

FRANCHISE DISCLOSURE DOCUMENT

SD Franchise Holdings, Inc.
A Florida corporation
10901 Roosevelt Blvd, Suite 1100
St. Petersburg, FL 33716
(888) 232-2257
info@splashanddashfordogs.com
www.SplashandDashForDogs.com



As a Splash and Dash franchisee, you will sell pet products, pet grooming and bathing, and related services.

The total investment necessary to begin operation of a Splash and Dash franchise is \$264,200 to \$471,000. This includes \$124,000 to \$191,500 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a Multi-Unit Development Agreement for an additional three to ten units (including the initial unit) is \$365,200 to \$861,000. This includes \$224,000 to \$576,500 that must be paid to the franchisor. You must develop three or five Splash and Dash units under the Multi-Unit Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Dan Barton at 10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716 and (888) 232-2257.

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: April 13, 2023

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 I.
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 G 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 Splash and Dash business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Splash and Dash franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

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EXHIBITS

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Multi-Unit Development Agreement
 - D. BuildM Agreement
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 - H. Operating Manual Table of Contents
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- State Effective Dates
Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to SD Franchise Holdings, Inc. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates.

Our name is SD Franchise Holdings, Inc. We are a corporation incorporated in Florida on April 3, 2023. Our principal business address is 10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business.

We use the names “SD Franchise Holdings, Inc.” and “Splash and Dash Groomerie & Boutique”. We do not intend to use any other names to conduct business.

We have offered franchises since April 2023; our affiliate and predecessor SD Franchise, Inc. (“SDF”), offered “Splash & Dash” franchises from 2014 to March 31, 2023.

On April 1, 2023, we became the franchisor of Splash & Dash and entered into a management agreement with our predecessor SDF to manage franchise operations and to provide the support to franchisees that we are required to provide under the franchise agreements. However, as the franchisor, we will remain responsible and accountable to you to ensure that all services we promise to perform for you under your franchise agreement or any other agreement you have with us are performed in compliance with the applicable agreement.

Our agent for service of process in Florida is Dan Barton, and the agent’s principal business address is 10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716. Our agents for service of process in other states are disclosed in Exhibit A.

We do not operate businesses of the type being franchised.

Our affiliate, SD Laverne, Inc., acquired a Splash and Dash business from a franchisee in LaVerne, California, in February 2019, and operated the business until October 2021. This business was located at 1485 Foothill Blvd, La Verne, CA 91750.

The Franchises Offered

If you sign a franchise agreement with us, you will develop and operate a business offering pet products, pet grooming and bathing, and related services under the trade name Splash and Dash Groomerie & Boutique. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Splash and Dash outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign

our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

A Splash & Dash salon is designed to provide a great experience for customers and their dogs. Splash & Dash is safe, convenient, and eco-friendly. Customers book and pay for services online. We feature monthly memberships for services at various levels. Spa treatments are high quality. We offer premium food choices.

The general market for pet grooming and pet products is highly developed. Sales are not seasonal.

In a few states, a business must have a license to provide pet grooming services, and it must meet certain dimensional and other standards established by the government.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

Item 2 BUSINESS EXPERIENCE

Dan Barton – Founder and CEO: Dan Barton has been Founder and CEO of Splash and Dash in St. Petersburg, Florida since 2014.

John Wesley McKithern – Director of Franchise Operations. Wes McKithern has been our Director of Franchise Operations in St. Petersburg, Florida, since April 2022. He was Area Team and Operations Leader for Royal Pets in Tampa, Florida from September 2018 to March 2022. He was a Combat Camera Photographer in the U.S. Army Reserves in Atlanta, Georgia, from June 2011 to June 2020. He was a Manager for Walgreen’s in Tampa, Florida, from January 2015 to September 2018.

Jonathan M. Crocker – Director of Marketing. Jonathan Crocker has been our Director of Marketing in St. Petersburg, Florida since February 2023. He was Marketing Director for Compass in Tampa, Florida from June 2019 to February 2023.

Heather Doubleday – Director of Training. Heather Doubleday has been our Director of Training in St. Petersburg, Florida since November 2022. She was HR/Payroll Administrator for American Products in Tampa, Florida, from May 2022 to November 2022. She was Store Manager and Training Manager for Royal Pets in Palm Harbor, Florida from July 2017 to May 2022.

Item 3 LITIGATION

In the Matter of SD Franchise LLC, State of Illinois, No. 17-AVC-F003 (March 19, 2017). The Attorney General of the State of Illinois alleged that in 2016, SD Franchise LLC sold one franchise to be located in Illinois without being properly registered to offer and sell

franchises in Illinois. Without admitting liability, SD Franchise agreed to pay \$2,000 to the State of Illinois and offer rescission to the Illinois franchisee. The franchisee chose to continue their franchise.

No other litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

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

**Item 5
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$60,000 as the initial franchise fee. This fee is uniform unless you sign a Multi-Unit Development Agreement. It is not refundable.

Multi-Unit Development Agreement

If you agree to develop multiple units by signing our Multi-Unit Development Agreement, then you will pay franchise fees and royalty fee for each unit as shown in the following chart. The franchise fees are payable when you sign the Multi-Unit Development Agreement and are not refundable.

Unit #	Franchise Fee	Royalty Fee
1	\$60,000	Unit 1 will pay 8.0% of adjusted gross sales
2	\$55,000	Unit 2 will pay 8.0% of adjusted gross sales
3	\$45,000	Unit 3 will pay 8.0% of adjusted gross sales
4	\$45,000	Unit 4 will pay 8.0% of adjusted gross sales
5	\$45,000	Unit 5 will pay 7.5% of adjusted gross sales
6	\$40,000	Unit 6 will pay 7.0% of adjusted gross sales
7	\$40,000	Unit 7 will pay 7.0% of adjusted gross sales
8	\$40,000	Unit 8 will pay 7.0% of adjusted gross sales
9	\$40,000	Unit 9 will pay 7.0% of adjusted gross sales
10+	\$35,000 each	Unit 10 and above will each pay 6.5% of adjusted gross sales

Each unit listed above will bear the franchise fee and pay the royalty fee as described above, regardless of the total number of units developed by you. By way of example, Unit 1 will have a \$60,000 franchise fee and pay an 8.0% royalty on adjusted gross sales regardless of whether you operate five or more units.

Development Costs

As part of the development of your location, we (and our vendor RPM43, LLC (“BuildM”)) work with you to create store designs, layout plans, and planograms, equipment plans, and inventory plans that will include necessary retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory, and other items. Once the plans are finalized, we (with our vendor BuildM) will build, source, or provide the retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory, and other items in the plan. You must purchase from us all such retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory, and other certain items. You will be responsible for the cost of such items, including the cost of shipping to your location.

We estimate these will cost:

- Fixtures, furnishings, and equipment: \$22,000 - \$50,000
- Grooming equipment and supplies: \$18,000 - \$50,000
- Computer, point-of-sale, and audiovisual systems: \$5,500 - \$8,000
- Opening inventory and supplies (including our proprietary “Splash & Dash Groomerie & Boutique” shampoos and dog treats): \$8,000 - \$10,500

We will develop a budget in consultation with you, and you will pay for these items when the budget is approved, but not less than 30 days after you sign your franchise agreement. If we spend less than the budget, we will return the excess to you. If there is a budget shortfall, you will pay us the additional necessary amount upon request.

Additional Development Assistance

In addition to the construction assistance described above, if you and we agree, we may provide additional development assistance. We will charge you a reasonable fee for these services and you will reimburse us for our travel costs.

Training Fee

For your “Phase 2” training which consists of 5 days at a Splash & Dash location, you will pay us a \$2,500 fee when you sign your lease. This fee is uniform. It is not refundable.

Pre-Opening Marketing Deposit

When you sign a lease for your business, you must deposit \$10,000 with us to be used for your pre-opening marketing campaign. We will use this deposit to pay vendors and/or to reimburse you for money spent on vendors for approved products and services for your membership pre-sale event, soft opening marketing, and grand opening marketing.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of your adjusted gross sales	Weekly, on Tuesday	See Note 1 and Note 2.
Brand Development Fund Contribution	2% of your adjusted gross sales	Weekly, on Tuesday	See Note 2.
Performance Shortfall Fees	See Note 3	Upon demand	Payable if you do meet annual minimum sales amounts or annual minimum membership billings amount. See Note 3.
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	If you are a member of a local marketing cooperative, you and other members may vote to require each member to contribute between 1% and 5% of total sales to the cooperative.
Local advertising requirement	During first 36 months of operation: the greater of (1) \$2,000 per month or (2) 4% of your adjusted gross sales. Thereafter, at least 4% of your adjusted gross sales	Monthly	You must spend at least this amount on local marketing and advertising for your business.
Online Sales Commission	Currently, one month of membership dues.	Weekly, on Tuesday	If we sell memberships or other services for you on the internet, we will keep our commission and remit the balance to you. We can raise the commission to 1.5x the amount of the monthly membership dues. For grooming membership upgrades, the commission is currently a flat \$5.
“FIDO” Software License	Currently, \$196 per week	Weekly, on Tuesday	We provide you with our proprietary point-of-sale software system. See Note 4.
Technology Fee	Currently, \$56 per week starting when your business opens	Weekly, on Tuesday	We provide you with certain technology systems. See Note 4 and Note 5.
Text/Call Fees	Currently, \$0.07 per outbound text and \$0.12 per outbound call	Monthly	Our point-of-sale system has a component for communicating with customers by text message and pre-recorded phone calls. See Note 4 and Note 6.

Type of Fee	Amount	Due Date	Remarks
Deep Cleaning Inspection Fee	\$450	When billed	Every 36 months, you must close your business for a three-day period to repaint, update, and deep clean the location. You must pre-schedule the closure for cleaning with us and we will inspect the location 90 days prior to the closing date.
Bookkeeping	Currently, \$185 per week	Weekly, on Tuesday	We provide certain bookkeeping services to ensure all franchisees maintain proper and consistent books. This fee begins when you open your business, although services begin earlier. See Note 2 and Note 5.
Online Payment Processing Fee	3% of the sales conducted through our online payment system	Monthly	If we collect online payments for products or services or gift cards that you provide to customers, including membership fees, you will pay us a fee of 3% of the gross amount that we remit to you.
Dryer Rental	Currently, \$95 per forced air dryer per month	Monthly	A Splash and Dash will typically start with 1 or 2 dryers and will add more as overall volume increases. You rent the dryers through us. They are serviced by HurryCanine.
Replacement / Additional Training Fee	Currently, \$2,500	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Secret Shopper	Currently, \$100	On demand	If we send a secret shopper to your business, you must pay us the cost of the inspection and report. Currently, the cost is \$100. We will not require you to pay for more than one secret shopper per fiscal quarter, unless you are in default or failed the prior secret shopper evaluation.
National Convention Fee	As determined by us; currently \$2,500.	Prior to the national convention	We may charge you \$2,500 or the attendance fee for our national convention, even if you do not attend.
Non-compliance fee	\$250	On demand	We may charge you \$250 for any non-compliance with our system specifications or your franchise agreement, after 30 days' notice and opportunity to cure. If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.

Type of Fee	Amount	Due Date	Remarks
“Zero Tolerance” breach fee	See Note 7.	On demand	See Note 7.
Reimbursement	The amount that we spend on your behalf, plus 10%	Within 15 days of our invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us. If we make the payment after you failed to do so in a timely manner, you must pay us a 10% administrative charge.
Late fee	\$100 plus 18% annual interest on the unpaid amount	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$50	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Currently, \$49 per complaint, plus our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may charge a fee we deem reasonable (currently \$49), plus we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported adjusted gross sales by more than 3% for any 4-week period.
Inspection fee	Currently \$300, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. We may require you to reimburse us for costs and expenses in relation to each inspection, including the costs of travel, meals and lodging for us.

Type of Fee	Amount	Due Date	Remarks
Management fee	10% of adjusted gross sales plus expenses	When billed	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, or (ii) you operate the business in a dangerous manner.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Renewal fee	\$10,000	Upon renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term.
Transfer fee	\$15,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your business. We will usually waive transfer fee if you sell your business to a family member.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

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

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

Notes

1. “Adjusted Gross Sales” is defined in our franchise agreement as the total dollar amount of all sales (including membership sales) generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Adjusted Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) discounts, coupons, and promotions, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Adjusted Gross Sales). If you sell products or services at a discounted amount (by coupons or otherwise) from your standard prices without our prior approval, we may calculate Adjusted Gross Sales as if you had sold such products or services at standard prices.

2. We currently require you to use EON or CSI as your processor for credit and debit cards. With respect to monthly membership payments through our website and other payments made online by your customers, the processor will remit the payments to us, and we will forward payment to you after deducting the royalty fee and certain other amounts you owe us.

3. We require you to meet the following minimum performance standards during the term of your franchise agreement:

Time Period	Minimum Adjusted Gross Sales	Minimum Membership Billing
Year 1	\$250,000	\$60,000
Year 2	\$350,000	\$120,000
Year 3 and thereafter	\$400,000	\$144,000

“Year 1” begins on the date on which the outlet first opens (the soft opening date) for business under the franchise agreement, regardless of the date on which the outlet’s “grand opening” occurs (the actual opening date), and it ends on the day before the first anniversary of the actual opening date. Each subsequent year begins on the anniversary of the actual opening date and ends on the day before the next anniversary of the actual opening date. If you do not achieve the performance standards during any year, then you must pay to us the Sales Shortfall Fee or the Membership Billing Shortfall, or both, as applicable. If you do not achieve the performance standards in two consecutive years, we may reduce the size of your territory, eliminate your protected rights related to your territory, terminate the franchise agreement, or exercise other remedies outlined in the franchise agreement.

By way of example:

Minimum Adjusted Gross Sales: In Year 1, Franchisee had Adjusted Gross Sales of \$170,000, which is \$80,000 below the Performance Standard of \$250,000 for Year 1. Franchisee would owe \$6,400.

Gross Sales	\$195,000.00
<u>Discounts & Coupons</u>	<u>-\$25,000.00</u>
Adjusted Gross Sales	\$170,000.00

Minimum Performance Standard	\$250,000.00
<u>Adjusted Gross Sales</u>	<u>\$170,000.00</u>
Shortfall	\$80,000.00

8% of Shortfall \$6,400.00

Minimum Membership Billings. By way of example, if Franchisee had membership billings of \$50,000 in Year 1, then Franchisee would owe a Shortfall Fee of \$800.

Minimum Performance Standard	\$60,000.00
<u>Membership billings</u>	<u>\$50,000.00</u>
Shortfall	\$10,000.00

8% of Shortfall \$800.00

4. Currently, we provide you with SD Connect (our intranet for sharing information); SD Google Workspaces for collaboration tools like Gmail, Calendar, Meet, Chat, Drive, Docs, Sheets, Slides, Forms, and Sites; two @sd4d.com email addresses (each additional address is \$12 per month); unlimited use of our Predictive Index tool, standard level access to our Learning Management Software (LMS), and 3 seats (users) to the Bloom Growth Software (EOS).

5. The Bookkeeping Fee, Text/Call Fee, and Technology Fee are subject to annual increases, not to exceed the greater of (a) 5% per year, or (b) an amount per year equal to annual inflation. The Software Fee is subject to annual increases not to exceed 15%.

6. On a quarterly basis we produce a marketing packet for each location. Within the packet are various promotions that location can individually choose to implement; however, some of the promotions are implemented by us for the location, and the location needs to pay the cost of that texting, email, or required national promotion.

7. To protect the safety of our clients' pets, and to protect the brand image of Splash & Dash for the benefit of all franchisees, we designate certain brand standards as "zero tolerance" safety requirements. If you violate one of these requirements, we reserve the right to impose a fee of up to \$2,500 for the first violation, \$5,000 for the second violation, and \$25,000 for the third violation. The third violation is also grounds for us to terminate your franchise agreement.

Item 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee	\$60,000 - \$60,000	Lump sum	Upon signing Franchise Agreement	Us
Security deposits, utility deposits, business licenses, and other prepaid expenses	\$250 - \$1,500	As incurred	As incurred	Landlord, utilities, government, vendors
Rent (one month) (see Note 2)	\$3,000 - \$4,500	Lump sum	Upon signing lease	Landlord
Lease security deposit (see Note 2)	\$3,000 - \$9,000	Lump sum	Upon signing lease	Landlord
Leasehold improvements (see Note 3)	\$75,000 - \$150,000	Lump sum	Prior to opening	General contractor, others
Architectural (see Note 4)	\$3,000 - \$15,000	As incurred	When billed	Architect / Engineers
Construction Project Management (see Note 5)	\$18,500 - \$18,500	See Note 5	See Note 5	Required vendor
Furniture, fixtures, and equipment	\$22,000 - \$50,000	Lump sum	30 days after signing Franchise Agreement	Us
Grooming equipment and supplies	\$18,000 - \$50,000	Lump sum	30 days after signing Franchise Agreement	Us
Computer, point-of-sale, and status display systems	\$5,500 - \$8,000	Lump sum	30 days after signing Franchise Agreement	Us
Video camera system	\$2,500 - \$4,500	As incurred	As incurred	Vendor
Office expenses	\$350 - \$1,000	As incurred	Prior to opening	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Insurance (6 months)	\$600 - \$1,500	Lump sum	Prior to opening	Insurance company
Building signage	\$7,500 - \$12,500	Lump sum	Prior to opening	Vendor
Opening inventory and supplies	\$8,000 - \$10,500	Lump sum	30 days after signing Franchise Agreement	Us
Professional fees (lawyer, accountant, etc.)	\$500 - \$4,000	As incurred	As incurred	Professional service firms
Market introduction plan / pre-opening marketing	\$10,000 - \$12,000	As incurred	When you sign a lease for your business	Us
Travel, lodging and meals for training programs at our corporate headquarters and at a store location	\$4,000 - \$6,000	As incurred	During training	Airlines, hotels, and restaurants
Training fee at a current location (5 days)	\$2,500 - \$2,500	Lump sum	30 days after signing Franchise Agreement	Us
Additional funds (for first 3 months) (see Note 6)	\$20,000 - \$50,000	As incurred	As incurred	Employees, suppliers, landlord, utilities
Total	\$264,200 - \$471,000			

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI UNIT DEVELOPMENT AGREEMENT**

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Investment 1 st Splash and Dash business (see Note 7)	\$264,200 - \$471,000	See Above	See Above	See Above
Additional initial franchise fees for two to nine additional units (see Note 8)	\$100,000 - \$385,000	Check or wire transfer	Upon signing the MUDA	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$365,200 - \$861,000			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment, except as disclosed in Item 10.

2. Our estimates in this table assume you pay one month of rent plus a security deposit when you sign your lease, and that you begin regularly paying rent after you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. The estimates above assume your location will be 1,000 to 1,300 square feet; if your location is larger, some expenses will increase accordingly. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. Our estimate for leasehold improvements assumes your location starts from a “vanilla shell” condition, with flooring, electrical, plumbing, drywall, and HVAC in place, and with a restroom that comply with the Americans With Disabilities Act. We also assume you have some contribution from the landlord of the premises in the form of a tenant improvement allowance. Cost of labor, materials, and other expenses will vary in certain areas.

4. Our cost range for architectural services includes our preferred architect fees for completion of your construction documents.

5. Within seven days after you sign a franchise agreement, you must sign an agreement with RPM43, LLC (“BuildM”) for construction project management services. You will pay 75% of this fee (\$13,875) within three days after signing your agreement with BuildM. You will pay the remaining 25% (\$4,625) to BuildM within three days after the commencement of construction.

6. This includes any other required expenses you will incur before operations begin and during the initial 3-month period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Splash and Dash businesses by our franchisees, and our general knowledge of the industry.

7. The initial investment for one Splash and Dash business is taken from the first chart above, titled Estimated Initial Investment.

8. This estimate assumes you sign a Multi-Unit Development Agreement for a total of three to ten franchises. A \$60,000 franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. The total additional initial fees for units two and three are \$100,000 and the total additional initial fees for units two through ten are \$385,000 (see Item 5 for the fee per additional unit). You will pay all franchise fees upon signing the MUDA.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

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

Specific Obligations

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

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to obtain your landlord’s signature on our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit E).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income, with Extra Expense; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit; (iv) Employment Practices Liability insurance coverage in an amount of not less than \$1,000,000; (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (vi) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

You must use WCS in Lakeland, Florida, as your broker for insurance.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Merchant Processing. Currently, you must use EON Payment Processing or CSI Payments as your merchant processor.

E. Grooming Supplies and Equipment. Currently, Senproco Inc. and Ryan's Pet Supplies are our sole suppliers of certain grooming supplies and equipment.

F. Private Label Products. You will purchase certain private label products from us. Currently, those products are shampoo, dog treats, and printed materials.

G. Initial Development. Before you open, you will purchase from us all retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory, and other items built, provided or sourced by us.

H. Forced Air Dryers. You will rent your dryers through us. They are currently \$95 per dryer per month. A Splash and Dash will typically start with 1 or 2 dryers, and it will add more as overall volume increases. The dryers are serviced by HurryCanine.

I. Phone / Internet Services. You must use our specified vendor for VOIP phone system and internet services. Currently, the required vendor is Digital South Communications.

J. Bank. You must use one of the following national banks in the operation of your business and payment of fees to us:

JP Morgan Chase
Bank of America
Citigroup
Wells Fargo
US Bancorp
Capital One
HSBC
BB&T
Fifth Third Bank

Us or our Affiliates as Supplier

You purchase our "Splash and Dash Groomerie & Boutique" private label products – shampoo, grooming supplies, dog treats, and printed materials – from us. You purchase your bookkeeping service and your search engine optimization service through us. You purchase from us all retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory and other items built, provided or sourced by us as part of construction assistance described in Item 5. You rent forced air dryers through us. You also subscribe to our point-of-sale software system.

You will purchase shop supplies through our internal e-commerce site. You pay us directly for items listed on the site.

We do not promise that items you purchase through us will be "at cost". We have the right to earn income from products or services we supply.

Ownership of Suppliers

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

Alternative Suppliers

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

Issuing Specifications and Standards

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

Revenue to Us and Our Affiliates

Our affiliate SD Franchise, Inc., will derive revenue from the required purchases and leases by franchisees. Its total revenue in 2022 was \$3,163,119. It received \$525,668 from sales of products and services to franchisees. The percentage of its total revenues that were from required purchases or leases in the prior fiscal year was 16.6%.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 70% to 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 60% to 80% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

Senproco pays us a rebate between 2.5% to 10% from the listed price.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not currently have negotiated purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided to You for Purchases

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

Item 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.5, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.6, 6.7	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.2, 5.3, 6.3, 7.3, 7.8, 7.15, 10.5, 11.1, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.14, 7.16, 7.18, 9.1, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.7, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 4.2, 7.3	Items 6 and 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8

Obligation	Section in agreement	Disclosure document item
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 5.2, 6.3, 7.13, 7.14, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.16	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 6 and 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us (Section 5.2). Upon your request, our vendor BuildM will manage the real estate search process through securing a site for your location. During this process, BuildM will provide the following services: lease terms and negotiation guidance, assess whether the site will meet brand criteria, review letters of intent, and work letters as needed, review shopping center guidelines as needed, manage the site investigation & test fit process, assist in permit and

municipality due diligence and related hand-off to construction when the site is secured (Exhibit A of the Agreement attached to this disclosure document as Exhibit D).

If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises and lease it to you.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. You must find a potential site and submit your site to us for our approval, together with all information and documents about the site that we request. When we accept a site, we will issue a Location Acceptance Letter (in the form of Attachment 2 to the Franchise Agreement).
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* You must engage BuildM to provide construction management services. BuildM will provide the following services (Exhibit A of the RepM Agreement attached to this disclosure document as Exhibit D):

- During the pre-approval phase, BuildM will review the landlord's scope of work; may prepare an existing conditions survey if applicable; and create a preliminary construction budget and schedule.
- During the pre-construction/bid phase, BuildM will manage the architect/engineering firm through the design process if applicable; provide value engineering suggestions where needed; prepare and submit bid packages on your behalf; manage the construction budget and schedule; coordinate final construction drawings where applicable; and prepare a construction draw schedule for the project if needed.

- During the construction process, BuildM will coordinate contract administration between the architect/engineering firm, general contractor, and you as needed; coordinate your approval of any design changes; manage vendors from whom you purchased any materials directly; assess any applicable progress payment applications; coordinate the creation an official punch-list of deficiencies upon substantial completion; and track and update the punch-list until completion and sign-off, where applicable.
- During the closeout phase, BuildM will review the final pay application from the general contractor and final invoices/pay requests from other direct vendors and suppliers; assist with project closeout, including coordination of as-built record drawings, warranty information, and assess lien waivers; and assist with any tenant improvement allowance documentation where applicable.

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

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* As part of your initial development, we will sell you retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, inventory, and other items. We will provide these items to you directly at your expense and will install these items (Section 6.3). We may provide additional development services to you at your expense (Section 6.4).

E. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).

F. *Initial Training Program.* We provide our initial training program. (Section 5.2)

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

H. *Opening marketing plan.* We will work with you to develop an initial marketing plan and budget. (Section 5.2). We will use your \$10,000 marketing deposit to pay vendors and/or to reimburse you for money spent on vendors for approved products and services for your membership pre-sale event, soft opening marketing, and grand opening marketing.

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6 to 12 months. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages, or delayed installation of equipment, fixtures, and signs.

Before you open, you must have pre-sold at least 25 founder memberships or pre-sold a membership dues line of \$1,500 per month.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although we intend to refine and develop products or services that you will offer to your customers from time to time, the franchise agreement does not obligate us to do so.

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

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3).

D. *Establishing prices.* You will offer pet grooming memberships to your customers at the price we set, unless we approve your request for a different price (or unless applicable law prohibits us from setting the prices) (Section 7.4). We provide recommended prices for other products and services. (Section 5.3).

E. *Splash and Dash POS System.* In exchange for our Software Fee, we will license you our proprietary Splash and Dash POS software system, or any replacement or upgraded system. (Section 4.3)

F. *Splash and Dash Technology System.* In exchange for our Technology Fee, we will provide you with access to our technology system. (Section 4.3)

G. *Bookkeeping.* In exchange for our Bookkeeping Fee, we (or an outside vendor) will provide your business with bookkeeping services. Currently, the bookkeeping services include (i) GAAP accounting standards, (ii) a standardized set of general ledger accounts, (iii) standardized expenses through all locations, (iv) tracking expenses which are not part of the standard Splash and Dash business model, and (v) connecting the POS system to online accounting system. You must complete any “Ask Owner Report” (i.e. answer any questions regarding bookkeeping entries) no more than 15 days from receipt. We may alter or cease the bookkeeping service in the future.

H. *Establishing and using administrative and inventory control procedures.* We will provide to you our recommended procedures for administration and inventory control. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

I. *Brand Development Fund.* We will administer the Brand Development Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Brand

Development Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

J. *Website.* We will maintain a website for the Splash and Dash brand, which will include your business information and telephone number. (Section 5.3)

Advertising

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

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

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

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

Brand Development Fund. You and all other franchisees must contribute to our Brand Development Fund. Your contribution is 2% of your adjusted gross sales. We reserve the right to have other franchisees contribute a different percentage or a different amount. Any outlets that we operate also contribute to the Brand Development Fund on the same basis. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request. If not all Brand Development Funds are spent in the fiscal year in which they

accrue, the money will remain in the Brand Development Fund to be spent in the next year. No money from the Brand Development Fund will be spent principally to solicit new franchise sales, although marketing materials may contain information about the availability of franchises.

The Brand Development Fund is not a trust fund. We will not have any fiduciary duty to you or any franchisee in connection with the collections or expenditures of Brand Development Fund. We are under no obligation to ensure that expenditures of the Brand Development Fund are or will be proportionate or equivalent to contributions by any franchisee or that any franchisee will benefit directly or in proportion to the total of Brand Development Contributions it has paid.

In 2022, we used the funds for marketing development, and spent 60% on production and 40% on administrative expenses.

Pre-opening marketing plan. We will work with you to develop an initial marketing plan and budget. When you sign a lease for your business, you must deposit \$10,000 with us to be used for your pre-opening marketing campaign. We will use this deposit to pay vendors and/or to reimburse you for money spent on vendors for approved products and services for your membership pre-sale event, soft opening marketing, and grand opening marketing.

Required spending. In your first 36 months of operation, you must spend at least \$2,000 or 4% of adjusted gross sales (whichever is greater) each month on marketing your business. Thereafter you must spend at least 4% of adjusted gross sales on marketing. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money for you to spend on marketing.

Point of Sale and Computer Systems

We require you to use the proprietary Splash and Dash point-of-sale system and other Splash and Dash technology systems. You will also need a computer and typical office applications (such as word processing, spreadsheets, and email).

The Splash and Dash POS system, referred to as “FIDO,” is critical to the day-to-day operations and management of your franchise. The system will help to track, manage, and analyze the following key areas of operations: employee management, payment processing, client management, reporting, automated marketing and security of information. FIDO is owned by an affiliate of ours. This affiliate licenses the software to us, and we sublicense it to you.

The Splash and Dash technology systems we provide currently include SD Connect (our intranet for sharing information); SD Google Workspaces for collaboration tools like Gmail, Calendar, Meet, Chat, Drive, Docs, Sheets, Slides, Forms, and Sites; two @sd4d.com email addresses (each additional address is \$12 per month); unlimited use of our Predictive Index tool, standard level access to our Learning Management Software (LMS), and 3 seats (users) to the Bloom Growth Software (EOS).

We estimate that a computer and related hardware and software systems will cost between \$5,500 and \$8,000 to purchase.

The Splash and Dash POS system currently costs \$196 per week. The Splash and Dash technology system currently costs \$53 per week. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you to enter into any such contract with a third party. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

The annual cost of our Splash and Dash POS system and the Splash and Dash technology system plus any optional maintenance, updating, upgrading, or support contracts for your computer systems will be \$11,388 to \$16,000.

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

Operating Manual

See Exhibit H for the table of contents of our Operating Manual as of our last fiscal year end, with the number of pages devoted to each subject. The Operating Manual has 404 pages.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Online Training	10-15	-	Remote
Operations Overview: Manual/ Classroom and Overview, Management & Sales Techniques	8	-	Our headquarters in St. Petersburg, FL
Field Operations Managing the Business and overview of the Staff Management	8	16	Our headquarters in St. Petersburg, FL, and store location
Office Applications I Financial Management / Vendors & Operational Supplies/ Monthly Reports/	4	-	Our headquarters in St. Petersburg, FL
Office Applications II Business Practices & Responsibilities/ Accounting 101/ Splash and Dash Office Docs & Filing Systems	4	-	Our headquarters in St. Petersburg, FL

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Marketing and Selling Generating leads for your business Building a clientele Managing the client relationships Selling the Services	16	24	Our headquarters in St. Petersburg, FL, and store location
TOTALS:	40	40*	

* The on-the-job store training is separate from our classroom training. You will pay a \$2,500 training fee, plus your costs of travel, meals, and lodging. We determine the store location based on store availability, proximity to you, and other factors.

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class four to six times per year. You will complete online training courses before you travel to our headquarters in St. Petersburg, Florida for classroom training. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

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

Classroom training classes will be led by Dan Barton. His experience is described in Item 2. He has 13 years of experience in our industry and 11 years of experience with us or our affiliates. Additional trainers will have at least one year of experience with us.

There is no fee to attend the required classroom training. You must pay the travel and living expenses of people attending training.

You must (and your general manager, if you will not be operating the store on a day-to-day level) must attend training. You may send up to a maximum of two people to training. You must complete training to our satisfaction at least four weeks before opening your business.

You and all employees must be recertified in safety programs at least every six months. We do not currently require other additional training programs or refresher courses, but we have the right to create additional training refresher courses which you must attend.

Item 12 TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will be a three-mile radius around your location or have a population of approximately 75,000 people, whichever is less. If your territory is not specified as a radius around your location, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, or trade area). If your business location is not known when you sign your franchise agreement, then we will state your location and territory in a “Location Acceptance Letter” when we approve your location.

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business without our approval, which we will not unreasonably withhold. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control. We may impose conditions on the relocation, including (i) your business will not close for more than 90 days, (ii) you must satisfy the provisions of the franchise agreement regarding developing an outlet, and (iii) you must pay the then-current Construction Assistance Fee.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement (“MUDA”) in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Splash and Dash business, (3) you must be in compliance with all brand requirements at your open Splash and Dash business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. For each future site, you must sign our then-current form of Franchise Agreement, that may be materially different than the original Franchise Agreement that you signed. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty, but you will not receive a refund. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets, and you will lose your right to discounted royalty rates.

Options to Acquire Additional Franchises

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

Territory Protection

We grant you an exclusive territory in your franchise agreement. In your territory, we will not open a Splash and Dash outlet, nor license or franchise another party to open a Splash and Dash outlet.

In the event that you fail to meet the minimum performance standards set forth in the franchise agreement (Section 4.2) for two consecutive years, we have the right to modify or reduce your territory or remove your territory protections. There are no other circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you do not receive an exclusive territory as an area developer. Therefore, with respect to a MUDA, we make the following disclosure: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. Without limiting the generality of the foregoing, we may sell pet foods and other products via our website to customers who reside in your territory. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that (1) you may make sales only to in-store customers, and (2) all marketing and advertising is subject to our approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling dog grooming goods or services similar to those you will offer. The franchise agreement prohibits us from operating or franchising a business that operates a dog grooming business that is competitive with a Splash and Dash business. However, the franchise agreement does not prohibit us from acquiring or being acquired by a competitor of a Splash and Dash business or any person or entity that owns or invested in a competitor of a Splash and Dash business.

Item 13 TRADEMARKS

Principal Trademarks

The following are the principal trademarks that we license to you. The trademarks are owned by our owner, Dan Barton. They are registered on the Principal Register of the United States Patent and Trademark Office:

Trademark	Registration Date	Registration Number
	November 15, 2011	4056130
	June 28, 2016	4986783
KEEPIN' IT SIMPLE PET TREATS	January 30, 2018	5390302
	November 13, 2018	5606528
SPLASH AND DASH	April 21, 2020	6036897
BECAUSE THEY'RE FAMILY	July 20, 2021	6426148

The trademark for registration 4056130 has been renewed. The Section 8 affidavit has been filed and accepted for trademark for 4986783. The other federal trademark registrations are less than six years old and therefore no affidavits are required at this time. The registrations other than 4056130 have not yet been renewed.

We also license the following marks to you. We do not have a federal registration for these principal trademarks. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

Trademark	Application Date	Identification Number
Unlimited Flexibility and Zero Hassle	June 27, 2022	97477218
Play Dirty Live Clean	June 27, 2022	97477304
Because You're Family	June 27, 2022	97477439

Determinations

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

Litigation

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

Agreements

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

Protection of Rights

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

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

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

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

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

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

Copyrights

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

The Splash and Dash point-of-sale software system, referred to as “FIDO,” is owned by an affiliate of ours. This affiliate licenses the software to us, and we sublicense it to you.

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

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

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

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

Proprietary Information

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

The Splash and Dash point-of-sale software system, referred to as “FIDO,” is owned by an affiliate of ours. This affiliate licenses the software to us, and we sublicense it to you.

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

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

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

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You must devote substantial time and attention to the operation of your franchise.

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

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

Management

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

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

If you spend (or expect to spend) less than 30 hours per week (on a rolling 12-week period) at your store location, or if your score on our predictive index is below a 7, then you must hire a full-time general manager.

The general manager of your business (whether that is you or a hired person) must successfully complete our training program. The general manager must take our Predictive Index Assessment and meet the required score.

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law or that prohibits a person from being employed by another Splash & Dash location.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

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

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): § 1(a)	The term of the franchise agreement is 10 years from date of signing. The MUDA will expire on the date that your last franchise is scheduled to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to two additional 5-year terms.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to then-current standard; sign then-current form of franchise agreement and related agreements (including personal guaranty); pay renewal fee; sign general release (unless prohibited by applicable law).</p>
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days (and fully cure within 120 days) after notice from you.</p> <p>If you sign a MUDA, you may terminate it at any time.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.</p>
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel

Provision	Section in franchise or other agreement	Summary
		<p>of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; failure to meet the minimum sales standards for two consecutive years; violation of a zero-tolerance safety requirement; operate in a manner dangerous to health or safety (if not corrected within 48 hours); three defaults in 12 months; cross-termination; failure to meet annual sales minimums for two consecutive years, charge or conviction of, or plea to, a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.</p> <p>MUDA: Failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.</p>
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by us	FA: § 15.1 MUDA: § 7	Unlimited
k. “Transfer” by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor’s approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee and costs; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and guaranty; you’ve made all payments to us and are in compliance with the all contractual requirements; buyer

Provision	Section in franchise or other agreement	Summary
		completes training program; you sign a general release (subject to state law); business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	FA: § 14.6 MUDA: none	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business.
p. Death or disability of franchisee	FA: §§ 2.4, 11.1, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or within five miles of the territory of any other Splash and Dash business operating on the date of termination or expiration.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the franchise agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and written agreements may not be enforceable. However, no claim in made in any written agreement is

Provision	Section in franchise or other agreement	Summary
		intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, St. Petersburg, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Florida (subject to applicable state law).

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

Item 18 PUBLIC FIGURES

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

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Table 1: 2022 Income Statements – 13 Franchise Locations

Location	2022 Income Statements												
	Peachtree City, GA	Southern Pines, NC	Coppell, TX	St James, NY	Chicago, IL	Baton Rouge, LA	Pt Loma, CA	Monroe, NY	Louisville, KY	Meridian, ID	Grand Rapids, MI	Raleigh, NC	Valencia, CA
Year Opened	2015	2018	2015	2015	2017	2018	2017	2015	2021	2016	2017	2021	2019
Revenue - Grooming	938,249	600,830	651,942	442,482	484,317	319,674	315,229	305,842	398,763	267,596	250,618	244,421	74,088
Revenue - Memberships	266,131	344,465	241,055	122,504	60,087	151,038	148,734	156,588	61,321	115,704	58,259	60,522	43,817
Revenue - Retail	31,278	69,111	11,878	48,190	42,628	17,888	14,665	12,934	6,862	6,834	12,739	14,880	1,064
Revenue - Other	73	698	508	319	563	470	31	590	400	625	113	450	-
Total Revenue	1,235,730	1,015,103	905,382	613,495	587,595	489,070	478,659	475,955	467,347	390,758	321,730	320,272	118,968
Discounts	(217,359)	(139,151)	(100,803)	(40,922)	(57,623)	(92,358)	(39,415)	(34,836)	(65,733)	(30,782)	(40,073)	(56,475)	(8,527)
Net Revenue	1,018,371	875,952	804,579	572,573	529,972	396,712	439,244	441,119	401,614	359,976	281,657	263,797	110,441
COGS - Retail	32,511	44,965	4,542	34,326	29,638	12,025	1,354	6,456	2,203	3,522	7,146	6,701	266
Gross Profit	985,860	830,988	800,037	538,246	500,334	384,687	437,889	434,663	399,411	356,454	274,511	257,096	110,175
Marketing & Advertising	8,530	7,490	8,862	3,652	7,256	10,059	1,299	2,367	2,630	2,528	1,459	23,269	2,178
Total Payroll Cost	589,967	386,355	348,376	310,222	238,252	169,000	174,885	247,034	129,784	156,337	71,879	178,799	55,901
Rent	40,021	33,419	35,663	42,374	35,054	27,080	67,587	42,000	42,568	41,984	33,046	39,850	47,138
Royalties	81,470	70,076	64,366	45,806	42,398	31,737	35,139	35,290	32,129	28,798	22,533	21,104	8,835
Other Expenses	122,796	154,215	74,812	80,536	96,857	83,258	71,695	66,906	76,174	57,882	60,855	62,553	30,924
Total Expenses	842,784	651,554	532,079	482,590	419,818	321,135	350,607	393,596	283,285	287,530	189,772	325,574	144,976
Net Operating Income	143,076	179,434	267,958	55,656	80,516	63,552	87,283	41,068	116,126	68,924	84,739	(68,478)	(34,801)
	14%	20%	33%	10%	15%	16%	20%	9%	29%	19%	30%	-26%	-32%

Notes to Table 1:

1. Table 1 contains summary income statements of the 13 Splash and Dash locations that were open for all of 2022. There were 13 Splash & dash locations open for all of 2022.
2. “Net Revenue” means the total of all revenue minus discounts.
3. “COGS – Retail” refers to the Cost of Goods Sold for retail products, and it means the amount paid by the franchisee for retail inventory.
4. “Gross Profit” means Net Revenue minus COGS - Retail.
5. “Total Payroll Cost” is the direct cost of labor. It does not include salary or other compensation paid to franchise owners.
6. “Royalties” is set at 8% of Total Income minus COGS – Discounts. Not all of these locations actually paid an 8% royalty.
7. “Other Fixed Expenses” means insurance, bank fees, marketing fund contributions; accounting and legal expenses, and equipment rent or lease costs.
8. “Other Expenses” means the other expenses of the outlets. However, it excludes any extraordinary expenses reported by franchisees which are not part of the standard Splash & Dash business model, such as a towel service, rental of a storage unit, and mobile phone bills greater than \$150 per month.

9. “Net Operating Income” means Gross Profit minus Total Expenses. It excludes interest, taxes, amortization, and depreciation.

Table 2: Unit Gross Revenue and Compound Annual Growth

	Gross Revenue 2020-2022					Notes
	2020	2021	2022	2021-2022 % Change	CAGR 2020-2022	
Louisville, KY	N/A	\$84,828	\$467,347	451%	N/A	Opened 9/2021
Raleigh, NC	N/A	\$45,025	\$320,272	611%	N/A	Opened 10/21
Peachtree City, GA	\$618,668	\$994,334	\$1,235,730	24%	41%	
Baton Rouge, LA	\$266,254	\$297,030	\$489,070	65%	36%	
Southern Pines, NC	\$577,146	\$869,223	\$1,015,103	17%	33%	
Chicago, IL	\$358,304	\$488,871	\$587,595	20%	28%	
Point Loma, CA	\$291,335	\$440,258	\$478,659	9%	28%	
St James, NY	\$391,655	\$608,419	\$613,495	1%	25%	
Coppell, TX	\$603,855	\$788,661	\$905,382	15%	22%	
Meridian, ID	\$325,739	\$383,181	\$390,758	2%	10%	
Monroe, NY	\$418,117	\$462,467	\$475,955	3%	7%	
Grand Rapids, MI	\$287,416	\$357,537	\$321,730	-10%	6%	
Valencia, CA	\$144,071	\$126,061	\$118,968	-6%	-9%	

Notes to Table 2:

1. Table 2 shows the Gross Revenue of all franchised locations that were open as of December 31, 2022, including the Louisville and Raleigh stores which opened in 2021. There were a total of 13 Splash and Dash locations open at the end of 2021. It does not include locations that closed.
2. Gross Revenue is the total income generated by the business, prior to any discounts and returns.
3. “CAGR” is the Compound Annual Growth Rate, which is the growth rate per year for the period of 2020-2022.

Table 3: 2022 Membership Profit

Membership Profit Margins		
	Membership Total Profit	Profit Percentage
Coppell, TX	\$202,069	71%
Monroe, NY	\$126,582	76%
Peachtree City, GA	\$200,678	86%
Point Loma, CA	\$115,324	78%
St James, NY	\$94,083	75%
Meridian, ID	\$90,333	79%
Grand Rapids, MI	\$41,530	73%
Chicago, IL	\$44,003	74%
Baton Rouge, LA	\$112,077	80%
Southern Pines, Valencia, CA	\$268,953	78%
	\$34,017	79%
Louisville KY	\$53,863	82%
Raleigh, NC	\$47,174	79%
Network Avg	\$110,053	78%
Network Median	\$94,083	78%

Notes to Table 3:

1. Table 3 shows 2022 profit information related to customers with recurring memberships for all 13 of the franchised locations that were open for all of 2022.

2. “Membership Total Profit” is calculated by:

$[(\text{Average Labor Rate per Ticket} / 60) \text{ multiplied by } [\text{Task Times}] \text{ multiplied by } [\text{Average Monthly Visits}]]$.

In this formula:

[Average Labor Rate per Ticket] = For each ticket for that member the average labor associated

[Task Times] = Average of the bathing and grooming tasks for each ticket for that member

[Average Monthly Visits] = Total completed visits over a full year divided by 12

3. “Profit Percentage” is calculated by:

$[(\text{Total Membership Dues}) - ((\text{Total Bath Labor} / 60) * [\text{Task Time}])] / [\text{Total Membership Dues}]$

Table 4: 2022 Membership Base

	Membership Base			
	# of Members	Avg Dues Per Member	Total Tickets	Avg Usage Per Month
Coppell, TX	320	\$66.51	6510	1.7
Monroe, NY	239	\$56.51	3752	1.3
Peachtree City, GA	362	\$53.38	4301	1
Point Loma, CA	211	\$57.85	4489	1.8
St James, NY	135	\$78.40	3217	2
Meridian, ID	142	\$67.42	2845	1.7
Grand Rapids, MI	76	\$62.47	1466	1.6
Chicago, IL	99	\$49.62	1576	1.3
Baton Rouge, LA	227	\$51.37	4058	1.5
Southern Pines, NC	554	\$50.24	7881	1.2
Valencia, CA	56	\$63.91	1158	1.7
Louisville KY	132	\$40.43	979	0.6
Raleigh, NC	121	\$40.32	1060	0.7
Network Avg	206	\$56.80	3330	1.4
Network Median	142	\$56.51	3217	1.5

Notes to Table 4:

1. Table 4 shows 2022 membership for all 13 of the franchised locations that were open for all of 2022.
2. “# of Members” refers to the number of customers who had monthly memberships as of December 31, 2022.
3. “Avg Dues Per Member” is the average amount paid by members per month for membership dues.
4. “Total Tickets” means the total number of service visits by members in 2022.
5. “Avg. Usage Per Month” means the average grooming visits per members per month (Total Tickets divided by # of Members, divided by 12).

Table 5: 2022 Customer Retention

	Retention %		
	Total Months Open	Membership Retention %	Customer Retention %
Coppell, TX	119	98%	93%
Monroe, NY	119	99%	93%
Peachtree City, GA	96	98%	93%
Point Loma, CA	89	93%	90%
St James, NY	88	93%	94%
Meridian, ID	82	98%	93%
Grand Rapids, MI	67	97%	92%
Chicago, IL	66	98%	92%
Baton Rouge, LA	56	97%	90%
Southern Pines, NC	56	99%	92%
Valencia, CA	43	98%	91%
Louisville KY	17	93%	88%
Raleigh, NC	16	95%	86%
Network Avg		97%	91%
Network Median		98%	92%

Notes to Table 5:

1. Table 5 shows information related to customer retention (including customers with recurring memberships) for all 13 of the franchised locations that were open for all of 2022.

2. “Membership Retention” measures how many members of a location keep their membership active. In this chart, Membership Retention % is calculated by:

$$(1 - ([\text{Account Freezes}] + [\text{Account Cancels}]) / ([\text{New Accounts}] + [\text{Total Reinstatements}] + [\text{Total Unchanged}]) / [\text{Active Agreements}]))$$

3. “Customer Retention” refers to a company’s ability to turn customers into repeat buyers and prevent them from switching to a competitor. In this chart, Customer Retention % is calculated by:

$$(1 - ([\text{Customers with 4 Months Zero Spend}] / ([\text{Customers with spend in 1 of last 8 months}] - [\text{Customers less than or equal to 4 months old}]))$$

Table 6: 2022 Non-Member Ticket Averages

	Non-Member Ticket Averages		
		Avg Grooming	Avg Add-on
	Avg Ticket	Service Ticket	Per Ticket
Coppell, TX	\$92.31	\$80.13	\$10.76
Monroe, NY	\$116.87	\$91.61	\$23.18
Peachtree City, GA	\$88.32	\$73.16	\$13.03
Point Loma, CA	\$91.37	\$83.69	\$6.74
St James, NY	\$94.38	\$84.11	\$6.85
Meridian, ID	\$79.41	\$72.69	\$6.14
Grand Rapids, MI	\$91.79	\$73.41	\$15.62
Chicago, IL	\$89.86	\$72.68	\$14.39
Baton Rouge, LA	\$115.91	\$80.97	\$31.00
Southern Pines, NC	\$98.17	\$74.25	\$19.96
Valencia, CA	\$79.06	\$74.78	\$4.10
Louisville KY	\$102.92	\$87.30	\$14.86
Raleigh, NC	\$107.22	\$78.61	\$25.96
Network Avg	\$95.97	\$79.03	\$14.81
Network Median	92.31	\$78.61	14.39

Notes to Table 6:

1. Table 6 shows 2022 sales information for customers who were not members, for all 13 of the franchised locations that were open for all of 2022.
2. The amounts shown reflect gross revenue paid by such customers, prior to any discounts and returns.

Table 7: 2022 Grooming Cuts Breakdown

Location	Avg Cuts per Month by Type		
	Salon Cut	Cute & Casual Cut	Palm Springs Cut
Coppell, TX	147	278	8
Monroe, NY	69	70	23
Peachtree City, GA	348	246	66
Point Loma, CA	176	3	2
St James, NY	198	51	11
Meridian, ID	159	10	1
Grand Rapids, MI	82	4	0
Chicago, IL	244	23	13
Baton Rouge, LA	147	21	2
Southern Pines, NC	184	70	1
Valencia, CA	41	3	2
Louisville KY	183	40	4
Raleigh, NC	59	55	31
Network Avg	157	67	13
Network Median	159	40	4

Notes to Table 7:

1. Table 7 shows average grooming cuts per month for all 13 of the franchised locations that were open for all of 2022, broken down by style of cut.

Other Notes:

1. This Item 19 contains information about Splash and Dash locations operated by franchisees. The information is based on data reported by our franchisees and analyzed by our bookkeeping service. The tables presented are a historic representation based on the past performance of existing outlets.

2. The Splash & Dash businesses used for this Item 19 are located in various different states and have been open for varying lengths of time as of December 31, 2022. They are generally in suburban areas and usually occupy in-line locations in shopping plazas.

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 representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, SD Franchise, Inc. does not make any financial performance representations. We also do not authorize our employees or

representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dan Barton, 10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716, and (888) 232-2257, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION
Table 1

Systemwide Outlet Summary
For Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	14	13	-1
	2021	13	14	+1
	2022	14	13	-1
Company-Owned	2020	1	1	0
	2021	1	0	-1
	2022	0	0	0
Total Outlets	2020	15	14	-1
	2021	14	14	0
	2022	14	13	-1

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Michigan	2020	0
	2021	0
	2022	1
Texas	2020	0
	2021	1
	2022	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2020	0
	2021	1
	2022	1

Table 3
Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
California	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New York	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
Totals	2020	14	0	0	0	0	1	13
	2021	13	2	0	0	0	1	14
	2022	14	0	0	0	0	1	13

Table 4
Status of Company-Owned Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
California	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0

Table 5
Projected Openings As Of December 31, 2022

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

Current Franchisees

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

Former Franchisees

Exhibit I contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

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

Franchisee Organizations

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

Item 21
FINANCIAL STATEMENTS

Exhibit G contains our unaudited opening financial statement as of April 1, 2023. Our fiscal year end is December 31.

Exhibit G also contains the audited financial statements of our affiliate and predecessor, SD Franchise, Inc. (“SDF”) dated as of December 31, 2022, December 31, 2021, and December 31, 2020. These financial statements are provided for disclosure purposes only. As described in Item 1, SDF provides support to franchisees under a Management Agreement with us. SDF is not a party to your franchise agreement and does not guarantee our obligations to you under your franchise agreement.

Item 22 CONTRACTS

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

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. BuildM Agreement
- E. Rider to Lease Agreement
- F. Form of General Release
- K. State Addenda to Agreements

Item 23 RECEIPTS

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

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B
FRANCHISE AGREEMENT



Splash and Dash
GROOMERIE & BOUTIQUE

FRANCHISE AGREEMENT

SUMMARY PAGE

- | | |
|-------------------------------------|----------|
| 1. Franchisee | _____ |
| 2. Initial Franchise Fee | \$60,000 |
| 3. Development Area | _____ |
| 4. Business Location | _____ |
| 5. Protected Store Territory | _____ |
| 6. Opening Deadline | _____ |
| 7. Principal Executive | _____ |
| 8. Franchisee's Address | _____ |

FRANCHISE AGREEMENT

This Agreement is made between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”), and Franchisee effective as of the date signed by SD Franchise (the “Effective Date”).

Background Statement:

A. SD Franchise has created and owns a system (the “System”) for developing and operating a business selling pet products, pet grooming and bathing, and related services under the trade name “Splash and Dash Groomerie & Boutique” (“Splash and Dash”).

B. The System includes (1) methods, standards, and procedures for developing and operating a Splash and Dash business, (2) plans, specifications, equipment, signage, and trade dress for Splash and Dash businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by SD Franchise from time to time.

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

ARTICLE 1. DEFINITIONS

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

“**Adjusted Gross Sales**” means the total dollar amount of all sales (including membership sales) generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Adjusted Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) discounts, coupons, and promotions or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Adjusted Gross Sales). In SD Franchise’s discretion, if Franchisee sells any products or services at a discounted amount (by coupons or otherwise) from its standard prices without SD Franchise’s prior approval, SD Franchise may calculate Adjusted Gross Sales as if Franchisee had sold such products or services at standard prices.

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

“**Brand Development Fund**” means the fund established by SD Franchise into which Brand Development Fund Contributions are deposited.

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

“**Competitor**” means any business which offers pet products, pet grooming, or pet bathing.

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

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

“**Location**” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

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

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

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

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

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Splash and Dash business.

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

“**Software**” means the “FIDO” software owned by SD Franchise or its affiliate and designated by SD Franchise for use by Splash & Dash franchisees, as such software may be modified or replaced from time to time, and any future software designated by SD Franchise.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by SD Franchise, which may without limitation, any procedures, requirements and/or standards for appearance, business

metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Territory**” means the Protected Store Territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

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

“**Zero Tolerance Safety Requirements**” mean the following breaches of Brand Standards related to pet safety: (i) permitting any person to work in the Location that has not completed the Splash and Dash initial training program for new employees, (ii) failing to re-certify employees every six months in safety, (iii) an employee abusing a dog, (iv) failing to take a dog to a veterinarian when called for by Brand Standards, (v) using dryers with heating elements, (vi) delivering a pet to an owner’s vehicle without a collar and leash, (vii) taking a pet on a “potty break”, (viii) failing to report a significant pet injury or other issue or crisis as required by Section 10.6, and (ix) any other Brand Standards related to pet designated as Zero Tolerance policies in the Manual or otherwise in writing by SD Franchise from time to time.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. SD Franchise grants to Franchisee the right to operate a Splash and Dash business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open, and operate a Splash and Dash business at the Location for the entire term of this Agreement.

2.2 Protected Territory. SD Franchise shall not establish, nor license the establishment of, another business within the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Splash & Dash business. This prohibition does not apply to any Splash & Dash business operating or under construction when the Territory is determined. SD Franchise and its affiliates retain the right to do any of the following (all without any compensation to Franchisee):

- (i) establish and license others to establish and operate Splash & Dash businesses outside the Territory, notwithstanding their proximity to the Territory or their potential or actual impact on the Business;
- (ii) operate and license others to operate businesses anywhere, including within the Territory, that sell the same or similar goods or services as a Splash & Dash business under trademarks or service marks that are not the same as or similar to the Marks;
- (iii) sell and license others to sell any products and services in the Territory under any trademarks or service marks (including the Marks) through channels of distribution (including the internet) other than Splash & Dash outlets; and
- (iv) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify SD Franchise within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. SD Franchise is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 30% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to SD Franchise's reasonable approval.

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

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

ARTICLE 3. TERM

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

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of five years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies SD Franchise of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with SD Franchise (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to SD Franchise) renovations and changes to the Business as SD Franchise requires to conform to the then-current System Standards (including a Remodel, if applicable);
- (iv) Franchisee and its Owners execute SD Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;
- (v) Franchisee pays a renewal fee of \$10,000; and
- (v) Franchisee and each Owner executes a general release (on SD Franchise's then-standard form) of any and all claims against SD Franchise, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

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

4.2 Royalty Fee; Minimum Performance.

(a) Royalty Fee. Except as provided in clause (b), Franchisee shall pay SD Franchise a weekly royalty fee (the "Royalty Fee") equal to 8% of Adjusted Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

(b) Minimum Performance Standards.

- (i) Franchisee shall meet the following minimum performance standards relating to annual Adjusted Gross Sales (the "Sales Performance Standard") and annual Membership Billings (the "Membership Billings Performance Standard") each year during the Term of this Agreement. Together, the Sales Performance

Standard and the Monthly Membership Billings Performance Standard are referred to as the “Performance Standards”.

- (ii) For purposes of this Section, “Year 1” begins on the date on which Franchisee first opens the Business (the “Soft Opening Date”), regardless of the date on which the outlet’s “grand opening” occurs (the “Actual Opening Date”), and it ends on the day before the first anniversary of the Actual Opening Date. Each subsequent “Year” begins on the anniversary of the Actual Opening Date and ends on the day before the next anniversary of the Actual Opening date.
- (iii) *Sales Performance Standard.* Franchisee must attain the following annual Adjusted Gross Sales levels each Year during the Term.

Time Period	Annual Adjusted Gross Sales
Year 1	\$250,000
Year 2	\$350,000
Year 3 and thereafter	\$400,000

If Franchisee does not achieve the Sales Performance Standard during any Year, then Franchisee shall pay to SD Franchise an amount equal to (A) the Sales Performance Standard minus Franchisee’s Adjusted Gross Sales for such Year, multiplied by (B) 8% (the “Sales Shortfall Fee”). The Sales Shortfall Fee is payable on demand.

By way of example, if Franchisee had Adjusted Gross Sales of \$170,000 in Year 1, then Franchisee would owe a Shortfall Fee of $(\$250,000 - \$170,000) * 8\% = \$6,400$.

- (iv) *Membership Billings Performance Standard.* Franchisee must attain the following annual Membership Billings each Year during the Term.

Time Period	Annual Membership Billing
Year 1	\$60,000
Year 2	\$120,000
Year 3 and thereafter	\$144,000

If Franchisee does not achieve the Membership Billings Performance Standard during any Year, then Franchisee shall pay to SD Franchise an amount equal to (A) the Membership Billing Performance Standard minus Franchisee’s actual

membership billings for such Year, multiplied by (B) 8% (the “Membership Billings Shortfall Fee”). The Membership Billings Shortfall Fee is payable on demand.

By way of example, if Franchisee had membership billings of \$50,000 in Year 1, then Franchisee would owe a Shortfall Fee of $(\$60,000 - \$50,000) * 8\% = \$800$.

(v) If Franchisee fails to meet both Performance Standards, then Franchisee will owe both fees, calculated independently.

(vi) If Franchisee does not achieve one or both of the Performance Standards during any Year, then in addition to the fees described above, Franchisee shall develop and implement a business plan that SD Franchise must approve in writing to improve performance. If Franchisee does not achieve the Performance Standards in two consecutive years, SD Franchise may reduce the size of Territory, eliminate Franchisee’s protected rights related to the Territory, terminate this Agreement, and/or exercise other remedies available for Franchisee’s default.

4.3 Service Fees.

(a) Software License Fee. Beginning when the Business opens to the public, Franchisee shall pay SD Franchise a fee to license the Splash and Dash proprietary point-of-sale software system (the “Software License Fee”) equal to \$196 per week. Franchisee acknowledges that the software system may be owned by an affiliate of SD Franchise, and the SD Franchise may either sublicense to the software to Franchisee, or SD Franchise may require Franchisee to license the software directly from the affiliate. Franchisee further acknowledges that SD Franchise may contract with an outside vendor to provide this service to Franchisee. SD Franchise may at any time cease collecting this fee and cease providing the software system.

(b) Bookkeeping Fee. Beginning when the Business opens to the public, Franchisee shall pay SD Franchise a weekly fee for bookkeeping services (the “Bookkeeping Fee”) equal to \$185. Franchisee acknowledges that SD Franchise may contract with an outside vendor to provide this service to Franchisee. SD Franchise may at any time cease collecting this fee and cease providing the bookkeeping service.

(c) Technology Fee. Beginning when the Business opens to the public, Franchisee shall pay SD Franchise a weekly fee for use of SD Franchise’s technology system (the “Technology Fee”) equal to \$56. Franchisee acknowledges that SD Franchise may contract with an outside vendor to provide this service to Franchisee. SD Franchise may at any time cease collecting this fee and cease providing the technology systems.

(d) Online Sales Commission. If SD Franchise sells memberships or other products or services via the internet on behalf of Franchisee, SD Franchise may retain a commission. For monthly memberships, the commission will equal one-month membership. SD Franchise may raise the commission up to 1.5 times the price of one-month membership. For grooming membership upgrades, the commission is currently \$5.

(e) Texting / Auto-Phone Calling Fees. As part of SD Franchise’s proprietary point-of-sale software system, Franchisee may utilize optional components for communicating with

customers via text message and/or a pre-recorded phone call. The fee for these services are \$.07 per text sent (the “Texting Fee”) and \$.12 per outbound call (the “Auto-Phone Calling Fee”). SD Franchise may at any time cease providing these services.

(f) Deep Cleaning Inspection Fee. In connection with Franchisee’s obligations as set forth in Section 7.13(b), Franchisee will pay SD Franchise a Deep Cleaning Inspection Fee of \$450 which inspection by SD Franchise must occur no less than 90 days prior to the scheduled three-day closing.

(g) Fee Adjustments. SD Franchise may raise the Bookkeeping Fee, Technology Fee, Texting Fee, Auto-Phone Calling Fee, Check Processing Fee, or other flat fee under this Agreement each calendar year up to the greater of (a) 5% or (b) the national inflation rate over the prior year (based on the Consumer Price Index published by the Bureau of Labor Statistics, or any successor index). SD Franchise may raise the Software Fee by up to 15% each calendar year. If SD Franchise does not raise a fee in a particular calendar year, it may apply such year’s potential 5% increase in a later year. SD Franchise may change the payment period for any fee (such as changing from monthly to weekly or vice versa).

4.4 Marketing Contributions.

(a) Brand Development Fund Contribution. Franchisee shall pay SD Franchise a contribution to the Brand Development Fund (the “Brand Development Fund Contribution”) equal to 2% of Franchisee’s Adjusted Gross Sales (or such lesser amount as SD Franchise determines), at the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution. If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Adjusted Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.5 Replacement / Additional Training Fee. If Franchisee sends an employee to SD Franchise’s training program after opening, SD Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is \$2,500 per person.

4.6 Third Party Vendors. If SD Franchise requires Franchisee to use a designated third-party vendor, SD Franchise has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If SD Franchise does so, it may impose a reasonable markup or charge for administering the payment program.

4.7 Non-Compliance Fee. SD Franchise may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to SD Franchise), after first giving Franchisee 30 days’ written notice of non-compliance and opportunity to cure. If such non-compliance is ongoing after the initial cure period, SD Franchise may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of SD Franchise’s internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of SD Franchise’s other rights and remedies (including default and termination under Section 14.2).

4.8 Reimbursement. SD Franchise may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If SD Franchise does so after Franchisee failed to make a timely payment owed to a supplier or third party, Franchisee shall pay such amount plus a 10% administrative charge to SD Franchise within 15 days after invoice by SD Franchise accompanied by reasonable documentation.

4.9 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, and any other amounts owed to SD Franchise by any the following methods as chosen by SD Franchise (i) authorizing SD Franchise to receive all payments from Franchisee's merchant processor, and to deduct amounts owed to SD Franchise before SD Franchise forwards the remaining balance to Franchisee, (2) by authorized pre-authorized bank draft, or (3) in such other manner as SD Franchise may require. Franchisee shall complete all documentation that SD Franchise may require to implement the payment system.

(b) Calculation of Fees. Franchisee shall report weekly Adjusted Gross Sales to SD Franchise by Tuesday of the following week. Franchisee acknowledges that SD Franchise has the right to remotely access Franchisee's point-of-sale system to calculate Adjusted Gross Sales.

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

(d) Insufficient Funds. SD Franchise may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by SD Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

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

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

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

4.10 Online Revenue Collection and Gift Cards. SD Franchise offers customers of the Business the ability to pay for products and services in advance online and to purchase gift cards online. All payments for products and services and gift cards purchased online will be made by the customer directly to SD Franchise or its affiliate. SD Franchise will remit to Franchisee the gross amount for such products or services after Franchisee has provided the products or services to the customer or the gift card has been redeemed by the customer. Franchisee shall pay to SD Franchise a 3% processing payment fee for all such amounts remitted to Franchisee, which SD will deduct from amounts otherwise payable to Franchisee. Franchisee shall have no right to offer or accept online payments for products or services for its own account. All provisions of Section 7.11 of this Agreement apply. SD Franchise has the right to modify or discontinue the service described in this Section.

4.11 Collection and Remittance of Membership Dues; Holdback. SD Franchise collects membership dues online from customers of the Business online. SD Franchise will remit to Franchisee the total amount of all payments received by SD Franchise for online membership dues, minus (1) the applicable Royalty Fee, (2) the 3% process fee, (3) sales commissions owed to SD Franchise, and (4) amounts owed by Franchisee to SD Franchise for purchases of products and services. SD Franchise may also deduct other amounts owed by Franchisee to SD Franchise. SD Franchise may hold back up to 10% of such monthly membership dues, calculated on a rolling monthly basis, and SD Franchise may offset against such holdback all unpaid fees, expenses and other costs owed by Franchisee under this Agreement.

ARTICLE 5. ASSISTANCE

5.1 Manual. SD Franchise shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Selecting Location. SD Franchise shall provide its criteria for Splash and Dash locations to Franchisee. SD Franchise will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Specifications and Vendors. Within a reasonable period of time after the Effective Date, SD Franchise shall provide Franchisee with (i) applicable System Standards and other specifications as SD Franchise deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) SD Franchise's lists of Approved Vendors and/or Required Vendors.

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

(d) Pre-Opening Training. SD Franchise shall make available its standard pre-opening training to the Principal Executive and up to two other employees, at SD Franchise's headquarters and at a Splash and Dash business designated by SD Franchise. SD Franchise shall not charge any fee for the training portion at SD Franchise's headquarters. SD Franchise will provide five days of training at a Splash & Dash business, in exchange for a \$2,500 fee.

Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. SD Franchise reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Opening Marketing Plan. SD Franchise will cooperate with Franchisee to plan and execute an opening marketing plan for the Business.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, SD Franchise shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent SD Franchise deems reasonable. If SD Franchise provides in-person support in response to Franchisee's request, SD Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, SD Franchise shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. SD Franchise shall provide Franchisee with SD Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. SD Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Bookkeeping. In exchange for the Bookkeeping Fee, SD Franchise (either itself, by an affiliate, or through an outside vendor), will provide bookkeeping services to Franchisee, including (i) GAAP accounting standards, (ii) a standardized set of general ledger accounts, (iii) standardized expenses through all locations, (iv) tracking expenses which are not part of the standard Splash and Dash business model, and (v) connecting the POS system to online accounting system. Franchisee must complete the "Ask Owner Report" (i.e. answer any questions regarding bookkeeping entries) no more than 15 days from receipt. If Franchisee fails to do, SD Franchise may impose the \$250 non-compliance fee described in Section 4.7. SD Franchise may at any time alter or cease the bookkeeping service. SD Franchise and its affiliates are not liable for any errors or omissions unless caused by their gross negligence or intentional misconduct. If Franchisee also engages SD Franchise (or its affiliate or outside vendor) to provide tax services and/or payroll services, SD Franchise and its affiliates are not liable for any errors or omissions unless caused by their gross negligence or intentional misconduct.

(e) Marketing. SD Franchise shall manage the Brand Development Fund.

(f) Internet. SD Franchise shall maintain a website for Splash and Dash, which will include Franchisee's location (or territory) and telephone number.

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

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory. If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page and submit its proposed Location to SD Franchise for acceptance, with all related information and documents SD Franchise may request. Franchisee acknowledges that Franchisee does not have any territorial or other rights to the Development Area and that it is only provided for the purpose of delineating the area within which Franchisee must find an acceptable Location for the Business. If SD Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When SD Franchise accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. SD Franchise shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) **SD Franchise's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and SD Franchise has no liability to Franchisee with respect to the location of the Business.**

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by SD Franchise, Franchisee must submit the proposed lease to SD Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to the landlord's signature to a rider to the lease in the form specified by SD Franchise, with such modifications the landlord and SD Franchise may agree.

6.3 Development.

(a) Generally. Franchisee shall construct (or remodel) and finish the Location in conformity with SD Franchise's System Standards. If required by SD Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining SD Franchise's approval of Franchisee's plans. SD Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by SD Franchise or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and SD Franchise assumes no liability with respect thereto. SD Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

(b) Required Vendor for Construction Management Services. Franchisee shall engage the vendor specified by SD Franchise to provide construction management services. Franchisee must sign the vendor's contract within seven days after signing this Agreement. Franchisee shall comply with the agreement that it signs with the vendor for such services, including timely

payment of all amounts owed to the vendor. Franchisee agrees that SD Franchise has no liability to Franchisee or any other party for any act or omission of such vendor.

(c) **FF&E.** Franchisee shall purchase from SD Franchise the retail fixtures, service fixtures, equipment, retail signage, murals, decorative items, computer and point of sale systems, and inventory, and other certain items, specified in Franchisee's plans. SD Franchise will develop a budget in consultation with Franchisee, and Franchisee will pay for the aforementioned when the budget is approved, but not less than 30 days after the Effective Date. If SD Franchise spends less than budgeted, it will return the excess to Franchisee. If there is a budget shortfall, Franchisee will pay SD Franchise the additional necessary amount upon request.

6.4 New Franchisee Training. Franchisee's Principal Executive (and Franchisee's general manager, if the Principal Executive will not be operating the business on a day-to-day level) must complete SD Franchise's training program for new franchisees to the satisfaction of SD Franchise at least four weeks before opening the Business. As of the date of this Agreement, the training program includes (i) online courses, (ii) five days at SD Franchise's corporate headquarters, and (iii) at Franchisee's option for a \$2,500 fee, five days at a Splash & Dash location selected by SD Franchise. Franchisee is responsible for its travel costs.

6.5 Conditions to Opening. Franchisee shall notify SD Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) SD Franchise has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of SD Franchise's required pre-opening training; (7) Franchisee has conducted the pre-opening marketing campaign required under Section 9.6, (8) Franchisee shall have pre-sold at least 25 Founder Memberships (as set forth in the Manual) or pre-sold a membership dues line of \$1,500 per month (as set forth in the Manual), (9) Franchisee shall have at least 300 Facebook followers for the Business, and (10) SD Franchise has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

6.7 Relocation. If Franchisee requests to relocate the Business, SD Franchise shall not unreasonably withhold its approval. SD Franchise may impose reasonable conditions on the relocation, including (i) the Business will not close for more than 90 days, (ii) the provisions of Sections 6.1, 6.2, 6.3, and 6.5 will apply to the new location, and (iii) Franchisee must pay the then-current Construction Assistance Fee.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards.

(a) **Generally.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other all System Standards as they

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

(b) Zero Tolerance Safety Requirements. Without limiting the generality of the foregoing, Franchisee shall strictly comply with all Zero Tolerance Safety Requirements. If Franchisee or its personnel violates Zero Tolerance Safety Requirement, then in addition to all other rights and remedies of SD Franchise, SD Franchise may impose a fee of up to \$2,500 for the first violation, \$5,000 for the second violation, and \$25,000 for the third violation. The third violation is also grounds for SD Franchise to terminate this Agreement without notice or opportunity to cure. Such fees are not penalties. Franchisee acknowledges that a precise calculation of the full extent of SD Franchise's damages for breach of a Zero Tolerance Safety Requirement is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale.

(a) Generally. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by SD Franchise in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by SD Franchise, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall at all times maintain sufficient levels of inventory to meet customer demand. Franchisee acknowledges that SD Franchise may set reasonable minimum inventory requirements. Franchisee shall perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and any applicable System Standards. Franchisee shall implement any customer satisfaction guaranties or similar commitments regarding products and/or services that SD Franchise may require.

(b) Memberships. Franchisee shall offer, promote, and sell memberships to Splash & Dash, on the terms and conditions (including services and discounts included in membership) specified by SD Franchise. Franchisee shall comply with all System Standards related to memberships determined by SD Franchise from time to time.

(c) Minimum Days and Hours of Operation. Franchisee must be open to public for such days and hours as SD Franchise may specify from time to time. As of the date of this Agreement, the minimum days and hours of operation are Tuesday to Saturday from 8am to 5pm, except for holiday closures on Thanksgiving, Christmas, and New Year's Day, and closing 2 hours earlier on the day before such holidays. Franchisee may also close the Business on any local or state holiday which is generally observed by other retail businesses in the Territory.

7.4 Prices. SD Franchise has the right to set standard required pricing for memberships, which Franchisee must offer unless SD Franchise approves a request for different pricing.

Notwithstanding the foregoing, SD Franchise has no right to (and will not) set prices for memberships where such action would violate applicable law. Franchisee has the right to determine the prices of all other products and services it sells.

7.5 Personnel.

- (a) General Manager.
 - (i) Requirement. If the Principal Executive does not act as the full-time general manager of the Business, or the Principal Executive scores below a 7 on SD Franchise's Predictive Index Assessment, then Franchisee must hire a full-time general manager. If the Principal Executive spends (or is expected to spend) less than 30 hours per week (on a rolling 12-week period) present at and supervising the Business, then Franchisee must hire a full-time general manager.
 - (ii) Qualification. SD Franchise may set minimum qualifications for general managers. Without limiting the generality of the foregoing, prior to hiring, the general manager must complete any job fitness testing system specified by SD Franchise and meet or exceed any minimum score required by SD Franchise on such test. Franchisee must submit proof thereof to SD Franchise prior to hiring.
 - (iii) Single Unit Management. Franchisee shall not have a general manager manage more than one Splash & Dash business without the prior approval of SD Franchise.
 - (iv) Replacement. If a general manager ceases to be employed by Franchisee for any reason, Franchisee must hire a qualified replacement within 60 days. SD Franchise reserves the right to require Franchisee to send the new general manager for SD Franchise's training program (at Franchisee's expense) and pay the fee described in Section 4.5.
- (b) New Employee Training. Before permitting a new employee to begin working at the Business, Franchisee must have the new employee complete an orientation and training program provided by SD Franchise or which is reasonably acceptable to SD Franchise.
- (c) Employee Re-Certification. At least every six months, Franchisee must have each employ complete a re-certification program in pet safety procedures.
- (d) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.
- (e) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.
- (f) Qualifications. SD Franchise may set minimum qualifications for categories of employees employed by Franchisee.

(g) **Sole Responsibility.** Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and SD Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of SD Franchise. Within seven days of SD Franchise's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not SD Franchise) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

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

7.7 Software. Without limiting the generality of Sections 7.1, 8.1, or 12.4, Franchisee shall acquire and use all software and related systems required by SD Franchise. Franchisee shall enter into any subscription and support agreements that SD Franchise may require. Franchisee shall upgrade, update, or replace any software from time to time as SD Franchise may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give SD Franchise unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by SD Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. SD Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business. If SD Franchise responds to a customer complaint, SD Franchise may charge a fee that SD Franchise deems reasonable (currently \$49), and SD Franchise may also require Franchisee to reimburse SD Franchise for any expenses.

7.9 Customer Evaluation and System Compliance Programs.

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

(b) **Secret Shopper Program.** Without limiting the generality of Section 7.9(a), if SD Franchise sends a secret shopper to the Location, Franchisee must pay SD Franchise the cost of

the inspection and report. Currently, the cost is \$100. SD Franchise will not require Franchisee to pay for more than one secret shopper per fiscal quarter, unless Franchisee is in default of this Agreement or if Franchisee failed the prior secret shopper evaluation.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by SD Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by SD Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by SD Franchise, in the manner specified by SD Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Splash and Dash business. If Franchisee honors a gift card or other pre-paid system sold by another location, or vice versa, SD Franchise and Franchisee will cooperate so that the cash received is fairly allocated to the location where that gift card or other pre-paid system is redeemed (subject to fees and charges). Franchisee shall comply with all procedures and specifications of SD Franchise related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

7.12 Safety and Welfare. Franchisee shall at all times maintain high standards of safety, sanitation, and animal welfare at the Business, including without limitation complying with the following obligations:

- (i) not permit use of tobacco, marijuana, alcohol, or illegal drugs at the Business;
- (ii) require that all customers provide accurate records showing appropriate vaccinations of their dogs;
- (iii) comply with the highest industry standards regarding safety, sanitation, and/or animal welfare; and
- (iv) comply with all System Standards related to safety, sanitation, and/or animal welfare.

7.13 Deep Cleaning, Maintenance and Repair.

(a) Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property to the Business as SD Franchise may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

(b) At least once every 36 months, Franchisee must close the Business for three days to complete a “deep cleaning”, which will include repainting the interior, removing and cleaning all trade fixtures and equipment, and such other cleaning tasks as SD Franchise may require. Franchisee will pay SD Franchise the Deep Cleaning Inspection Fee as provided in Section 4(f) and must schedule the deep cleaning with SD Franchise 90 days prior to the intended closing date of the Business for such purposes. SD Franchise will inspect the premises of the Business within 90 days prior to the closing date. Franchisee must also conduct a deep cleaning any time at the direction of SD Franchise if any site visit by a representative of SD Franchise finds unacceptable odors or lack of cleanliness.

7.14 Remodeling. In addition to Franchisee’s obligations to comply with all System Standards in effect from time to time, SD Franchise may require Franchisee to undertake and complete a Remodel of the Location to SD Franchise’s satisfaction. Franchisee must complete the Remodel in the time frame specified by SD Franchise. SD Franchise may require Franchisee to submit plans for SD Franchise’s reasonable approval prior to commencing a required Remodel. SD Franchise’s right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.15 Meetings; National Convention.

(a) The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone and video conference calls) that SD Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

(b) SD Franchise may charge Franchisee the then-current attendance fee for Splash and Dash’s national convention, regardless of whether Franchisee attends. As of the date of this Agreement, the national convention fee is \$2,500.

7.16 Insurance.

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

- (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance (with extra expense) covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy

form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;

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

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

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

7.17 Customer Call Center. SD Franchise has the right to operate (or designate a third party to operate) a customer communications center on behalf of Franchisee and some or all other Splash & Dash franchisees, on such terms and conditions as SD Franchise may determine. The customer communications center will provide such services as SD Franchise determines. SD Franchise may require Franchisee to enter into a separate written agreement for the customer communications center.

7.18 Operating Systems. If required by SD Franchise, Franchisee must implement and follow the EOS Entrepreneurial Operating System® tools and practices, or any similar system designated by SD Franchise.

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

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

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

7.22 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the Splash & Dash Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Splash & Dash businesses.

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

7.24 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by SD Franchise. Franchisee must display at the Business signage prescribed by SD Franchise identifying the Location as an independently owned franchise.

7.25 Communication. Franchisee shall respond promptly to requests for communication from SD Franchise, and in any event within two business days.

7.26 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from SD Franchise. Franchisee shall not take any action which injures or likely to injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by SD Franchise from time to time in accordance with System Standards. SD Franchise may require Franchisee to purchase or lease any Inputs from SD Franchise, SD Franchise's designee, Required Vendors, Approved Vendors, and/or under SD Franchise's specifications. SD Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, SD Franchise shall issue the appropriate System Standards. With respect to products and services sold by SD Franchise or its affiliates, SD Franchise is not obligated to sell "at cost" and may earn income from such products or services.

8.2 Alternate Vendor Approval. If SD Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SD Franchise. SD Franchise may approve or disapprove the alternative vendor in its sole discretion. SD Franchise may condition its approval on such criteria as SD Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. SD Franchise shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If SD Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SD Franchise. SD Franchise may approve or disapprove the alternative Input in its sole discretion.

SD Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing.

(a) Generally. SD Franchise may negotiate prices and terms with vendors on behalf of the System. SD Franchise may receive rebates or payments from vendors in connection with purchases by franchisees. SD Franchise has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. SD Franchise may implement a centralized purchasing system. SD Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as SD Franchise may determine.

(b) Internal E-commerce Site. As of the date of this Agreement, SD Franchise operates an internal e-commerce site through Franchisee must purchase certain items designated by SD Franchise. SD Franchise may cease providing this service in its discretion.

8.5 No Liability of Franchisor. SD Franchise shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Shipment. Products and supplies purchased from SD Franchise shall be delivered to Franchisee's designated destination by SD Franchise's designated carrier, at Franchisee's expense. If SD Franchise is required to ship products or supplies to Franchisee on an expedited basis for any reason, then Franchisee shall pay SD Franchise for the increased cost of freight resulting from such expedited shipments. If any shipment is missing any products or supplies, or the products or supplies included are misstated, misidentified, or damaged, then Franchisee shall notify SD Franchise within five days of receipt. If Franchisee does not so notify SD Franchise, then Franchisee will be deemed to have accepted such items.

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

8.8 Warranties.

(a) SD Franchise Product Warranty. SD Franchise warrants that, with respect to the products purchased by Franchisee from SD Franchise pursuant to this Agreement: (i) all products will be merchantable; (ii) none of the products will be adulterated or misbranded within the meaning of the U.S. Federal Food, Drug, and Cosmetic Act, or will constitute merchandise that cannot be placed into interstate commerce thereunder; and (iii) at the time of tender to Franchisee, SD Franchise will have good title to all products, and those products will be free and clear of all liens and encumbrances. If any product fails to meet the warranties in this Section 8.8(a), then SD Franchise shall, at its option, replace that product, or refund to Franchisee the

purchase price. SD Franchise shall not be responsible for any product that is defective as the result of Franchisee's failure to follow proper operating procedures with respect to the product, misuse or mishandling of the product, improper storage of the product, modification of the product without SD Franchise authorization, or use of the product after its expired shelf life. SD Franchise shall not be responsible for any defect in any product that Franchisee reasonably should have discovered (but did not report to SD Franchise) upon receipt or use, including without limitation products or packaging that appear opened, tampered with, mishandled, or damaged during shipping or delivery, or any product that appears discolored, noxious, or has an expired shelf life. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 8.8(a), SD Franchise MAKES NO REPRESENTATION OR WARRANTY TO FRANCHISEE OR FRANCHISEE'S CUSTOMERS WITH RESPECT TO ANY SD Franchise PRODUCTS OR SUPPLIES, AND SPECIFICALLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED.

(b) Third-Party Warranties. If Franchisee purchases from SD Franchise any items not produced or manufactured by SD Franchise, and if SD Franchise obtained for those items a transferable warranty, then SD Franchise shall transfer that warranty to Franchisee upon Franchisee's purchase. SD Franchise otherwise makes no warranty to Franchisee or to Franchisee's customers for such items. Except as subsequently agreed in writing, SD Franchise shall not be responsible for providing warranty service to Franchisee or to any Franchisee customer for any items. EXCEPT FOR THE WARRANTIES REFERENCED IN THIS SECTION 8.7(b) OR SET FORTH IN SECTION 8.7(a) ABOVE, SD Franchise PROVIDES NO WARRANTY TO FRANCHISEE OR FRANCHISEE'S CUSTOMERS WITH RESPECT TO ITEMS NOT PRODUCED OR MANUFACTURED BY SD FRANCHISEE. THE WARRANTIES, IF ANY, OF THE THIRD-PARTY MANUFACTURER OR SUPPLIER OF SUCH ITEMS, ARE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, OR FITNESS FOR A PARTICULAR PURPOSE.

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

ARTICLE 9. MARKETING

9.1 Implementation. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that

have not been approved by SD Franchise. Franchisee shall implement any marketing plans or campaigns determined by SD Franchise, at Franchisee's expense.

9.2 Use by SD Franchise. SD Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to SD Franchise for such purpose.

9.3 Brand Development Fund.

(a) Account. SD Franchise is not required to hold the Brand Development Fund Contributions from all franchisees in a bank account separate from SD Franchise's other accounts.

(b) Use. SD Franchise shall use the Brand Development Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead for Splash & Dash. The foregoing includes such activities and expenses as SD Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Development Fund (including the compensation of SD Franchise's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Brand Development Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Development Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Development Fund will be spent at SD Franchise's sole discretion, and SD Franchise has no fiduciary duty with regard to the Brand Development Fund. Franchisee acknowledges that the Brand Development Fund is not a trust fund.

(d) Contribution by Other Outlets. SD Franchise is not obligated to (i) have all other Splash & Dash businesses (whether owned by other franchisees or by SD Franchise or its affiliates) contribute to the Brand Development Fund, or (ii) have other Splash & Dash businesses that do contribute to the Brand Development Fund contribute the same amount or at the same rate as Franchisee.

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

(e) Financial Statement. SD Franchise will prepare an unaudited annual financial statement of the Brand Development Fund within 120 days of the close of SD Franchise's fiscal year and will provide the financial statement to Franchisee upon request.

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

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

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

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

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

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

(f) Termination. SD Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Development Fund.

9.5 Required Spending. In Franchisee’s first 36 months after opening the Business, Franchisee shall spend at least 4% of Adjusted Gross Sales (but not less than \$2,000) per month on marketing the Business. Thereafter, Franchisee shall spend Franchisee shall spend at least 4%

of Adjusted Gross Sales each month on marketing the Business. If Franchisee fails to do so, then, in addition to all other remedies available to SD Franchisee, SD Franchise may require Franchisee to contribute the shortfall to the Brand Development Fund. Within 10 days after request by SD Franchise, Franchisee shall furnish proof of its compliance with this Section. SD Franchise has the discretion to determine in good faith what activities constitute “marketing” under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

9.6 Pre-Opening Marketing. Franchisee must implement a pre-opening marketing plan which covers for three separate opening categories: (i) pre-sale of memberships; (ii) soft opening; and (iii) grand opening. Franchisee must obtain SD Franchise’s approval of the pre-opening marketing plan prior to marketing the pre-sale memberships and at least 30 days before the projected soft opening date of the Business. Franchisee shall spend a minimum of \$10,000 on pre-opening marketing of the Business, as follows: (x) \$4,000 to pre-sell memberships after the signing of this Agreement, (y) \$3,000 prior to the soft opening, and (z) \$3,000 prior to the grand opening of the Business. When Franchisee signs a lease for the Business, Franchisee must deposit \$10,000 with SD Franchise to be used for Franchisee’s pre-opening marketing campaign. SD Franchise will use this deposit to pay vendors and/or to reimburse Franchisee for money spent on vendors for approved products and services for Franchisee’s membership pre-sale event, soft opening marketing, and grand opening marketing. If Franchisee does not incur at least \$10,000 of expenses on approved products and services for grand opening marketing, SD Franchise may retain the remaining deposit.

9.7 Internet Marketing. SD Franchise has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as SD Franchise may specify, and only with SD Franchise’s consent. SD Franchise retains the right to approve any linking to or other use of SD Franchise’s website. Franchisee must comply with any internet, online commerce and/or social media policy that SD Franchise may prescribe. SD Franchise shall own all social media accounts, data and content related thereto, including all customer data.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as SD Franchise may specify in the Manual or otherwise in writing. If Franchisee fails to comply with any of these procedures or systems, SD Franchise may charge Franchisee the non-compliance fee set forth in Section 4.8, in addition to all other rights and remedies of SD Franchise.

10.2 Reports.

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

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

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

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

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

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

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

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

10.5 Records Audit. SD Franchise may examine and audit all books and records related to the Business (other than personnel records of Franchisee's employees), and supporting documentation, at any reasonable time. SD Franchise may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by SD Franchise. Franchisee shall also reimburse SD Franchise for all costs and expenses of the examination or audit if (i) SD Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Adjusted Gross Sales by 3% or more for any 4-week period.

10.6 Report of Injuries and Other Significant Issues. Franchisee shall alert SD Franchise as soon as possible (and in any event within 12 hours) of any significant issue or potential crisis relating to the Business. Franchisee shall follow SD Franchise’s policies and procedures for managing public relations and crisis communications as SD Franchise directs in the Manual or otherwise, provided that SD Franchise cannot require Franchisee to act contrary to guidance issued by law enforcement or regulatory agencies. For purposes of this Agreement, a “significant issue or potential crisis” includes (but is not limited to) any allegation or occurrence of abuse, neglect, or mistreatment of a pet; any significant injury to a pet premises of the Business, any serious illness of a pet at the Business; or any claim or allegation of the foregoing.

ARTICLE 11. FRANCHISOR RIGHTS

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

11.2 Inspections. In addition to the Deep Cleaning Inspection set forth in Section 7.13(b), SD Franchise may enter the premises of the Business from time to time at any reasonable time (including during normal business hours) and conduct an inspection. Franchisee shall cooperate with SD Franchise’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. SD Franchise may videotape and/or take photographs of the inspection and the Business. SD Franchise may set a minimum score requirement for inspections, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting SD Franchise’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If SD Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then SD Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 SD Franchise’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, SD Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee. SD Franchise will not have any liability for taking (or declining to take) any such action. Franchisee shall reimburse SD Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default of this Agreement after being given written notice thereof, SD Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by SD Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by SD Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or

similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of SD Franchise are in addition to any other right or remedy available to SD Franchise.

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

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

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

11.8 Business Data. All customer data collected or generated by the Business, and all data collected or generated by the point-of-sale system (other than data regarding employees) is Confidential Information and is exclusively owned by SD Franchise. SD Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

11.9 Delegation. SD Franchise may delegate any right, duty or obligation of SD Franchise under this Agreement to an affiliate or to a third party.

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

11.11 Temporary Control. If (i) Franchisee (or, if Franchisee is an entity, the Owner with the largest interest in Franchisee) dies or becomes incapacitated, (ii) this Agreement is terminated or expires and SD Franchise elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in SD Franchise’s reasonable opinion, constitutes a danger to the health or safety of any person or animal, then SD Franchise may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee’s (or Franchisee’s estate’s) account until this Agreement is terminated, the Business

is transferred, the Business is purchased by SD Franchise, or SD Franchise returns the Business to Franchisee. SD Franchise's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then SD Franchise will account to Franchisee for all net income from the Business during the period in which SD Franchise operates the Business. SD Franchise may collect a temporary management fee equal to 10% of Adjusted Gross Sales for the period in which SD Franchise operates the Business, plus all out-of-pocket expenses incurred by SD Franchise.

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

11.13 Communications with Landlord and Lenders. Franchisee irrevocably authorizes SD Franchise to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

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

11.15 Video Camera Systems. Franchisee shall acquire and use such video camera systems as SD Franchise may require. Franchisee shall give SD Franchise unlimited access to the camera systems, by any means designated by SD Franchise.

ARTICLE 12. INTELLECTUAL PROPERTY

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by SD Franchise, and only in the manner as SD Franchise may require. Franchisee has no rights in

the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of SD Franchise.

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

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) SD Franchise shall defend Franchisee (at SD Franchise's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) SD Franchise shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

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

(c) Control. SD Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks or other intellectual property owned by SD Franchise and/or licensed to Franchisee by SD Franchise.

12.4 Software License.

(a) Grant. SD Franchise grants to Franchisee a nontransferable, nonexclusive single-site license for the Software, solely for use by Franchisee in connection with the Business. This Agreement does not include a grant to Franchisee of any ownership right, title or interest, nor any security interest or other interest, in the Software or any part of the Software, including any and all rights to exclude under patent law, copyright law, oral rights law, trade-secret law, trademark law, unfair competition law or other similar rights.

(b) Revisions. SD Franchise may, from time to time, revise the Software or any part of the Software. SD Franchise reserves the right to add and/or delete, at its sole option, computer programs and/or features of or to the Software. Any updates, replacements, revisions, enhancements, additions or conversions to the Software furnished by SD Franchise to Franchisee will become part of the "Software" under this Agreement and subject to this Agreement.

(c) Rights of SD Franchise. Franchisee recognizes that SD Franchise is supplying the Software and all additional materials and information, including but not limited to all processes, ideas, data and printed material, to Franchisee subject to SD Franchise's proprietary rights. Franchisee agrees with SD Franchise that the Software and all information and/or data supplied by SD Franchise in any form, including but not limited to machine-readable and/or printed form, are trade secrets of SD Franchise embodying substantial creative efforts and confidential information, ideas, and expressions, are protected by civil and criminal law, and by the law of copyright, are very valuable to SD Franchise, and that their use and disclosure must be carefully

and continuously controlled. Accordingly, Franchisee agrees to treat (and take precautions to ensure that its employees treat) the Software as confidential in accordance with the confidentiality requirements and conditions set forth in this Agreement. SD Franchise is not obligated to provide and Franchisee acquires no right of any kind under this Agreement with respect to any source code for the Software.

(d) Ownership. SD Franchise retains title to the Software, the system documentation manuals, any additional materials and information furnished by SD Franchise in any form (including but not limited to object, machine-readable and/or printed form). Franchisee agrees to keep every item to which SD Franchise retains title free and clear of all claims, liens and encumbrances except those of SD Franchise. Any act of Franchisee, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item will be void.

(e) Copies. Franchisee will not (a) copy or duplicate, or permit anyone else to copy or duplicate, the Software in any form, or (b) create or attempt to create, or permit others to create or attempt to create, by reverse engineering or otherwise, the source programs or any part of them from the object program or from any other information made available under this license or otherwise (whether oral, written, tangible or intangible).

(f) Modification or Reverse Engineering. Franchisee will not modify, translate, enhance, merge, reverse engineer, reverse assemble, disassemble, or decompile the Software or any portion of the Software, derive the source code or the underlying ideas, algorithms, structure or organization form of the Software or any portion thereof or otherwise reduce the Software or any portion of the Software to human-readable form. Franchisee may not, and may not attempt to, defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software. Franchisee shall not create any derivative works from the Software. Franchisee agrees that any derivative works created by Franchisee from the Software, including, but not limited to, software or other electronic works, are considered derivative works under U.S. law and that use of the derivative work is subject to the terms and conditions of this Agreement. Derivative works may not be sublicensed, sold, leased, rented, lent, or given away without written permission from SD Franchise.

(g) No Transfer. If Franchisee transfers possession of any copy, modification, translation or merged portion of the Software to another party, the attempt at transfer is void and this license is automatically terminated. Franchisee shall not rent, lease, loan, distribute, sell, sublicense or encumber the Software.

(h) Non-Disclosure. Franchisee agrees not to disclose, publish, display, translate, release, transfer or otherwise make available the Software or any part of the Software to any person, without the written consent of SD Franchise, which may be withheld with or without cause. Franchisee agrees that it will take all necessary action including, but not necessarily limited to, instructing and entering into agreements with all of Franchisee's employees, agents, representatives, affiliates, subsidiaries, and/or other third persons/entities associated with Franchisee to protect the copyright and trade secrets of SD Franchise in and to those materials licensed under this Agreement and to assure Franchisee's compliance with its obligations under this Agreement. Franchisee shall use its best efforts to assist SD Franchise in identifying and

preventing any unauthorized use, copying or disclosure of the Software or any portions thereof. Without limitation of the foregoing, Franchisee shall advise SD Franchise immediately in the event Franchisee learns or has reason to believe that any person who Franchisee has given access to the Software, or any portion thereof, has violated or intends to violate the terms of this Agreement. The provisions of this Section will survive the termination of this Agreement.

(i) Security. Franchisee understands and agrees that SD Franchise may from time to time adopt whatever mechanical or other electronic methods that SD Franchise deems necessary (in its sole and exclusive judgment) to prevent the unauthorized use and/or distribution of the Software.

(j) Warranty; Limitation of Liability. SD Franchise warrants that it has no actual knowledge that the Software infringes any valid rights of any third party. SD Franchise further warrants the Software will perform in accordance with the specifications provided by SD Franchise to Franchisee. THE WARRANTY PROVIDED FOR HEREIN IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, THAT MAY ARISE EITHER BY AGREEMENT BETWEEN THE PARTIES OR BY OPERATION OF LAW, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN THE EVENT OF A CLAIM BY FRANCHISEE UNDER THIS WARRANTY OR OTHERWISE WITH RESPECT TO THE SOFTWARE, SD FRANCHISE SHALL HAVE THE OPTION TO EITHER REPAIR OR REPLACE THE SOFTWARE. IN NO EVENT SHALL SD FRANCHISE'S LIABILITY RELATED TO THE SOFTWARE EXCEED THE AMOUNT OF ANY FEES PAID BY FRANCHISEE FOR THE SOFTWARE.

(k) Discontinuance. SD Franchise reserves the right, as part of its rights to modify the System from time to time, to discontinue licensing the Software to Franchisee and to require Franchisee to acquire different software.

(l) Remote Access. Franchisee shall give SD Franchise unlimited remote access to the Software by any means designated by SD Franchise.

(m) Expiration or Termination. Franchisee's right to use the Software will terminate upon the expiration or termination of this Agreement. Franchisee shall delete all copies of the Software and return any documentation or manuals related to the Software upon termination or expiration of this Agreement.

(n) Separate License. SD Franchise may at any time require Franchisee to execute a separate Software License Agreement for the Software, with the licensor being SD Franchise, its affiliate, or an unrelated third-party which owns the Software (as the case may be).

12.4 Name. If Franchisee is an entity, it shall not use the word "Splash & Dash" in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by SD Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the

Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by SD Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by SD Franchise (except for Confidential Information which SD Franchise licenses from another person or entity). Franchisee acknowledges that all customer data generated or obtained by Franchisee is Confidential Information belonging to SD Franchise. This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

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

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee’s Territory or within five miles the territory of any other Splash and Dash business operating on the date of expiration, termination, or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and within five miles of the territory of any other Splash and Dash business operating on the date of termination.

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

13.3 General Manager and Key Employees. If requested by SD Franchise, Franchisee will cause its general manager and other key employees reasonably designated by SD Franchise to sign SD Franchise’s then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if SD Franchise violates a material provision of this Agreement and after receiving written notice from Franchisee detailing the alleged default, SD Franchise fails to either (a) cure the violation within 30 days or (b) make substantial progress toward curing the violation within 30 days and fully

cure the violation within 120 days. Termination by Franchisee is effective 10 days after SD Franchise receives written notice of termination.

14.2 Termination by SD Franchise.

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

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

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

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to SD Franchise;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

- (viii) Franchisee or any Owner slanders or libels SD Franchise or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by SD Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) three violations of Zero Tolerance Safety Requirements;
- (xi) the Business is operated in a manner which, in SD Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person or animal, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from SD Franchise or otherwise);
- (xii) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xiii) SD Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give SD Franchise the right to terminate this Agreement);
- (xiv) Franchisee shall have failed to meet the Performance Standards as set forth in Section 4.2 for any two consecutive years;
- (xv) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xvi) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in SD Franchise's opinion is reasonably likely to materially and unfavorably affect SD Franchise's brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to SD Franchise based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to SD Franchise all copies of the Manual, Confidential Information and any and all other materials provided by SD Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and delete all Confidential Information and proprietary materials from electronic devices;

- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to SD Franchise or any new franchisee as may be directed by SD Franchise, and Franchisee hereby irrevocably appoints SD Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

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

14.5 Liquidated Damages. If SD Franchise terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to SD Franchise a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to SD Franchise under this Agreement for the last 52 full weeks that Franchisee operated the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 full weeks, then (x) will equal the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to SD Franchise during the full weeks that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to SD Franchise" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of SD Franchise's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to SD Franchise under this Section will be in lieu of any direct monetary damages that SD Franchise may incur as a result of SD Franchise's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to SD Franchise after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, SD Franchise's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which SD Franchise is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that SD Franchise may have under this Agreement or otherwise.

14.5 Other Claims. Termination of this Agreement by SD Franchise will not affect or discharge any claims, rights, causes of action or remedies (including claims for SD Franchise’s lost future income after termination), which SD Franchise may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, SD Franchise will have the right (but not the obligation) to purchase all of the assets (or any particular assets chosen by SD Franchise) related to the Business, and/or to require Franchisee to assign its lease or sublease to SD Franchise. To exercise this option, SD Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The price of all tangible assets will be their book value after deducting regular, bonus, and immediate expensing allowance depreciation and amortization. SD Franchise’s purchase will be of assets only (free and clear of all liens), and it will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, nor any goodwill or “going concern” value for the Business, nor any value of memberships or subscriptions by customers. SD Franchise may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by SD Franchise. If SD Franchise exercises the purchase option, SD Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; and (b) amounts paid or to be paid by SD Franchise to cure defaults under Franchisee’s lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to liens, SD Franchise may pay a portion of the purchase price directly to the lienholders to pay off such liens. SD Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee’s taxes and other liabilities are paid. SD Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

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

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

- (i) SD Franchise receives a transfer fee equal to \$15,000 plus any broker fees and other out-of-pocket costs incurred by SD Franchise (provided that no transfer fee will be charged for a Transfer to the spouse, child, or sibling of an Owner);
- (ii) the proposed Transferee and its owners have completed SD Franchise’s franchise application processes, meet SD Franchise’s then-applicable standards for new franchisees, and have been approved by SD Franchise as franchisees;

- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes SD Franchise's then-current form of franchise agreement and any related documents, which may contain materially different provisions;
- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to SD Franchise and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, in full, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to SD Franchise or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as SD Franchise may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of SD Franchise in a form satisfactory to SD Franchise; and
- (ix) the Business fully complies with all of SD Franchise's most recent System Standards.

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

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

15.5 SD Franchise's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3), SD Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to SD Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of SD Franchise's receipt of such copy, SD Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, SD Franchise may pay the equivalent value in cash for the purchase price). If SD Franchise does not exercise its right of

first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

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

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

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to SD Franchise) SD Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against SD Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business or any act or omission of Franchisee. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from claims which Franchisee proves arose solely as a result of any Indemnitee's willful misconduct or gross negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

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

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim arising out of or relating to this Agreement (including its formation and any question of arbitrability), shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where SD Franchise's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also

may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) **Intellectual Property Claims.** Either party may bring a claim involving an alleged infringement of any of SD Franchise's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) **Confidentiality.** All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for SD Franchise to comply with laws and regulations applicable to the sale of franchises.

(f) **Performance During Arbitration or Litigation.** Unless this Agreement has been terminated, SD Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term, SD Franchise's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to SD Franchise but for the termination.

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

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

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

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

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. SD Franchise is not a fiduciary of Franchisee. SD Franchise does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect SD Franchise's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. SD Franchise has no liability for Franchisee's obligations to any third party whatsoever.

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

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

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

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

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

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

18.8 Governing Law. The laws of the state of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice

address set forth in the Summary Page; and (B) if to SD Franchise, addressed to 10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, SD Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

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

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

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

[Signatures on next page]

Agreed to by:

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

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

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

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

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

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

State: _____

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

Name	Shares or Percentage of Ownership

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

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by SD Franchise Holdings, Inc. for your Splash and Dash franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

2. The Territory of the Business is:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”).

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

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to SD Franchise, its affiliates, and their successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to SD Franchise and its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and SD Franchise or its affiliates upon demand from SD Franchise. Guarantor waives (a) acceptance and notice of acceptance by SD Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that SD Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

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

Confidential Information. Guarantor acknowledges that all Confidential Information is owned by SD Franchise or its affiliates (except for Confidential Information which SD Franchise licenses from another person or entity). This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

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

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or within five miles of the territory of any other Splash and Dash business operating on the date of expiration, termination, or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and within five miles of the territory of any other Slash and Dash business operating on the date of termination.

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

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

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to SD Franchise all costs incurred by SD Franchise

(including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Attachment 4 to Franchise Agreement

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND ACCOUNTS

This Conditional Assignment of Telephone Numbers and Accounts (this “Assignment”) is executed by _____, a _____ (“Franchisee”) in favor of in favor of SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”).

Background Statement: Franchisee is entering into a Franchise Agreement with SD Franchise for the franchise of a Splash & Dash business (the “Franchise Agreement”). In order to protect SD Franchise’s interest and control of Splash & Dash, Franchisee agrees that SD Franchise has the right to control the telephone numbers, directory listings, and internet marketing accounts related to Splash & Dash if the Franchise Agreement is terminated.

Franchisee agrees as follows:

1. Conditional Assignment. Franchisee hereby assigns to SD Franchise (or its designee) all of Franchisee’s rights, title and interest in and to all telephone numbers, telephone directory listings, email accounts, websites, social media accounts, other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Numbers and Accounts”) associated with Splash & Dash and used from time to time in connection with the operation of Franchisee’s Splash & Dash business. This Assignment is for collateral purposes only. SD Franchise will have no liability or obligation of any kind arising from or in connection with this Assignment, unless SD Franchise notifies the service provider of the Number or Account (the “Provider”) to effectuate the assignment of the Numbers and Accounts to SD Franchise. Upon termination or expiration of the Franchise Agreement, SD Franchise will have the right to assume ownership of the Numbers and Accounts. In such an event, Franchisee will have no further right, title or interest in the Numbers and Accounts but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective.

2. Miscellaneous. This Assignment shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 2. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Assignment as if fully set forth herein. This Assignment constitutes the entire agreement of the parties concerning the subject matter hereof. No modification, amendment, waiver, or termination of this Assignment will be effective unless it is in writing and signed by SD Franchise. No delay, forbearance, or omission by SD Franchise to exercise any right will constitute a waiver of such right.

[Signature on next page]

FRANCHISEE:

[if an individual:]

Name: _____
Date: _____

[if an entity:]

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

Exhibit C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, SD Franchise and Franchisee have entered into a Franchise Agreement for the franchise of a Splash and Dash business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). SD Franchise and Franchisee desire that Franchisee develop multiple Splash and Dash businesses.

1. Multi-Unit Commitment.

(a) Development Schedule. Franchisee shall develop and open Splash and Dash businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee	Royalty Rate
1	180 days after Effective Date	1	\$60,000	8.0%
2	2 years after Effective Date	2	\$55,000	8.0%
3	2 years after Effective Date	3	\$45,000	8.0%
4	4 years after Effective Date	4	\$45,000	8.0%
5	4 years after Effective Date	5	\$45,000	7.5%

(b) Payment. Upon execution of this MUDA, Franchisee shall pay all of the Initial Franchise Fees to SD Franchise. This payment is not refundable.

(c) Reduced Royalty Rate. For so long as Franchisee complies with the development schedule above, Franchisee will pay the royalty rate set forth above in Section 1(a) for the applicable Store. Notwithstanding the foregoing, if Franchisee breaches the development schedule or this MUDA is terminated for any reason, the royalty rate for each Store that is less than 8% of Adjusted Gross Sales will automatically revert to 8% of Adjusted Gross Sales.

2. Form of Agreement. For the initial unit, Franchisee and SD Franchise have executed the Franchise Agreement simultaneously with this MUDA. For each additional Splash and Dash franchise store thereafter, Franchisee shall execute SD Franchise’s then-current standard form of franchise agreement at least 90 days before the deadline for opening, and no later than three business days after Franchisee leases or acquires a location. This MUDA does not give

Franchisee the right to construct, open, or operate a Splash and Dash business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Splash and Dash business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Splash and Dash business.

3. Development Area. Franchisee shall locate each Splash and Dash business it develops under this MUDA within the following area: _____
_____ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Splash and Dash businesses in the Development Area.

4. Default and Termination. SD Franchise may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) SD Franchise has the right to terminate any franchise agreement between SD Franchise and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not SD Franchise actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee’s commitment to develop Splash and Dash businesses is in the nature of an option only. If SD Franchise terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to SD Franchise for lost future revenues or profits from the unopened Splash and Dash businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee’s right to develop each Splash and Dash franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Splash and Dash business, in the reasonable judgment of SD Franchise, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Splash and Dash businesses, and not in default under any Franchise Agreement or any other agreement with SD Franchise.

7. Dispute Resolution; Miscellaneous. The laws of the State of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of SD Franchise, and any Transfer without SD Franchise’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]

Agreed to by:

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____
Name: Dan Barton
Title: Chief Executive Officer
Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

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

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

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

EXHIBIT D
BUILDM AGREEMENT

AGREEMENT FOR SERVICES

This Agreement for Services (the “Agreement”) is made _____ (the “Effective Date”), by and between **RPM43, LLC**, a North Carolina limited liability company having an address of 19924 Jetton Rd Cornelius, NC 28031 (“Consultant”), and _____, a _____ having an address of _____ (“Client”), with reference to the facts set forth in the Recitals below:

RECITALS

- A. Consultant is a limited liability company engaged in the business of providing project management services.
- B. Client is a franchisee of Splash and Dash (“Franchisor”), and Franchisor has approved Client’s application to license a new store location in the _____ geographic market (the “Market”). The store location ultimately selected by Client, if applicable, is hereinafter referred to as the “Unit”.
- C. Client desires to retain Consultant to perform the services described in Section 2 below and Client and Consultant desire to set forth their understanding and agreement with respect to such services.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Term of Agreement.** This Agreement shall remain in full force and effect for a term (the “Term”) commencing on the Effective Date and, unless sooner terminated as provided below, expiring upon the date that a certificate of occupancy for the Unit has been issued by the applicable governmental authority.
- 2. **The Services.** On the terms and subject to the conditions of this Agreement, Client hereby retains Consultant on an exclusive basis to provide the construction project management services described on the attached **Exhibit “A,”** which are hereby incorporated by reference into this Agreement as if fully set forth in this Agreement (the “Services”).
- 3. **Pricing.** Client shall remit fees for Consultant’s services in accordance with the pricing set forth in the attached **Exhibit “B.”**
- 4. **Client’s Cooperation.** Client shall use commercially reasonable efforts to assist and cooperate with Consultant and Consultant Personnel (as defined in Section 5 below) whenever necessary by making Client personnel available to Consultant for consultation, providing reasonable access to the Unit, and providing other information and data reasonably necessary for the performance of the Services.
- 5. **Consultant Personnel.** Consultant shall provide a sufficient number of its employees and/or agents (“Consultant Personnel”) necessary to perform the Services.
- 6. **No Authority to Execute Agreements.** Consultant shall have no right or power to enter into any contract, agreement or other similar document in the name of or on behalf of Client, or to otherwise obligate Client in any manner, without the prior written consent and approval of Client. Notwithstanding the foregoing, Consultant shall have the right to negotiate on Client’s behalf and, as evidence of the same, Client shall promptly execute the authorization letter attached hereto as **Exhibit “C”** upon request from Consultant.
- 7. **Independent Contractor.** This Agreement does not establish an employer-employee relationship between Client and Consultant. Consultant Personnel are not employees or agents of Client, and Consultant shall exercise full control and supervision over the performance, employment, direction, compensation and discharge of any and all of Consultant Personnel and Consultant’s obligations.
- 8. **Use of Deliverables; Confidentiality.** From time to time during the Term of this Agreement, Consultant may disclose non-public, proprietary and confidential information that may include, and not be limited to,

reporting and data management structures, business process management practices, real estate project management techniques, vendor lists, customer lists, franchisor and franchisee lists, pricing information and information generally related to Consultant's Services, in written form or orally made and such information may or may not be specifically designated as "confidential" at the time of disclosure and shall also include this Agreement, the negotiations leading up to this Agreement and the pricing set forth in this Agreement (hereinafter, "Confidential Information"). Client shall keep Confidential Information in strict confidence and shall not disclose Confidential Information to any third party unless required by law. Client may only disclose Confidential Information to its lawyers, accountants, and financial advisors ("Representatives") provided such Confidential Information is required for such Representatives to perform their services to Client and provided further that such Representatives are bound by the confidentiality obligations similar to those set forth in this Section. This Section shall survive termination of this Agreement for any reason.

9. **Termination.** Consultant may terminate this Agreement prior to the expiration date as set forth in Section 1 above upon the breach of this Agreement by Client. If this Agreement is terminated as provided pursuant to this Section 9, Consultant shall be paid for all Services through the effective date of termination.
10. **Indemnification.** Client acknowledges that Consultant's pricing of the Services, and Consultant's willingness to perform the Services in accordance with this Agreement, are based upon the risk allocation provisions set forth in this Agreement, including but not limited to the Indemnification provisions contained in this Section 10. Client shall indemnify, defend and hold Consultant harmless from all liability, claims for damages, loss, costs, expenses (including but not limited to the costs of defense or settlement of any such claim, including reasonable attorney's fees actually incurred) arising out of or in connection with (i) any breach of this Agreement by Client, (ii) any act or omission by Client, (iii) any expenditures authorized pursuant to Section 6, and/or (iv) any Services performed by Consultant in accordance with this Agreement.
11. **Limited Warranty.** Consultant warrants that it shall perform the Services using Consultant Personnel of commercially reasonable skill, experience and qualifications. CONSULTANT (a) MAKES NO WARRANTIES EXCEPT FOR THOSE SET OUT ABOVE; AND (b) DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
12. **Limitation of Liability.** IN NO EVENT SHALL CONSULTANT BE LIABLE TO CLIENT OR TO ANY THIRD PARTY FOR ANY LOSS OR USE, REVENUE, OR PROFIT, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES WAS FORSEEABLE AND WHETHER OR NOT CONSULTANT HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL CONSULTANT'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID TO CONSULTANT BY CLIENT. No principal, manager, member, officer, director, employee, or partner of Consultant shall have any personal liability under any provision of this Agreement. If Consultant defaults in the performance of any of its obligations under this Agreement or otherwise, Client shall look solely to Consultant's assets, and not to the assets, interest, or rights of any principal, manager, member, officer, director, employee, or partner of Consultant for satisfaction of Client's remedies.
13. **Notices.** All notices, requests, demands, claims, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) at the time of delivery when physically delivered, (b) three (3) days after having been deposited in the United States Mail, as certified or registered mail (with return receipt requested and with first class postage pre-paid), or (c) one (1) business day after having been transmitted to a third party providing delivery services in the ordinary course of business which guarantees delivery on the next business day after such transmittal (e.g., via Federal Express), all of which notices or other communications shall be addressed to the recipient at the address set forth in the recitals above.

- 14. **Governing Law; Venue.** The Agreement will be governed by the laws of the State of North Carolina without regard to its conflict of laws principles. Any dispute, controversy or claim arising out of or relating to this Agreement shall be brought in any court of general jurisdiction in Mecklenburg County, North Carolina.
- 15. **No Solicitation or Hire:** During the engagement with Consultant and for two (2) years following termination of such engagement, Client agrees not to directly recruit, solicit, or induce for employment, or hire for employment, any employee of Consultant with whom Client dealt or learned of through such engagement.
- 16. **Penalties for Late Payments.** Payments of all fees shall be made promptly and in accordance with the fee schedule set forth in Exhibit B. If Consultant receives payment fifteen (15) days after the due date or later Consultant may impose a late fee the greater of 15% of the invoiced amount or an amount permitted by law, compounded monthly. If Client has not paid an invoice for more than 30 days, Consultant may refer collection of the unpaid amount to a collection agency or attorney. Client shall pay all reasonable fees, attorneys' fees, costs and expenses associated with bringing any action to enforce this Agreement, including any counterclaims brought by Consultant.
- 17. **Force Majeure.** No party shall be liable or responsible to the other for any loss or damage or for any delays or failure to perform under this Agreement due to causes beyond its reasonable control, including but not limited to, acts of God, employee strikes, epidemics or global pandemics, war, riots, flood, sabotage, terrorist acts or any other circumstances of like character. Specifically excluded from the foregoing are any obligations to make a payment under this Agreement.
- 18. **Miscellaneous.** If any provision, or any portion of any provision, contained in this Agreement is held unenforceable, then it shall, to that extent alone, be deemed omitted and this Agreement shall be construed as if such unenforceable provision had never been contained herein. Waiver by either party of any default by the other party shall not be deemed a waiver of any other default. No provision of this Agreement shall be deemed waived, amended, or modified by either party, unless it is in writing and signed by both parties. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. All prior agreements, representations, statements, negotiations, understandings, and undertakings are superseded by this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all or which together shall constitute one document. The terms, conditions, and warranties contained in this Agreement that are intended to survive the expiration or termination of this Agreement shall survive. Client shall not assign this Agreement without Consultant's prior written consent. Consultant may assign this Agreement, in whole or in part, to an affiliate without Client's consent.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Effective Date.

CLIENT:

 a _____

By: _____
 Name: _____
 Title: _____

CONSULTANT:

RPM43, LLC,
 A North Carolina limited liability company

By: _____
 Robert A. Cambruzzi II, Manager

EXHIBIT A
Description of Services

Real Estate & Construction Project Management Services

- If requested by Client, Consultant may manage the real estate search process through securing a site for the Unit. During this process Consultant may provide the following services: lease terms and negotiation guidance, assess whether the site will meet brand criteria, review letters of intent, and work letters as needed, review shopping center guidelines as needed, manage the site investigation & test fit process, assist in permit and municipality due diligence and related hand-off to construction when the site is secured.
- During the pre-approval phase, Consultant will review the landlord's scope of work; may prepare an existing conditions survey if applicable; and create a preliminary construction budget and schedule.
- During the pre-construction/bid phase, Consultant will manage the architect/engineering firm through the design process if applicable; provide value engineering suggestions where needed; prepare and submit bid packages on Client's behalf; manage the construction budget and schedule; coordinate final construction drawings where applicable; and prepare a construction draw schedule for the project if needed.
- During the construction process, Consultant will coordinate contract administration between the architect/engineering firm, general contractor, and Client as needed; coordinate Client's approval of any design changes; manage vendors from whom Client purchased any materials directly; assess any applicable progress payment applications; coordinate the creation an official punch-list of deficiencies upon substantial completion; and track and update the punch-list until completion and sign-off, where applicable.
- During the closeout phase, Consultant will review the final pay application from the general contractor and final invoices/pay requests from other direct vendors and suppliers; assist with project closeout, including coordination of as-built record drawings, warranty information, and assess lien waivers; and assist with any tenant improvement allowance documentation where applicable

EXHIBIT B
Services Pricing

Construction Project Management Services:

Total fee is \$18,500.00 (the “RPM Fee”) for Services. The RPM Fee is non-refundable. The first portion of the RPM Fee (\$13,875.00) shall be paid to Consultant within three (3) days from the execution of this Agreement. The second portion of the RPM Fee (\$4,625.00) shall be paid to Consultant within three (3) days after the commencement of construction. Time is of the essence in remitting all payments. Failure to timely remit such payment may cause interest and penalties to accrue.

Client shall also reimburse Consultant reasonable travel and lodging costs and expenses, plus an additional administrative fee of \$500.00 per site visit. There is no administrative fee for the first site visit. Expense reimbursements will be billed in arrears based on the expenses incurred during the prior month. Amounts invoiced will be due within fifteen (15) days of Client’s receipt. Additionally, Consultant shall have the right to charge a reasonable administrative fee for any furniture, fixtures, and/or equipment that it procures on Client’s behalf.

Note- RPM will obtain clients approval prior to any travel.

EXHIBIT “C”
Authorization to Act on Client’s Behalf

<CLIENT LETTER HEAD>

SENT VIA E- MAIL

DATE

LL LEGAL ENTITY

Attn: LL CONTACT

LL ADDRESS on behalf of Company

CITY, STATE/PROV ZIP

RE: Notification of Consulting Partnership with RPM43, LLC (“RPM”)

TENANT ENTITY (PER LEASE ABSTRACT)

STORE #

STORE ADDRESS

Dear LL NAME:

Please be advised that _____ (“Company”) has engaged RPM as its advisor to assist in certain real estate functions pertaining to the management of the above-referenced store. You may be contacted by a representative of RPM, specifically pertaining to construction activities under the abovementioned lease. Company has authorized RPM to enter negotiations on behalf of Company, but RPM retains no execution authority.

Thank you in advance for your cooperation in this matter. We look forward to continuing our successful partnership.

Sincerely

EXHIBIT E

RIDER TO LEASE AGREEMENT

Landlord: _____
Notice Address: _____

Telephone: _____

Franchisor: SD Franchise Holdings, Inc.
Notice Address: 10901 Roosevelt Blvd, Suite
1100, St. Petersburg, FL 33716
Telephone: (888) 232-2257

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used for the operation of a Splash and Dash business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease unless otherwise agreed by Landlord. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Splash and Dash brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant’s right of possession of the Leased Premises, Franchisor

or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. Temporary Motorhome Parking. Franchisor may provide periodic training and other services to Tenant during the term of the Franchise Agreement. In connection with such training and other services, Franchisor may determine to provide such services from a motorhome located at the Leased Premises and/or use the motorhome as lodging while providing such services. Accordingly, during the term of the Lease, Tenant and Landlord consent to Franchisor temporarily locating a motorhome at the Leased Premises in order to provide such services to Tenant.

9. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

EXHIBIT F

FORM OF GENERAL RELEASE

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

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

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

5. State Addenda.

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

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

Agreed to by:

Name: _____
Date: _____

EXHIBIT G
FINANCIAL STATEMENTS

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

SD Franchise Holdings Inc

Balance Sheet
As of April 13, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1500 Checking	100,000.00
Total Bank Accounts	\$100,000.00
Total Current Assets	\$100,000.00
TOTAL ASSETS	\$100,000.00
LIABILITIES AND EQUITY	
Liabilities	
Long-Term Liabilities	
Loan from Dan J Barton	100,000.00
Total Long-Term Liabilities	\$100,000.00
Total Liabilities	\$100,000.00
Equity	
Retained Earnings	0.00
Net Income	0.00
Total Equity	\$0.00
TOTAL LIABILITIES AND EQUITY	\$100,000.00

**SD FRANCHISE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

**SD FRANCHISE, INC.
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Notes to Financial Statements	6 - 8

MONIS J. SIDDIQUI, CPA P.C.
Certified Public Accountant
917.309.5670

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
SD Franchise, Inc.

Opinion

We have audited the financial statements of SD Franchise, Inc. which comprise the balance sheets as of December 31, 2022, and the related statements of operations and changes in shareholder's (deficit), and cash flows for the years ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SD Franchise, Inc. as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements for the year ending December 31, 2021, were audited by other auditors whose report dated April 21, 2022, included an unmodified opinion of those statements.

Emphasis of a Matter

As discussed in note 6 to the financial statements, the December 31, 2021, opening stockholder's deficit and 2021 financial statements have been restated to correct certain misstatements discovered subsequent to the issuance of the Company's financial statements for the year ended December 31, 2021. Our opinion is not modified with respect to this matter.

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 SD Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 SD Franchise, Inc.'s internal control. Accordingly, no such opinion is expressed.

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

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

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

Monis Siddiqui, CPA P.C.

Monis Siddiqui CPA
Bellerose, NY
March 16, 2023

**SD FRANCHISE, INC.
BALANCE SHEETS**

<u>ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 871,588	\$ 315,452
Inventory	85,733	83,398
ERC Receivable	70,355	-
Security Deposit	15,372	2,978
Due from related party	263,703	266,297
Deferred commissions	3,750	3,750
Total Current Assets	1,310,501	671,875
Property and equipment, net	140,897	162,487
Deferred commissions, net of current	15,829	19,579
Total Assets	\$ 1,467,227	\$ 853,941
<u>LIABILITIES AND MEMBER'S (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 74,912	\$ 13,720
Deferred revenue	23,600	13,700
SBA Loan payable, current	25,107	-
Total Current Liabilities	123,619	27,420
SBA loan payable, net of current	1,346,566	499,900
Deferred revenue, net of current	128,452	62,952
Shareholder's (Deficit)	(131,410)	263,669
Total Liabilities and Shareholder's (Deficit)	\$ 1,467,227	\$ 853,941
	\$ -	\$ -

See notes to financial statements

SD FRANCHISE, INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2022	2021
Income		
Royalties	\$ 444,793	\$ 481,774
Marketing Income	108,722	-
Franchise fees	187,100	41,072
Monthly Membership	1,895,119	1,717,394
Other income	528,003	606,443
Total Income	3,163,737	2,846,683
Cost of goods sold	<u>2,032,043</u>	<u>1,956,859</u>
Gross Profit	1,131,694	889,824
Operating, Selling & Administrative Expenses	<u>1,160,889</u>	<u>903,562</u>
Income (loss) from Operations	(29,195)	(13,738)
Grant Income - PPP	<u>-</u>	<u>161,295</u>
Net Income (Loss)	(29,195)	147,557
Shareholder's (Deficit) - Beginning	263,669	241,199
Shareholder's (Distribution)	<u>(365,884)</u>	<u>(125,087)</u>
Shareholder's (Deficit) - Ending	<u>\$ (131,410)</u>	<u>\$ 263,669</u>

See notes to financial statements

**SD FRANCHISE, INC.
STATEMENTS OF CASH FLOWS**

	YEARS ENDED DECEMBER 31	
	2022	2021
Cash Flows from Operating Activities:		
Net Income (loss)	\$ (29,195)	\$ 147,556
Depreciation/Amortization	21,591	-
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities		
Inventory	(2,336)	-
ERC Receivable	(70,355)	-
Security Deposit	(12,394)	-
Due from related party	2,594	45,978
Deferred commissions	3,750	76,652
Accounts payable and accrued expenses	61,192	(83,058)
Deferred revenue	75,400	(76,652)
Effect of deferred revenue catch up in 2020	-	(53,323)
	<u>50,247</u>	<u>57,153</u>
Cash Flows from Financing Activities:		
SBA loan advances, net payments	871,773	350,000
SBA Payroll Advance grant		(8,000)
Member loans		(96,898)
Member Distributions	(365,884)	(125,087)
PPP forgiveness	-	(161,295)
	<u>505,889</u>	<u>(41,280)</u>
Cash Flows from Investing Activities:		
Fixed asset financing	-	96,778
	<u>-</u>	<u>96,778</u>
Net Increase in Cash	556,136	112,651
Cash - Beginning of Year	315,452	202,801
Cash - End of Year	<u>\$ 871,588</u>	<u>\$ 315,452</u>

See notes to financial statements

SD FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENT

1. THE COMPANY

SD Franchise, Inc. was incorporated under the laws of the State of Florida for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Splash and Dash Groomerie Boutique Franchise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statement has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to sell groomerie boutique services using the franchise name and product for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. At December 31, 2022 and 2021, the balance in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000 by \$621,588 and \$65,452, respectively. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a Sub Chapter S corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the shareholder and is reported on the shareholder's individual income tax returns.

Recent Accounting Pronouncements-In November 2021, the FASB issued ASU 2021-09 (Leases (Topic 842) Discount Rate for Lessees that are not Public Entities). For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company adopted ASU 2016-02 in January 2019. The Company has assessed the impact of the adoption of ASU 2021-09 on its statement of financial condition and there is no material impact.

SD FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENT

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement. The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with January 1, 2019

4. DEFERRED REVENUE

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were \$152,052 and \$76,652 respectively.

5. DEFERRED COMMISSIONS

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its commissions paid as prepaid to be recognized over the life of the franchise agreement. The prepaid commissions as of December 31, 2022, and 2021, were \$19,579 and \$23,329, respectively.

6. PRIOR YEAR ADJUSTMENT

A restatement to the year ended December 31, 2020, financial statements was made to correct an understatement of prepaid commission by \$23,329 and Deferred revenues by \$76,652 to implement ASU No. 2014-09, Revenue from contracts with Customers (Topic 606), and to correct an overstatement of franchise fee revenue of \$76,652 and an overstatement of commission expenses of \$23,329. The net adjustment as of December 31, 2020, resulted in a decrease of \$53,323 to shareholders’ equity.

7. RELATED PARTY TRANSACTIONS

The Company periodically advances funds to its shareholder or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2022, and 2021 the balances due from related parties were \$0 and \$25,841, respectively.

8. LOAN PAYABLE SBA

During May 2020 the company obtained a note payable of \$150,000 from the US Small Business Administration, the loan was modified to \$500,000 on November 2021 and updated again to \$1,101,200 on February 2022. (SBA) This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$5,346 began on December 2022. Interest on this loan accrued through December 31, 2022 was \$10,692,. The loan payable balance as of December 31, 2022, \$1,101,200.

SD FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENT

8. LOAN PAYABLE SBA (cont'd)

During May 2020 the company obtained a note payable of \$200,000 from the US Small Business Administration, the loan was modified to \$240,000 on February 07, 2022. (SBA) This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$1,171 began on December 2022. Interest on this loan accrued through December 31, 2022, was \$1,171, The loan payable balance as of December 31, 2022, \$240,000.

9. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government in March 2020 and has negatively affected the U.S. economy. The continuing impact on the Company's business has contributed to and may continue to have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows.

During the second quarter of 2020 the Company received an unsecured loan in the amount of \$161,295. Under the Paycheck Protection Program (the "PPP") which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. The Company determined it most appropriate to account for the PPP loan proceeds as an in-substance government grant because it received forgiveness of the \$161,295 during 2020. The Company has elected to recognize government grant income separately within other income to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent forgiveness.

10. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been issued through March 16, 2023, the date at which the financial statements were available to be issued.

SD FRANCHISING LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021
WITH AUDIT REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders

SD Franchising, LLC
2820 Scherer Dr N Ste 210
St Petersburg, FL 33716

We have audited the accompanying Income Statement and Balance Sheet of SD Franchising, LLC (the "Company") as of December 31, 2021 and the related notes to the financial statements.

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

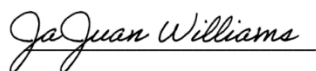
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of SD Franchising, LLC as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



JaJuan Williams, CPA

Indiana #CP11900309

Firm# 900255350460

April 21, 2022

SD Franchise, LLC

Balance Sheet

As of December 31, 2021 and December 31, 2020

	2021	2020
ASSETS		
Current Assets		
Bank Accounts		
Total Bank Accounts	\$ 315,452	\$ 202,801
Other Current Assets		
Total Current Assets	\$ 398,444	\$ 395,607
Fixed Assets		
Total Fixed Assets	\$ 162,487	\$ 70,508
Other Assets		
Total Other Assets	\$ 2,978	\$ 2,978
TOTAL ASSETS	\$ 563,909	\$ 671,894
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Credit Cards		
Total Credit Cards	\$ 17,160	\$ 86,182
Total Current Liabilities	\$ 13,720	\$ 122,167
Long-Term Liabilities		
Total Long-Term Liabilities	\$ 233,603	\$ 254,798
Total Liabilities	\$ 247,323	\$ 463,146
Equity		
3100 Opening Balance Equity	\$ 46,021	\$ 48,039
3200 Owner Draw	-\$ 123,828	-\$ 127,814
3500 Retained Earnings	\$ 246,836	\$ 264,658
Net Income	\$ 147,556	\$ 23,864
Total Equity	\$ 316,586	\$ 208,747
TOTAL LIABILITIES AND EQUITY	\$ 563,909	\$ 671,894

The accompanying audit report and notes are an integral part of these financial statements

SD Franchise, LLC
Profit and Loss
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 2020

	2021	2020
Income		
4000 FRANCHISE AGREEMENT REVENUE		
Total 4000 FRANCHISE AGREEMENT REVENUE	\$ 41,072	\$ 153,404
4030 WAREHOUSE REVENUE		
Total 4030 WAREHOUSE REVENUE	\$ 133,106	\$ 0
4101 ROYALTIES		
Total 4101 ROYALTIES	\$ 481,774	\$ 368,856
4400 Unapplied Cash Deposits	\$ 0	\$ 23,531
4500 REVENUE NOW PROGRAM - Revenue		
Total 4500 REVENUE NOW PROGRAM - Revenue	\$ 7,594	\$ 9,039
4600 DUES LINE - Monthly Membership	\$ 1,717,394	\$ 1,305,991
46001 FRANCHISEE START UP SERVICES		
Total 46001 FRANCHISEE START UP SERVICES	\$ 107,468	\$ 1,170
4800 WAREHOUSE REVENUE	\$ 0	\$ 92,859
4900 CORPORATE SERVICES (Verticals)		
Total 4900 CORPORATE SERVICES (Verticals)	\$ 358,275	\$ 254,833
Total Income	\$ 2,846,683	\$ 2,209,683
Cost of Goods Sold		
Total Cost of Goods Sold	\$ 1,956,859	\$ 1,482,878
Gross Profit	\$ 889,823	\$ 726,805
Expenses		
6034 Bad Debts	\$ 113,391	\$ 113,391
FIXED EXPENSES		
6002 Bank Expenses		
Total FIXED EXPENSES	\$ 68,024	\$ 95,310
GENERAL EXPENSES		
Total GENERAL EXPENSES	\$ 207,129	\$ 181,525
MARKETING EXPENSE		
Total MARKETING EXPENSE	\$ 45,744	\$ 40,251
PAYROLL EXPENSE		
Total PAYROLL EXPENSE	\$ 294,656	\$ 339,031
Total Expenses	\$ 728,943	\$ 656,217
Net Operating Income	\$ 160,880	\$ 70,587
Other Income		
PPP Forgiveness Income	\$ 161,295	\$ 0
Total Other Income	\$ 161,295	\$ 0
Other Expenses		
Total Other Expenses	\$ 174,619	\$ 46,723
Net Other Income	-\$ 13,324	-\$ 46,723
Net Income	\$ 147,556	\$ 23,864

The accompanying audit report and notes are an integral part of these financial statements

Note 1 Summary of Significant Accounting Policies

This summary of significant accounting policies of SD Franchising, LLC is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Business

The company was organized under the laws of the State of Florida for the purpose offering franchise opportunities to entrepreneurs who want to own and operate their own Splash and Dash Groomerie & Boutique, as a franchise.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements are presented on the accrual basis of accounting.

Revenue Recognition

The franchise fees are recognized using ASC 606 fee recognition schedule whereby, the franchise fees are based on 60% recognition factor during the first year and the balance of 40% is spread over the remaining 10 years.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers unrestricted currency, demand deposits, money market accounts and all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents

Income Taxes

The Company has elected under the Internal Revenue Code to be a Limited Liability Company taxed as an S-Corporation. In lieu of Company income taxes, the shareholder(s) is taxed on net income of the LLC. The Company is not responsible for income tax at the corporate level. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Franchise Fee

The franchise fee in 2021 is based on 60% recognition factor during the first year and the balance of 40% is spread over the remaining 10 years.

Note 2 Disclosure About Fair Value of Financial Instruments

The Company estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Note 3 Commitments and Contingencies

The company does not carry general liability or worker's compensation coverage, nor is it self-insured. There are no known contingencies that should be accrued for or disclosed at this time. SD Franchise, LLC did have a one-time bad debt expense reflected in the 2021 income statement due to Inter-Company loans that were forgiven.

Note 4 Franchise Agreement

The terms of the company's franchisee agreement is as follows:

- The company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.

- The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

Note 5 Other Revenue

The Company earned revenues during the course of business other than Franchise Fees and Royalties. These revenues are summarized as follows:

Membership Dues:	\$1,717,394
Start-Up Service:	\$107,468
Private Label Products:	\$491,381

Note 6 Subsequent Events

Subsequent events have been evaluated through April 21,2022 the date that the financial statements were available to be issued.

EXHIBIT H

OPERATING MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Introduction	16
Establishing A Splash and Dash Business	84
Managing A Splash & Dash Location	41
Personnel	79
Daily Procedures	149
Advertising	35
Appendix I – Operating System Procedures	
Appendix II – Pet Management Procedures	
Total Number of Pages	404

EXHIBIT I

CURRENT AND FORMER FRANCHISEES

Current Franchisees

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

Owner	Store Phone	Store Address			
Don Johnson	661-383-9231	26250 Bouquet Canyon Rd	Valencia	California	91350
Montana Lipton	619-221-9233	4011 W Point Loma Blvd	San Diego	California	92110
Tom Carney	770-703-3037	2015 GA-54 Suite 107	Peachtree City	Georgia	30269
Natalie Dufek	208-895-8244	6233 N Linder Rd #120	Meridian	Idaho	83646
Bill Williams	847-362-2894	637 Metropolitan Way	Des Plaines	Illinois	60016
Jan Barrett	502-742-4080	13401 Shelbyville Rd Ste 105	Louisville	Kentucky	40223
Lauri Pasqa	225-412-4428	11575 Coursey Blvd Unit B1	Barton Rouge	Louisiana	70816
Sam Hejka	616-570-0166	6471 28th Street SE	Grand Rapids	Michigan	49546
Beth McElroy	845-783-2033	14 Lakes Rd	Monroe	New York	10950
Susan D'Amodio	631-686-6880	556-4 North Country Rd	Saint James	New York	11780
Michele Bethoney	919-917 7246	5321 Tin Roof Way Suite 3	Raleigh	North Carolina	27616
Allison Blough	910-246-3274	120 Brucewood Rd	Southern Pines	North Carolina	28387
Jaime Meyers	972-745-7387	150 S Denton Tap Rd #115	Coppell	Texas	70816

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

Sarah Horak
Tel: 832-466-7115
9710 Piney Point Circle
Needville, TX 77461

Philip Marxen
Tel: 202-247-1727
2411 Vernon Dr
Charlotte, NC 28211

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise

agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Store Closed:

Sandy Yueng
7784 McGinnis Ferry Road
Suwanee, GA 30024
(470) 719-8713

Store Transferred:

Vicki Lesperance
Phone: 586-322-9529
6471 28th St SE
Grand Rapids, MI 49546

EXHIBIT J

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

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

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

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

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

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

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

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

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

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

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

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states: _____
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

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

The following is added to Item 17:

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

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

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

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

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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

EXHIBIT K
STATE ADDENDA TO AGREEMENTS

ILLINOIS RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Governing Law.** Illinois law governs the Agreement.

- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

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

- 4. Termination/Non-Renewal.** Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SD FRANCHISE HOLDINGS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

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

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

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

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

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

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

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

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

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

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

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

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

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

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

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SD FRANCHISE HOLDINGS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SD FRANCHISE HOLDINGS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

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

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

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

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

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

Agreed to by:

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve SD Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by SD Franchise with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SD FRANCHISE HOLDINGS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

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

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

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

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

Agreed to by:

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise Holdings, Inc., a Florida corporation (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SD FRANCHISE HOLDINGS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT
DEVELOPMENT AGREEMENT]**

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

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

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

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

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

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

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE HOLDINGS, INC.

By: _____

Name: _____

Title: _____

Date: _____

STATE EFFECTIVE DATES

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

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

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	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 SD Franchise Holdings, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If SD Franchise Holdings, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Dan Barton	10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716	888-232-2257
Cary Tober	19924 Jetton Road, Suite 203, Cornelius NC 28031	704-620-2802
Tim Church	19924 Jetton Road, Suite 203, Cornelius NC 28031	704-620-2802

Issuance Date: April 13, 2023

I received a disclosure document dated April 13, 2023, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. BuildM Agreement
- E. Rider to Lease Agreement
- F. Form of General Release
- G. Financial Statements
- H. Operating Manual Table of Contents
- I. Current and Former Franchisees
- J. State Addenda to Disclosure Document
- K. State Addenda to Agreements

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

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 SD Franchise Holdings, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If SD Franchise Holdings, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Dan Barton	10901 Roosevelt Blvd, Suite 1100, St. Petersburg, FL 33716	888-232-2257
Cary Tober	19924 Jetton Road, Suite 203, Cornelius NC 28031	704-620-2802
Tim Church	19924 Jetton Road, Suite 203, Cornelius NC 28031	704-620-2802

Issuance Date: April 13, 2023

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- G. Financial Statements
- H. Operating Manual Table of Contents
- I. Current and Former Franchisees
- J. State Addenda to Disclosure Document
- K. State Addenda to Agreements

Signature: _____

Print Name: _____

Date Received: _____

Return this copy to us.