10) days of the end of thirty (30) day period discussed above, Franchisor may designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between the parties. Once the purchase price is determined Franchisor, may within ten (10) days of the determination, terminate its election to purchase the Purchased Assets. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed sixty (60) days, after the fair market value is determined. At the closing, Franchisee, or its affiliate, as applicable, will deliver documents transferring good and marketable title to the Purchased Assets, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee and such other documents Franchisor may reasonably request to permit it to operate the Franchised Business without interruption. Franchisor may set off against and reduce the purchase price by all amounts owed by Franchisee to Franchisor or any of its affiliates. If Franchisor exercises its option to purchase the Franchised Business, it may, pending the closing, appoint a manager to maintain the Franchised Store's operations. If Franchisor assumes a lease or sublease for the Franchised Store, Franchisee will pay, remove or satisfy any liens or other encumbrances on its leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. Franchisor

is not liable for any obligation Franchisee incurs before the date Franchisor assumes the lease.

(b) Right of First Refusal - If, at any time during the term of this Agreement, Franchisee receives a bona fide offer to purchase or lease the Franchised Business, including the Franchised Store or any portion of the Franchised Business, or any owner of Franchisee receives an offer to purchase any interest in Franchisee, either directly or indirectly, which offer Franchisee or such owner is willing to accept, Franchisee shall communicate in writing to Franchisor the full terms of the offer and the name of the offeror. Franchisor may elect to purchase or lease the business, or the interest, as applicable, on the terms set forth in the offer. If Franchisor elects to exercise such option, it shall give Franchisee written notice of the election within thirty (30) days after Franchisor receives Franchisee's communication of the offer. If Franchisor fails to give written notice of election within thirty (30) days, Franchisee or the owner, as the case may be, may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire prior to any such transfer. If Franchisor elects to exercise its rights hereunder, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer and Franchisor and Franchisee or Franchisee's owner, as the case maybe, will use their best efforts to complete the transaction within sixty (60) days from the date of Franchisor's notice of election to exercise its rights hereunder. The failure of Franchisor to exercise its rights under this Section 19(b) shall not affect Franchisor's rights to consent to an assignment as set forth in Section 18 above.

20.) PRE-TERMINATION OPTIONS OF FRANCHISOR

(a) Rights in Addition to Termination - Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates or fails to comply with any term of this Agreement or any other agreement between Franchisor and Franchisee or an affiliate of Franchisor and Franchisee, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

- (i) Remove any listing of the Franchised Business from any Franchisor Identified Social Media Presence;
- (ii) Prohibit Franchisee from attending any meetings or seminars held or sponsored by Franchisor or taking place on the premises of Franchisor; and
- (iii) Suspend the provision of any or all of the services provided by Franchisor to Franchisee hereunder.

(b) Continuation of Franchisor Options - Franchisor's actions, as outlined in this Section 20, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged

the same in writing. The taking of any of the actions permitted in this Section shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement or otherwise nor shall Franchisee assert that the taking of any such actions shall act as an actual or constructive termination of this Agreement.

21.) TERMINATION

(a) By Franchisor - In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

- (i) Loses a license required by applicable law to operate the Franchised Business;
- (ii) Loses the right to occupy the Franchised Store's premises;
- (iii) Abandons the franchise relationship or the Franchised Business;
- (iv) Is convicted in a court of competent jurisdiction of an offense directly related to the business conducted pursuant to this Agreement or is alleged to have committed animal cruelty or otherwise violated a law protecting animals;
- (v) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;
- (vi) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due;
- (vii) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated a bankrupt or insolvent;
- (viii) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business, including those laws or regulations governing safety and/or sanitation;
- (ix) Makes an unauthorized assignment or transfer of this Agreement, the Franchised Business, including the Franchised Store or the Franchise;
- (x) Submits to Franchisor two (2) or more sales reports, financial statements, other information or supporting records in any period of twelve (12) consecutive months, which understates by two percent (2%) or more the

Gross Revenues of the Franchised Business, or otherwise materially distorts any other material information;

- (xi) Consistently fails to submit when due sales reports or financial statements to Franchisor;
- (xii) Fails to pay when due Royalty Fees, Brand Fund Contributions, or other amounts due to Franchisor and such failure continues for ten (10) days after notice to Franchisee;
- (xiii) Consistently fails to remit when due payments to suppliers or other creditors of the Franchised Business, and such failure continues for ten (10) days after notice to Franchisee;
- (xiv) Has made material misrepresentations on its application for the Franchise;
- (xv) Is in breach of any other agreement with Franchisor or any of its affiliates and such failure continues for thirty (30) days after notice to Franchisee; or
- (xvi) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

(b) Compliance with Applicable Law - The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

(c) Actions Upon or Termination/Assignment - Franchisee agrees, upon termination or assignment of the Franchise:

- (i) To immediately return to Franchisor all copies of all Confidential Manual(s) that have been loaned to it by Franchisor and any material marked as property of Franchisor or that is deemed as confidential hereunder;
- (ii) To immediately pay to Franchisor such Royalty Fees, Brand Fund Contributions, and other amounts as have or will thereafter become due hereunder and are then unpaid including amounts due for supplies, products and services supplied by Franchisor, and upon the request of Franchisor, to comply with its obligations under Section 4(a) above as they relate to a lease or sublease of the Franchised Center;
- (iii) To immediately following the assignment or termination of the Franchise, take such action as may be required to properly cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, and

notify the telephone company, any domain name registrar, any internet service provider, and all listing agencies of the termination or expiration of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers and classified and other directory listings associated with any Franchisor Identified Social Media Presence, or that include any portion of the Names and Marks, and authorize the telephone company, domain name registrars, internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Names and Marks, or any word, phrase or symbol confusingly similar to any of the Names and Marks, including any Franchisor Identified Social Media Presence, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration;

- (iv) To not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of the Franchisor's system, or as otherwise associated with Franchisor, or use, in any manner or for any purpose, any of the System of Operation, Confidential Manuals, other confidential information, concepts and methods of promotion, or Names and Marks, or any other indicia of a business operated under the Names and Marks; and
- (v) To immediately cause all signs using the Names and Marks to be removed. If Franchisee fails to remove such signage, Franchisor shall be entitled to remove and destroy the signage, without prior notice to Franchisee, and Franchisee shall be obligated to reimburse Franchisor for all costs associated with such removal and destruction.
- (vi) To immediately comply with all obligations of Franchisee that expressly or by their nature survive the termination or assignment of the Franchise, including the non-competition and confidentiality obligations, the obligation to sell the assets of the Franchised Business, and the indemnification obligations herein.

(d) Survival of Provisions - All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination or assignment of the Franchise, including the non-competition, confidentiality and indemnification provisions herein, shall continue in full force and effect subsequent to and notwithstanding the termination or assignment of the Franchise until they are satisfied in full or by their nature expire.

(e) Communication with Third Parties - After Franchisor provides Franchisee with notice of any default hereunder, Franchisor can notify any third parties, including any lenders or suppliers, of the default and communicate with such third parties regarding Franchisee, the Franchised Business, including the Franchised Store and its operations.

(f) Franchisee Termination Right - Franchisee may terminate this Agreement and the Franchise granted hereunder effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor.

22.) ENFORCEMENT

(a) Injunctive Relief; Attorneys' Fees - Either party may apply for injunctive or other equitable relief to: (i) enforce its right to terminate this Agreement for the causes in Section 21; and (ii) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following the termination or assignment of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(b) Mediation - Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any action or proceeding against the other.

- (i) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence legal action or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 22(b)(i), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to

Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall either be a retired judge, or a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

- (ii) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Franchised Store or the principal office of Franchisor.
- (iii) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates litigation without complying with their obligation to mediate in accordance with this Section 22(b) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 22(b)), then upon petition of any party named as a defendant in such litigation, the court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 22(b).

(c) Continued Performance - Unless this Agreement is terminated in accordance with the provisions of Section 21 during the pendency of any litigation, Franchisee and Franchisor shall each perform their obligations under this Agreement.

(d) Waiver of Certain Damages - Except for Franchisee's obligation to indemnify Franchisor and claims for unauthorized use of the Names and Marks or any confidential information of Franchisor, Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special or exemplary damages against the other and any affiliates, owners, employees or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

(e) Venue - Franchisor and Franchisee (and Franchisee's owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Minnesota. Such actions shall be exclusively venued in the state or federal courts located in Hennepin County, Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Minnesota would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Minnesota as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or the county in which the Franchised Store is located).

(f) WAIVER OF JURY TRIAL - TO THE EXTENT EITHER PARTY MAY PROCEED BY JUDICIAL PROCESS, EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, AND ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, IN CONNECTION WITH ANY LEGAL ACTION.

(g) Waiver of Collateral Estoppel - The parties agree they should each be able to settle, mediate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(h) Waiver of Class Action Rights - Franchisee waives its right to bring, join or participate in, and is barred from bringing, joining or participating in, any class action suit. The parties agree that any proceeding shall be conducted on an individual, not a class-wide, basis and that any proceeding between Franchisor and Franchisee (or any owner or guarantor of Franchisee) may not be consolidated with another proceeding between Franchisor and any other entity or person. Franchisee further agrees that the foregoing shall not limit the ability of Franchisee to obtain a remedy for any particular claim that it may assert against Franchisor.

23.) INDEPENDENT CONTRACTORS/INDEMNIFICATION

(a) Independent Contractor - Franchisee is a franchisee of Franchisor. Franchisee shall be conspicuously identified at the premises of the Franchised Business, and in all dealings with customers, prospective customers, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor. Neither Franchisor nor Franchisee shall be obligated by any agreement, representation or warranty made by the other, nor shall Franchisor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, or caused by Franchisee's negligence, willful action or failure to act.

(b) Evidence of Relationship - Franchisee and its employees shall hold themselves out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated business, including on all public records, checks, stationery, enrollment forms, receipts, marketing materials, envelopes, letterhead, business cards, employment applications or other employment documents, invoices and other communications, electronic or otherwise; (ii) displaying a sign in the entrance of the Franchised Store so as to be clearly visible to the general public indicating that the Franchised Store is independently owned and operated as a franchised business; and (iii) maintaining a notice on the employee bulletin board clearly visible to employees at the Franchised Store, identifying the correct name of their employer and clearly stating that neither Franchisor nor any of its affiliates is the employer and if required by Franchisor, obtaining from each of its employees an acknowledgment acknowledging that their employer is Franchisee and not Franchisor.

(c) Franchisee Indemnification - Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, or as a result of any activities occurring at, by or through the Franchised Business, including the Franchised Store and through the operation of any vehicles and the provision of services outside of the Franchised Store, or otherwise. Such indemnification shall include, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses and travel and living expenses (collectively, "Costs"). Franchisor shall have the right to defend any such claim against it.

(d) Franchisor Indemnification - Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, any obligation or liability for damages payable to persons other than Franchisee or its owners caused by the negligent or willful action of Franchisor, and for Costs reasonably incurred by Franchisee in the defense of any claim brought against it as a result of the foregoing or in any such action in which it is named as a party. Franchisor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Franchisee subject to indemnification by Franchisor.

24.) FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a Franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

- (a) Standards for Service - Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation.
- (b) Disclosure Document - Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents.
- (c) Business Risks - Franchisee has the entire control and direction of the Franchised Business, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Franchised Business, the Franchised Business will fail and Franchisee shall be solely responsible for any such failure.
- (d) Franchisee Advisors - Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement; and
- (e) Independent Investigation - Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to profits which Franchisee might be expected to realize, nor has anyone made any other representation to induce Franchisee to accept the Franchise granted hereunder and to execute this Agreement, which is not expressly set forth herein.

25.) MISCELLANEOUS

- (a) Governing Law - Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if the Franchisee is not a resident of Minnesota, or if the Franchisee is a corporation, partnership or limited liability company and is not organized or incorporated under Minnesota law and in either case the Franchised Store is not located in Minnesota, then the parties hereby waive the provisions of the Minnesota Franchise Act and the regulations promulgated thereunder. If the Minnesota Franchise Act does not apply to the Franchise relationship created hereby, but there is a statute in the state in which the Franchised Store is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the foregoing.

(b) Binding Effect - This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

(c) Entire Agreement - The introduction, Rider and Statement of Ownership and Management hereto are a part of this Agreement, which constitutes the entire agreement of the parties related to the Franchise, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guarantees; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

(d) Headings; References; Liability - The Section headings are for convenience only and do not define, limit or construe the contents thereof. The term “Franchisee” as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as “Franchisee”, all of Franchisee’s obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, the termination of the “Term of the Franchise,” or the termination of “the Franchise” shall be deemed to include the expiration of this Agreement without renewal.

(e) Construction - Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) Invalid Provisions - It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(g) Waiver - Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any

specification, standard or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines or is of the opinion that there has been a misrepresentation, violation of law, deficiency or breach by the other party, then the alleged misrepresentation, violation of law, deficiency or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that: (i) this waiver will not apply to Franchisee's underreporting of Gross Revenues, or under payment of any fees Franchisee owes Franchisor that are tied to the amount of Gross Revenues; and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(h) Remedies Cumulative - All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

(i) Modifications - No modification of this Agreement shall be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify or otherwise change the Confidential Manual(s).

(j) Notices - All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (i) when delivered by hand; (ii) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (iii) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (ii) or (iii), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. For the avoidance of doubt, the foregoing shall not apply to notice of Franchisor's modifications to the Confidential Manuals, which notice may be provided as set forth in this Agreement .

(k) Patriot Act Representations - Franchisee represents and warrants that to its actual and constructive knowledge: (i) neither it (including its directors, officers and managers), nor any of its affiliates, or any funding source for the Franchised Business, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (ii) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither it nor any of its

affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(l) Variations - Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

(m) Exercise of Business Judgment - Except as otherwise expressly stated in this Agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System of Operation and the Names and Marks, without regard to its effect on any individual franchisee or location. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Names and Marks, increase customer satisfaction, or minimize possible consumer, brand or location confusion. If Franchisor's activities or decisions are supported by its business judgment, no court or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her or its judgment for Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Franchisor and its franchisees taken together, require that Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System of Operation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

If corporation, limited liability company, or partnership:

FRANCHISEE:

[INSERT FRANCHISEE NAME]

By: _____
Name: _____
Title: _____

If individual:
FRANCHISEE:

Name: _____

Date: _____

FRANCHISOR:

PET EVOLUTION FRANCHISING LLC

By: _____
Title: _____
Date: _____

[THIS AGREEMENT CONTINUES WITH A RIDER AND STATEMENT OF OWNERSHIP AND MANAGEMENT ATTACHMENTS, WHICH ARE A PART OF THIS AGREEMENT.]

RIDER TO PET EVOLUTION FRANCHISE AGREEMENT

THIS RIDER is a part of the Franchise Agreement dated the _____ day of _____, 20__, by and between PET EVOLUTION FRANCHISING LLC (“Franchisor”) and _____ (“Franchisee”).

1.) The area the Franchised Store shall be located in is: _____; provided, however, the Franchised Store may not be located in the designated territory of another Pet Evolution unit franchisee.

2.) The Initial Franchise Fee is \$_____.

3.) The Designated Territory for the Franchised Store shall be: _____.

4.) The address of the Franchised Store is: _____.

IN WITNESS WHEREOF, the parties have executed this Rider as of the date indicated above.

If corporation, limited liability company, or partnership:

FRANCHISEE:

[INSERT FRANCHISEE NAME]

FRANCHISOR:

PET EVOLUTION FRANCHISING LLC

By: _____
Name: _____
Title: _____

By: _____
Title: _____

If individual:

FRANCHISEE:

Name: _____

GUARANTY

IN CONSIDERATION of the **[INSERT ONE/DELETE REMAINING ONE]** [grant by Pet Evolution Franchising LLC (“Franchisor”) of a Pet Evolution franchise to the party named as Franchisee in the Franchise Agreement (the “Franchisee”) to which this Guaranty is attached (the “Franchise Agreement”)] **OR** [consent by Pet Evolution Franchising LLC (“Franchisor”) to the assignment of the Franchise Agreement to which this Guaranty is attached (the “Franchise Agreement”) to the assignee and party named as the Franchisee in the Franchise Agreement (Franchisee)], and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby guarantee to Franchisor and to Franchisor’s successors and assigns: (a) the payment of all amounts to be paid to Franchisor or its affiliates by the Franchisee, whether such amounts are provided for in the Franchise Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor; and (b) the performance by Franchisee of all its obligations under all such agreements, and under all manuals and operating procedures of Franchisor’s business system. The undersigned further specifically agree to be individually bound by all covenants, obligations and commitments of Franchisee contained in the Franchise Agreement and such other agreements to the same extent as if each of the undersigned had individually been named as Franchisee in the Franchise Agreement and such other agreements, and the undersigned had individually executed the Franchise Agreement and such other agreements.

The undersigned understand and agree that any modification of the Franchise Agreement or any other agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Agreement or any other agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected or diminished. Notice to the undersigned of any such modification, waiver, extension or forbearance under the terms thereof being hereby waived. The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor’s business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement or any other agreement to the same extent as if each of the undersigned had individually executed the Franchise Agreement and such other agreements.

This Guaranty shall be enforceable upon ten (10) days’ written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda thereto.

The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement and any other agreement, in whole or in part, that Franchisor or its assignees may make.

This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto. The obligations of the undersigned hereunder in each and every respect are joint and several with one another as well as any other guarantors of Franchisee, whether such guaranties are entered into prior to or after the date hereof.

Guarantors:

Dated: _____

Dated: _____

Dated: _____

Spouses:

Dated: _____

Dated: _____

Dated: _____

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned (“Franchisee”) represents and warrants to Pet Evolution Franchising LLC (“Franchisor”) that as of the date set forth below all of the information below is true and complete:

Franchisee: _____
State of Formation/Residency: _____

Form of Franchisee: Corporation
(select one) Limited liability company
 Partnership
 Individual

Franchise Director(s): _____

Ownership <i>(Each owner must sign a Guaranty)</i>		
NAME OF OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%

Management <i>(List each individual holding a position as board-member or officer)</i>	
NAME OF INDIVIDUAL	ROLE/TITLE

Franchisee acknowledges that this Statement of Ownership and Management applies to the Pet Evolution Franchise Agreement. Franchisee shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon

request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Franchisee.

If corporation, limited liability company, or partnership:

FRANCHISEE:

Date: _____

By: _____

Name: _____

Title: _____

If individual:

FRANCHISEE:

Date: _____

Name: _____

**FRANCHISE ASSIGNMENT, SALE AND TRANSFER
TO ENTITY OWNED BY ORIGINAL FRANCHISEE**

A. Assignment and Sale

Pursuant to Section 18(c)(i) of the Pet Evolution Franchise Agreement dated _____, by and between the undersigned and Pet Evolution Franchising LLC (the "Agreement"), I/we hereby transfer, subject to approval by Pet Evolution Franchising LLC (the "Company"), all my/our rights, in the Agreement, effective _____, to the transferee named below. I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce the Company to approve this assignment:

(01) I/we agree to subordinate any payment due to me/us from the Transferee (as defined below) to any other obligation the Transferee may have to the Company. If the Company notifies me/us of our default by the Transferee of its obligations to the Company under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until the Company has confirmed, in writing, that such defaults have been cured.

(02) I/we release the Company and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(03) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

Name of New Franchisee ("Transferee")

Address of Transferee

City, State and Zip Code

Signature of Original Franchisee ("Transferor")

Date

B. Acceptance of Transfer by New Franchisee

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of Franchisee named herein.

_____ (name of new Franchisee)

By: _____ Dated: _____
Signature, Title

C. Approval of Transfer

It is hereby agreed that the transferee named above is approved and accepted as Franchisee for the Franchised Business described in the Agreement and is authorized to exercise all rights and obligations of Franchisee named in the Agreement including the right to renew the Agreement upon expiration thereof, pursuant to the terms of the Agreement.

PET EVOLUTION FRANCHISING LLC

Dated: _____

By: _____
Its: _____

GENERAL RELEASE
[USED IN EVENT OF TRANSFER]

In consideration of the agreement of Pet Evolution Franchising LLC (“Franchisor”) to consent to the assignment by _____ (“Franchisee”) of its Franchise Agreement dated _____ between Franchisee and Franchisor (the “Agreement”), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective directors, officers, shareholders, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

The General Release does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

Date _____

LEASE RIDER

THIS LEASE RIDER is attached to and made a part of the Lease Agreement (the "Lease") dated _____, 20__ (the "Lease Execution Date") by and between _____ ("Landlord") and _____ ("Tenant") for certain space (the "Premises") described in the Lease as being located at _____ . All capitalized terms shall have the same meanings as in the Lease unless defined otherwise in this Lease Rider. If any of the terms of this Lease Rider conflict with any of the terms of the Lease, the provisions of this Lease Rider shall prevail.

(1) Certain Rights of Franchisor -

(a) Landlord acknowledges that Tenant is a franchisee of Pet Evolution Franchising LLC ("Franchisor"), and that the business to be located at the Premises is to be operated under the "Pet Evolution" franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor.

(b) Tenant and Landlord acknowledge that the Premises will be operated only as a Pet Evolution pet supply store, and that:

- (1) Upon expiration or termination of the Franchise Agreement for any reason whatsoever, the Landlord will grant Franchisor an option, for thirty (30) days thereafter, to replace Franchisee as lessee and at any time thereafter to assign its interest to Franchisor, an affiliate or another franchisee of Franchisor who would then become the lessee with the approval of lessor, which approval may not be unreasonably withheld;
- (2) Landlord agrees to furnish to Franchisor copies of any and all correspondence and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such correspondence and notices are sent to Tenant. To that end, Landlord shall furnish to Franchisor, contemporaneously with that to Franchisee, written notice of any default in the Lease and the action required to cure such default. In the event of a monetary default, Landlord shall allow Franchisor thirty (30) days after receipt of such notice to escrow the funds necessary to cure such default if Franchisee fails to do so. In the event of a non-monetary default, Landlord shall allow Franchisor thirty (30) days after Franchisor's receipt of such written notice to provide lessor with a letter of undertaking to cure such default if Franchisee fails to do so. If Franchisee fails to cure either type of default, and Franchisor has escrowed the required funds, or provided the necessary undertaking, as the case may be, Landlord shall take any action necessary to remove Franchisee from the Premises and retake possession of the Premises. Landlord shall then allow Franchisor to cure the default and take possession of the Premises as lessee under the same Lease, and at any time thereafter to assign Franchisor's interest in such Lease to another franchisee of Franchisor;

- (3) Landlord shall accept Franchisor or its franchisee as a substitute under the existing terms of the Lease upon notice from Franchisor that it is exercising its option to replace Franchisee as lessee; and
- (4) Landlord acknowledges that, in all cases, Franchisee is solely responsible for all obligations, payments and liabilities accruing under the Lease unless and until Franchisor exercises its option to become substitute lessee and actually takes possession of the Premises.

(2) Third Party Beneficiary - Landlord and Franchisee acknowledges that Franchisor is an intended third-party beneficiary to the Lease, and as such, the Lease may not be amended so as to affect any of the provisions of this Lease Rider, or the intent of the same, without the prior written approval of Franchisor.

(3) Right to Enter Premises - Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Pet Evolution franchise system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Lease Rider.

(4) Notices - All notices sent pursuant to this Lease Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 544 Pinellas Bayway South Unit 206, St. Petersburg, Florida 33715, Attn: Legal Counsel, which address may be changed by written notice to Landlord in the manner provided in the Lease.

(5) Successors and Assigns - This Lease Rider shall be binding upon and inure to the benefit of the undersigned, their legal representatives, successors and assigns. Nothing contained herein shall, however, authorize or entitle the Franchisee to assign any of its rights or privileges under the Franchise Agreement, which rights of the Franchisee are only as are set forth in the Franchise Agreement.

(6) Entire Agreement - Insofar as the matters relating to the Landlord and the Premises are concerned, this Lease Rider sets forth the complete agreement with the Landlord and the Franchisor.

(7) Counterparts - This Lease Rider may be executed in one or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same instrument.

LANDLORD:

TENANT:

BY: _____
TITLE: _____
DATE: _____

BY: _____
TITLE: _____
DATE: _____

FRANCHISOR:

PET EVOLUTION FRANCHISING LLC

BY: _____
TITLE: _____
DATE: _____

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede and apply to all Pet Evolution franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

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

5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a 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. Section 24(a-e) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: "INTENTIONALLY OMITTED".

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Hawaii:

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business is located in Hawaii.

1. Based upon the Franchisor’s financial condition, the Hawaii Director of Commerce and Consumer Affairs has required a deferral of the Initial Franchise Fee that is to be paid to the Franchisor until the Franchisor’s pre-opening obligations to the Franchisee have been fulfilled and the Franchisee is open for business.
2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. Section 24(a-e) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “INTENTIONALLY OMITTED”.

Each provision of this addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois or if your business is located in Illinois.

1. Based on the financial condition of the Franchisor, the Franchisor has posted a surety bond in conformance with Rule 200.505 of the Illinois Administrative Rules and Section 15 Illinois Franchise Disclosure Act.

2. Notwithstanding the fact that the Franchise Agreement requires that the Agreement be governed by the laws of the State of Minnesota, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

3. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

4. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

5. Section 4 of the Illinois Franchise Disclosure Act states that “Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.”

6. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

7. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

8. Section 21(a) of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 21(a), which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”

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

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Indiana.

This Indiana Addendum is only applicable if you are a resident of Indiana or your business will be located in Indiana.

In accordance with IC 23-2-2.7-1, the applicable sections of the Franchise Agreement are hereby amended to provide that Franchisor will not: (a) require the Franchisee to execute a release in connection with the renewal or transfer of the franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Franchisee to covenant not to compete with the Franchisor in an area greater than the Designated Territory set forth in the Franchise Agreement, upon termination of or failure to renew the Franchise Agreement; or (c) limit litigation brought for breach of the Franchise Agreement.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede and apply to all Pet Evolution franchises sold to residents in the state of Maryland:

This Maryland Addendum is only applicable if you are a resident of Maryland or if your business is located in Maryland.

1. Based on the financial condition of the Franchisor, the Franchisor has posted a surety bond in conformance with COMAR 02.02.08.08 and Section §14-217 of the Maryland Franchise Law.

2. All representations requiring prospective franchisees to assent, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Section 21(a) of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

4. Section 22(e) of the Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

5. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

6. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

8. Section 24(a-e) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “INTENTIONALLY OMITTED”.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
3. To the extent required by the Minnesota Franchise Act, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The Limitations of Claims section is hereby revised to comply with Minnesota Statutes, Section 80C.17, Subd. 5.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 18(a) of the Franchise Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

2. Section 21(f) of the Franchise Agreement is modified by the addition of the following at the end of such section:

“In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.”

3. Sections 22(e) (relating to venue), 22(f) (relating to jury trial) and 22(g) (relating to collateral estoppel) of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL 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 Section 687.4 and 687.5 be satisfied.”

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

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Notwithstanding anything in the Franchise Agreement to the contrary, the Initial Franchise Fee shall not be due and payable to the Franchisor until the franchised business is open.
2. Section 2(c)(ii) of the Franchise Agreement is revised to provide that, pursuant to North Dakota Franchise Investment Law, the general release required as a condition to renewal is deleted in its entirety.
3. Section 17(a)(ii) of the Franchise Agreement is amended by adding the following language at the end:

“Covenants not to compete, such as those mentioned in this Section 17(a)(ii) are generally considered unenforceable in the state of North Dakota.”
4. Section 22(a) of the Franchise Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys’ fees.
5. Section 22(b)(2) of the Franchise Agreement is amended by adding the following language at the end:

“Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.”
6. Section 22(d) of the Franchise Agreement is amended to delete any references to the waiver of exemplary and punitive damages.
7. Section 22(e) of the Franchise Agreement is amended to delete any references to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota.
8. Section 22(f) of the Franchise Agreement (relating to jury waiver) is deleted in its entirety.
9. Section 22(g) of the Franchise Agreement (relating to waiver of collateral estoppel) is deleted in its entirety.
10. Section 25(a) of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.
11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede and apply to all Pet Evolution franchises sold to residents in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Sections 22(e) and 25(a) of the Franchise Agreement are supplemented by the addition of the following:

“§ 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 the Act.”

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede and apply to all Pet Evolution franchises offered and sold in the state of South Dakota:

This South Dakota Addendum is only applicable if you are a resident of South Dakota or if your business will be located in South Dakota.

Notwithstanding anything in the Franchise Agreement to the contrary, the Initial Franchise Fee shall not be due and payable to the Franchisor until the franchised business is open.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the South Dakota Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede and apply to all Pet Evolution franchises offered and sold in the state of Virginia:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Franchise Fee owed by a Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

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

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

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

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

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

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

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

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

7. 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.

8. Based on the financial condition of the Franchisor, the Franchisor has posted a surety bond in conformance with WAC 460-80-460 of the Washington Franchise Investment Protection Act.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by an franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Section 24(a-e) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: "INTENTIONALLY OMITTED".

11. Nothing set forth in the Franchise Agreement shall waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

EXHIBIT G

**ELECTRONIC TRANSFER OF FUNDS
AUTHORIZATION**

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____
Location: _____
Date: _____

Attention: Accounting

The undersigned hereby has entered into a Franchise Agreement with Pet Evolution Franchising LLC (the "Franchise Agreement"), and authorizes Pet Evolution Franchising LLC ("PE"), to initiate one-time, weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amounts for ongoing royalty fees, brand fund contributions, and other amounts that become due and payable by the undersigned to PE or any affiliate pursuant to the Franchise Agreement or any other agreement between the undersigned and PE or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by PE.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to applicable law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely yours,

Account Name

Bank Name

Customer Street Address

Branch

City State Zip Code

Bank Street Address

Customer Telephone Number

City State Zip Code

Customer's Account Number

Bank Telephone Number

Bank's Account Number

Bank Routing/ABA Number

EXHIBIT H

FRANCHISEE QUESTIONNAIRE

FORM OF FRANCHISE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

The Questionnaire may not be signed or used if the franchisee resides within, or if the franchised business will be located within the State of Hawaii, Maryland or Washington.

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?
Yes _____ No _____

2. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”)?
Yes _____ No _____

3. Did you sign a receipt for the FDD indicating the date you received it?
Yes _____ No _____

4. Have you discussed the benefits and risks of purchasing a Pet Evolution store (the “Store”) with an attorney, accountant or other professional advisor?
Yes _____ No _____

If not, do you wish to have more time to do so?
Yes _____ No _____

5. Do you understand that the success or failure of your Store will depend in large part upon your skills and abilities, competition from others and other economic and business factors?
Yes _____ No _____

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Pet Evolution franchise other than as provided in the FDD?
Yes _____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Pet Evolution franchise other than as provided in the FDD?
Yes _____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Pet Evolution franchise?

Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

10. Have you paid any money to us concerning the purchase of your Pet Evolution franchise prior to today?

Yes _____ No _____

11. If you have answered "Yes" to any one of questions 6-10, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

12. I signed the Franchise Agreement and Addendum (if any) on _____, 20__, and acknowledge that no Agreement or Addendum is effective until signed and dated by you.

Your responses to these questions are important to us and we will rely on them.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

Dated: _____

EXHIBIT I

REGIONAL DEVELOPER INFORMATION

REGIONAL DEVELOPER INFORMATION

Arizona Pet Team LLC – Arizona

Arizona Pet Team LLC located in Mesa, Arizona, has acted as a Regional Developer for us since August 2020. The principals of Arizona Pet Team LLC are Aleshia McNamara and Tamara Veater. Ms. McNamara has been a member of Arizona Pet Team LLC since August 2020. Since January 2005, Ms. McNamara has also been the owner of McNamara Company an insurance company located in Minnesota. Ms. Veater has been a member of Arizona Pet Team LLC since August 2020. From October 2019 to August 2020, Ms. Veater was a partner at JacobDawn, LLC a franchise development company, located in Mesa, Arizona. From June 2005 to October 2019, Ms. Veater was an owner of Chicago Massage LLC, located in Mesa, Arizona.

AGDG Investments LLC– California

AGDG Investments LLC located in California has acted as a Regional Developer for us since July 2023. The principals of AGDG Investments LLC are Deepak Goyal and Ameeta Goyal. Since July 2023, Mr. Goyal has been a Managing Member of Fufu & Tommy LLC and the Sole Manager and President since April 16, 2024. Since December 2021, Mr. Goyal has served in various roles as a 3D Holistic Wealth agent, both independently and through Cambridge Investment Research, located in Fairfield, Iowa. From March 2021 to December 2021, Mr. Goyal was a Registered Representative at Transamerica Financial Advisors Inc. located in Corona, California and a Sales Associate at WFG Direct in Corona, California from August 2021 to December 2021. Before this, Mr. Goyal was an Insurance Agent with World Financial Group located in Corona, California from November 2020 to December 2021 and a Managing Member of Pysede Trading LLC in Woodbury, Minnesota from April 2013 to November 2020. From July 2023 to April 15, 2024, Mrs. Goyal has been a Managing Member of Fufu & Tommy LLC. Since May 2022, she has been the Owner of ADA LLC, a body care business located in Irvine, California and a Modeling Engineer at Henkel Corporation also located in Irvine, California since June 2020. Before this, she was a Modeling Engineer with 3M Corporation in St. Paul, Minnesota from September 2013 to June 2020.

Pet Evo LLC – California

Pet Evo LLC located in California has acted as a Regional Developer for us since April 2023, and their principals, Harpreet Sethi and Ritu Sethi, have acted as Regional Developers for us from February 2022 to April 2023. Mr. Sethi has also been a Lead Data Scientist for Wolters Kluwer since June 2017, located in Irvine, California. Since April 2019, Mr. Sethi has been the co-owner of Urban Punch, a franchisee of Stretch Lab, operating a Stretch Lab located in Irvine, California. Since April 2019, Mrs. Sethi has been the co-owner of Urban Punch, a franchisee of Stretch Lab, operating a Stretch Lab located in Irvine, California. From April 2017 to April 2019, Mrs. Sethi was a homemaker.

Garrett Mayo and Neftali Bonilla – California and Nevada

Mr. Mayo and Mr. Bonilla have acted as Regional Developers for us since February 2023. From August 2021 to November 2022, Mr. Mayo was a Program Manager at Tesla located in Fremont, California, and from January 2020 to August 2021, he was a Program Manager at Netflix located in Los Gatos, California. Mr. Mayo was also the Chief Executive Officer at GC Security Design located in Fremont, California from November 2015 to December 2019. Since 2013, Mr. Bonilla has served as the President of Quality Low Voltage Systems Inc. located in San Jose, California.

Elevation Incubator Corporation– Colorado

Elevation Incubator Corporation located in Colorado has acted as a Regional Developer for us since October 2023. The principals of Elevation Incubator Corporation are Marilynn Martin and Robert Scott Martin. Since November 2022, Mr. Martin has been a manager at King Soopers in Castle Rock, Colorado and before this, he was involved in Accounting at Elevation Incubator located in Parker, Colorado from January 2016 to December 2022. From

December 2021 to May 2022, Ms. Martin was Chief of Staff and Integration Officer at Benuvia Therapeutics in Parker, Colorado and from April 2021 to December 2021, she was Chief Business Development and Integration Officer at Next Frontier Brands in Boulder, Colorado. Before that, Ms. Martin was Chief Executive Officer at The Truth Bar LLC in Parker, Colorado from February 2017 to October 2020.

Daniel J. Morris – Florida

Mr. Morris has acted as a Regional Developer for us since April 2023. Since July 2007, he has been an owner of H1-SDB, LLC located in Daytona Beach, Florida and a regional developer for Cozol Inc. located in Daytona Beach, Florida since October 2004.

PEF LLC – Florida

PEF LLC located in Florida, has acted as a Regional Developer for us since September 2021. The principals of PEF LLC are Teri O'Donnell and Gary Meyers. Ms. O'Donnell has served as the Vice President of PEF LLC since September 2021. Ms. O'Donnell is the founder of Prosperity Franchise Group located in Chicago, Illinois, where she has worked since August 2021. Since April 2020, Ms. O'Donnell has also been a partner in WaveMAX Laundry, located in Rolling Meadows, Illinois. From December 2015 to February 2019, Ms. O'Donnell was a partner in Amazing Lash Studio, located in Rolling Meadows, Illinois. Mr. Meyers has been the Chief Executive Officer of PEF LLC since September 2021, and the President and Chief Executive Officer of GWM Services located in St. Paul, Minnesota since October 2005. Mr. Meyers has also been the owner of a The Joint Chiropractic franchise, located in St. Paul, Minnesota, since August 2019, and from October 2015 to August 2019, Mr. Meyers was a Regional Developer of Massage Envy, as well as the owner of a Massage Envy franchise located in Minnesota.

RLL Rental LLC dba Rhino Pet Development LLC – Florida

RLL Rental LLC dba Rhino Pet Development LLC located in Boulder, Colorado has acted as a Regional Developer for us since January 2024. The principal of RLL Rental LLC dba Rhino Pet Development LLC is Richard Leddon. From October 2018 to October 2023, Mr. Leddon was the owner of Rhino Logistics LLC located in Boulder, Colorado and the owner of RL Leddon Consulting from January 2012 to October 2018, also located in Boulder, Colorado.

Scot Ziessman – Illinois and Wisconsin

Mr. Ziessman has acted as a Regional Developer for us since July 2021. Since September 2018, Mr. Ziessman has also been the owner of The Professional Massage Academy, located in St. Cloud, Minnesota. Since May 2012, Mr. Ziessman has also been the owner of a Massage Envy franchise. Since January 2004, Mr. Ziessman has also been the owner of a Fantastic Sams franchise located in Minnesota.

Michigan Evolution, LLC – Michigan

Michigan Evolution LLC located in Novi, Michigan has acted as a Regional Developer for us since June 2022. The principals of Michigan Evolution, LLC are Mr. Ryan Gusick and Mrs. Patricia Gusick. Mr. Gusick has been a Manager and the President of Michigan Evolution, LLC since June 2022. From June 2000 to September 2018, Mr. Gusick was the Vice President of Marketing Services at Helm, Inc. located in Plymouth, Minnesota and has been unemployed and retired since October 2018. Mrs. Gusick has been a Speech Pathologist at Fox Rehabilitation located in Livonia, Michigan since February 2024 and before that, she was a homemaker.

Eric Bakken – Minnesota, North Dakota, South Dakota, and Texas

Mr. Bakken has acted as a Regional Developer for us since July 2021. Since January 2022, he has been the President and Chief Executive Officer of Hair Cuttery Family of Brands located in Aventura, Florida. He has also been the President of Clever Development located in Excelsior, Minnesota since July 2021. From January 2011 to January 2021, Mr. Bakken was the President of Franchise for Regis Corporation, located in Minneapolis, Minnesota.

Dennis Lowery and Bradley Frame – Missouri and Kansas

Mr. Lowery and Mr. Frame have acted as Regional Developers for us since June 2023. Since December 2016, Mr. Lowery and Mr. Frame have been Members of BD3 Development, LLC. Since April 2016 they have been Members of F&L Wax, LLC, and since March 2011 they have been Members of BD2 Development, LLC. All of these companies are located in St. Louis, Missouri.

Henrik Warn and Valentina Warn – New Jersey

Mr. Warn and Mrs. Warn have acted as Regional Developers for us since October 2023. Since January 2007, Mr. Warn has been the Area Vice President at Johnson & Johnson located in Paoli, Pennsylvania. Mrs. Warn has been a Sales Agent at Keller Williams located in Woodcliff Lake, New Jersey since January 2011.

Dacoro Enterprises, LLC – New York

Dacoro Enterprises, LLC located in New York has acted as a Regional Developer for us since October 2023. The principal of Dacoro Enterprises LLC is Tina Eskridge. From September 2020 to April 2023, Ms. Eskridge was Head of Digital Marketing, Microsoft Advertising for Microsoft Corporation in New York, New York. From February 2019 to September 2020, she was Senior Director, Marketing and Product Inclusion for Microsoft Corporation in Redmon, Washington and before this role, she was Senior Director, Retail Channel Operations from August 2016 to February 2019.

Reid Business Development LLC dba Pet Evolution of Oregon – Oregon

Reid Business Development LLC located in California has acted as a Regional Developer for us since January 2024, and its principal George Reid has acted as a Regional Developer for us from October 2023 to January 2024. Since October 2001, Mr. Reid has been an owner of Reid & Associates located in Garden Grove, California. Since January 2024, Ms. Caldemeyer Reid has acted as a Regional Developer for us and has also been President of Faraway Farms Inc. located in Wise River, Montana since 2008.

DSA PE Corp. – Texas

DSA PE Corp. located in Texas, has acted as a Regional Developer for us since July 2022. The principals of DSA PE Corp. are Eliezer da Silva and Susie Silva. Mr. Eliezer da Silva has been the President of DSA PE Corp. since July 2022 and Mrs. Silva has been the Vice President of DSA PE Corp. since July 2022. From December 2019 to December 2022, Mr. Silva was the Vice President of Evans Composites, Inc. located in Mansfield, Texas, and from April 2017 to December 2019, he was the Vice President of Sales and Marketing at Dallas Aeronautical Services, LLC located in Cedar Hill, Texas. Since 2017, Mrs. Silva has been a homemaker.

Saibach Investments LLC– Texas

Saibach Investments LLC located in Fulshear, Texas has acted as a Regional Developer for us since June 2021. The principals of Saibach Investments LLC are Monish Chadha and Hina Chadha. Mr. Chadha has been a manager of Saibach Investments LLC since June 2021. Since April 2017, Mr. Chadha has also been the owner of Sherital Holdings located in Fulshear, Texas. Mrs. Chadha has been a manager of Saibach Investments LLC since June 2021. Since December 2013, she has been the owner of Pushpa Enterprises located in Fulshear, Texas and from August 2011 to December 2022, she was the owner of Aqua-Tots located in Fulshear, Texas.

Robertson Business Advisors Inc. dba Pet Evolution Regional Developer – Virginia

Robertson Business Advisors, Inc. located in Virginia has acted as a Regional Developer for us since October 2023, and its principal Delmon Robertson acted as a Regional Developer for us from November 2022 to October 2023. Since January 2023, Mr. Robertson has been a Fuels Marketing Area Manager at Wills Group located in La Plata, Maryland. From January 2021 to July 2022, he was the Market Manager at 7-Eleven located in Alexandria, Virginia

and from December 1997 to June 2020, Mr. Robertson was a Division Manager at Sunoco located in Newtown Square, Pennsylvania.

Solis Business Development Corporation – Washington State

Solis Business Development Corporation located in Washington has acted as a Regional Developer for us since July 2022, and its principal Lakshminarayanappa Bharadwaj, acted as a Regional Developer for us from April 2022 to July 2022. From December 2020 to January 2022 Mr. Bharadwaj worked as a Principal Development Manager for Microsoft in Redmond, Washington. From February 2014 to December 2020, he worked as a Software Development Manager for Amazon located in Seattle, Washington.

No party listed in this Exhibit I is a party to any litigation or bankruptcy proceeding required to be disclosed in Items 3 or 4 respectively of this Franchise Disclosure Document.

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Pet Evolution Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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 Pet Evolution Franchising 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, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is Pet Evolution Franchising LLC, 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706. Its telephone number is 833-266-7387.

The name, principal business address and telephone number of each franchise seller offering the franchise is Peter Carlson, 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706, 833-266-7387; or

ISSUANCE DATE: May 17, 2024

Pet Evolution Franchising LLC authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state.

I have received a Disclosure Document with an Issuance Date of May 17, 2024 that included the following Exhibits:

- EXHIBIT A: STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT
- EXHIBIT B: LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
- EXHIBIT C: TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
- EXHIBIT D: LIST OF OUTLETS AND FRANCHISEES WHO LEFT THE SYSTEM
- EXHIBIT E: FINANCIAL STATEMENTS
- EXHIBIT F: FRANCHISE AGREEMENT, GUARANTY, STATEMENT OF OWNERSHIP AND MANAGEMENT, GENERAL RELEASE, TRANSFER FORM, LEASE RIDER AND STATE SPECIFIC ADDENDA
- EXHIBIT G: ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION
- EXHIBIT H: FRANCHISEE QUESTIONNAIRE
- EXHIBIT I: INFORMATION REGARDING REGIONAL DEVELOPERS

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Pet Evolution Franchising LLC, at 4669 Gulf Blvd. #512, St. Pete Beach, Florida 33706. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

Prospective Franchisee's Signature

Date Receipt Signed:

Print Name

Address:

RECEIPT

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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 Pet Evolution Franchising 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, DC 20580, and the appropriate state agency identified on Exhibit B.

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Date Disclosure Document Received:

Prospective Franchisee's Signature

Date Receipt Signed:

Print Name

Address:
