

## FRANCHISE DISCLOSURE DOCUMENT

PET WANTS FRANCHISE SYSTEM, LLC  
(an Ohio limited liability company)  
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Cincinnati, Ohio 45242  
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Email: info@petwants.com  
www.PetWants.com



A PET WANTS franchise sells pet food and supplies and pet grooming services at a retail location and offers home delivery services.

The total investment necessary to begin operation of a Pet Wants Store Franchise is from \$137,850 to \$219,000. This includes between \$63,500 and \$73,500 that must be paid to the franchisor or an affiliate.

If the population of your territory is greater than 100,000, you must pay an additional \$500 for all or part of every 1,000 people over 100,000.

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 or make any payment in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 of Franchise Disclosure Document:* April 1, 2024

## How to Use This Franchise Disclosure Document

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

	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 contract information in Exhibits L and M.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Exhibit L includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Pet Wants business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Pet Wants franchisee?</b>	Exhibits L and M list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 and/or litigation only in Ohio. 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 Ohio than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 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 the notice of this offering on file with the attorney general should be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48933 (517) 373-7117.**

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### EXHIBITS

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

In order to make this disclosure document easier to understand, “PWFS”, “Pet Wants” or “we” means the franchisor, Pet Wants Franchise System, LLC. The terms “PWFS”, “Pet Wants” and “we” do not include Pet Wants Franchise System, LLC’s officers, managers, or members. “You” means the person, corporation, limited liability company, or other entity that buys the franchise. If the franchise is purchased by a corporation, limited liability company, or other entity, certain provisions of the franchise agreement will also apply to the owners and will be noted.

PWFS is an Ohio limited liability company that was formed on March 1, 2015. Our principal business address is 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio, 45242. We do business under our name, Pet Wants Franchise System, LLC, and under our trade name, PET WANTS. Our agents for service of process are listed in Exhibit I.

**Our Business Activities and the Franchises to be Offered.** We offer Pet Wants Store Franchises to operate a business that offers pet food and supplies and pet grooming services under the business name PET WANTS and uses our other related trademarks and logos (our “Marks”). A Pet Wants Store Franchise will operate from a permanent retail location (a “Pet Wants Store”) in addition to offering delivery and shipping services. Pet Wants franchisees may initially operate by providing only delivery and shipping services, but must open a Pet Wants Store within 12 months of opening for business.

As a Pet Wants franchise owner, you will offer your products to all dog and cat owners. You will market your services through advertising in various media (including the Internet) targeted to potential consumers, through personal solicitation of referral sources such as veterinarians, pet breeders and pet groomers, and by setting up displays (using your PET WANTS branded delivery vehicle) and offering samples of your products at public venues and events such as flea markets, farmers markets, street fairs and markets, festivals, and dog shows. You will compete with other businesses in the same geographic area that offer pet food such as retail and specialty stores, some of which are national chains, as well as online retailers and businesses similar to your Pet Wants Franchise that offer a delivery service, including those that may be franchised by other national franchise companies.

We will train you to operate your Pet Wants franchise. You must follow all of our standards and specifications for the quality of the products and services you will provide, customer relations, store design, vehicles and employee uniforms. Prior experience in retailing or the pet food industry is not required. During your first 12 months of operation, you may provide delivery services from a home office within your territory, but you will need to rent climate-controlled warehouse space to store your inventory. You will use a vehicle branded with our Marks to deliver the products to your customers’ homes.

Pet Wants was formed solely for the purpose of offering and supporting Pet Wants franchises. We have offered franchises of this type since April 2015. We have no other business activities and we have never offered franchises or otherwise conducted business in any other line of business. We have never operated a Pet Wants franchise or otherwise conducted a business of the type to be operated, although an entity, LAC143 LLC, has operated a dog and cat food delivery service and two Pet Wants retail locations substantially similar to a Pet Wants Store Franchise in Cincinnati, Ohio, one since 2010 and the second since 2012. The owner of LAC143 LLC owns a non-controlling interest in PWFS. LAC143 LLC became our first franchise owner on April 28, 2015.



**Industry Regulations.** Each state has registration requirements relating to the preparation and sale of home-made goods that you must comply with. There may also be applicable county or municipality regulations. We are not aware of any other laws or regulations specific to the retail pet food industry or pet grooming services, but you will be responsible for investigating and complying with any such laws that may apply in your territory. You will also be responsible for complying with employment, workers' compensation, insurance, corporate, tax, and similar laws and regulations, as well as any federal, state, or local laws of a more general nature, which may affect the operation of your franchised business. You should thoroughly investigate all of these laws and requirements before purchasing a Pet Wants franchise.

**Parents or Predecessors.** Our parent is Franchise Funding Group, LLC, an Ohio limited liability company, and its principal business address is 4755 Lake Forest Dr., Suite 100, Cincinnati, Ohio, 45242. We do not have any predecessors.

**Affiliates.** The following companies are affiliates of ours:

1. G.C. Franchising Systems, Inc. ("Growth Coach") offers franchises under the name THE GROWTH COACH® to provide business and sales coaching, business management, and consulting services to business owners, managers and executives. Growth Coach has offered franchises of this type since December 2002. Growth Coach franchisees help their clients develop or enhance effective business habits, management and organizational skills, business strategies, action plans, and sales techniques, and provide project management assistance. Growth Coach franchisees market their services through direct advertising targeted to potential clients and through personal solicitation of business professionals. As of December 31, 2023, Growth Coach had 36 franchises. Growth Coach does not offer franchises in any other line of business. Growth Coach's principal business address is 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio, 45242.

2. F.C. Franchising Systems, Inc. ("Fresh Coat") offers franchises to operate painting businesses under the trade name FRESH COAT. Fresh Coat has offered franchises of this type since January 2005. Fresh Coat franchisees offer painting and wallpapering services to the general public, particularly homeowners, through direct mail advertising and through referral sources such as real estate agents. As of December 31, 2023, Fresh Coat had 174 franchises. Fresh Coat does not offer franchises in any other line of business. Fresh Coat's principal business address is 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45242.

3. C.T. Franchising Systems, Inc. ("Caring Transitions") offers franchises in the business of organizing and conducting sales of estate assets, move management, personal belongings, and household goods under the trade name CARING TRANSITIONS®. Caring Transitions has offered franchises of this type since July 2006. As of December 31, 2023, Caring Transitions had 314 franchises. Caring Transitions does not offer franchises in any other line of business. Caring Transitions' principal business address is 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45242.

4. T.B. Franchising Systems, Inc. ("TruBlue") offers franchisees to operate a residential maintenance, yard care, snow removal, and repair business under the trade name TRUBLUE and TRUBLUE HOME ALLY. TruBlue has offered franchises of this type since June 2011. As of December 31, 2023, TruBlue had 94 franchises. TruBlue does not offer franchises in any other line of business. TruBlue's principal business address is 4755 Lake Forest Drive, Suite, 100, Cincinnati, Ohio 45242.

## ITEM 2. BUSINESS EXPERIENCE

### President: DeNita Carani

Ms. Carani has been President of Pet Wants since October 2022. From March 2020 through October 2022, Ms. Carani was Senior Director of Franchise Operations for Jovie (formerly known as College Nannies & Sitters) in Broomfield, Colorado. Ms. Carani owned and operated a College Nannies & Sitters franchised business in Atlanta, Georgia from January 2010 through March 2020.

### Vice President of Operations: Jessica Riedy

Ms. Riedy has been Vice President of Operations for Pet Wants since in January 2024. From December 2021 through January 2024, Ms. Riedy was Area Manager of Partners Personnel in Erlanger, Kentucky. Ms. Riedy was Director of Operations for Evolution Process Service in Indianapolis, Indiana from August 2021 through December 2021. From August 2019 through August 2021, Ms. Riedy was Operations Manager of College Nannies, Sitters and Tutors in Cincinnati, Ohio. Ms. Riedy was Operations Manager of Provest, LLC in Cincinnati, Ohio from August 2007 through August 2019.

### Vice President of Franchise Development: Walter Lacey

Mr. Lacey has been Vice President of Franchise Development for Pet Wants since March 2023. From February 2019 to March 2023, Mr. Lacey was a Franchise Development Manager with Self Esteem Brands in Woodbury, Minnesota. Mr. Lacey was a Franchise Business Consultant with Self Esteem Brands in Woodbury, Minnesota from November 2016 through February 2019.

### Vice President of Brand Development: Peter Eberly

Mr. Eberly Peter has been Vice President of Branding for Pet Wants and its affiliates Caring Transitions, Fresh Coat, TruBlue, and Growth Coach since August 2023. Prior to this, he served as Senior Director of Marketing for Aeroseal in Miamisburg, Ohio from April 2021 through May 2023. From October 2020 through April 2021, Peter was Senior Director of Marketing for LexisNexis in Miamisburg, Ohio. From January 2012 through October 2020, Peter was Director of Marketing for the Taylor Corporation in Dayton, Ohio.

### Chief Financial Officer: Peter McKnight

Mr. McKnight has been Chief Financial Officer for Pet Wants and its affiliates Caring Transitions, Fresh Coat, TruBlue, and Growth Coach since October 2020. From 2016 through October 2020 Mr. McKnight was Chief Financial Officer of Jackmont Hospitality, Inc. in Atlanta, Georgia.

### Manager of Nutrition Programs: Jeff Rachu

Mr. Rachu has been Manager of Nutrition Programs for Pet Wants since August 2020. From April 2019 through July 2020, Mr. Rachu was Territory Sales Manager for Pets Global, Inc. in Valencia, California. He was Quality Control Manager for Biewer Wisconsin Sawmill, Inc. in Prentice Wisconsin from January 2017 through March 2019.

### Director: Chris Seman

Mr. Seman has been a Director of Pet Wants and a member of the Board of Directors of our affiliates Fresh Coat, Growth Coach, and TruBlue since February 2019. He served as our President from April 2022 through October 2022. He served as President of our affiliate Caring Transitions from February 2012

through February 2019 and has been a member of its Board of Directors since January 2016. Mr. Seman has been president of Strategic Franchising in Cincinnati, Ohio since March 2019.

Director: Daniel Murphy

Dan has been a Director of Pet Wants since March 2024. He has been a member of the Board of Directors for our affiliates Caring Transitions and Fresh Coat since January 2012 and of TruBlue since May 2011. He has also been a member of the Board of Directors of our affiliate, the Growth Coach, since December 2002, was its CEO from January 2011 through November 2016 and its President from December 2002 through January 2011 and from January 2013 through January 2014. Dan has been chief executive officer of Strategic Franchising in Cincinnati, Ohio since March 2024.

General Counsel, Vice President: Jeff Siehl

Mr. Siehl has been General Counsel of Pet Wants since August 2015 and Vice President since February 2018. He has also been the General Counsel and Secretary of Pet Wants' affiliates Growth Coach, Caring Transitions, and Fresh Coat since September 2007, of TruBlue since May 2011, and has been Vice President of these affiliates since February 2018.

ITEM 3. LITIGATION

*Commonwealth of Virginia v. F.C. Franchising Systems, Inc.*; Case No. SEC-2020-00036. Our affiliate, F.C. Franchising Systems, Inc. dba Fresh Coat ("FCFSI"), entered into a Settlement Order with the Virginia State Corporation Commission's Division of Securities and Retail Franchising on March 3, 2021. The Division alleged that FCFSI's 2012 and 2013 disclosure documents did not disclose a material fact concerning one of its officers in violation of the Virginia Retail Franchising Act. After investigation, FCFSI discovered that an officer failed to inform it of a personal bankruptcy filed during the course of his employment and, as a result, the personal bankruptcy was not disclosed. FCFSI agreed to offer to refund the initial franchise fees of three purchasers, offer a refund and rescission of the franchise agreement to another owner, and pay the Division \$8,000 in costs/penalties. The three franchise purchasers accepted the refund offers; the franchise owner declined the rescission offer and continued to operate its Fresh Coat franchise.

*Commonwealth of Virginia v. G.C. Franchising Systems, Inc.*; Case No. SEC-2022-00021. Our affiliate, G.C. Franchising Systems, Inc. dba Growth Coach ("GCFSI"), entered into a Settlement Order with the Virginia State Corporation Commission's Division of Securities and Retail Franchising on August 11, 2022. The Division alleged that GCFSI's 2015 disclosure document did not disclose a material fact concerning one of its directors in violation of the Virginia Retail Franchising Act. After investigation, FCFSI discovered that a former member of its board of directors failed to inform it of a personal bankruptcy filed during the course of his tenure and, as a result, the board member's personal bankruptcy was not disclosed. We agreed to offer a refund and rescission of the franchise agreement to a franchise owner, and pay the Division \$3,500 in costs/penalties. The franchise owner declined the rescission offer and continues to operate its franchise.

*Commissioner of Financial Protection and Innovation v. C.T. Franchising Systems, Inc.; F.C. Franchising Systems, Inc.; G.C. Franchising Systems, Inc.; T.B. Franchising Systems, Inc.; Pet Wants Franchise System, LLC.* We and our affiliates entered into a Consent Order with the California Commissioner of Financial Protection and Innovation on July 20, 2021 resulting from an officer/director's failure to inform us of a 2012 personal bankruptcy filing. We acknowledged that the personal bankruptcy was not disclosed in certain disclosure documents between 2012 and October 2016. Pursuant to the Consent Order, we agreed to comply with the Corporations Code.

*Commissioner of Financial Protection and Innovation v. C.T. Franchising Systems, Inc.; F.C. Franchising Systems, Inc; G.C. Franchising Systems, Inc.; T.B. Franchising Systems, Inc.; Pet Wants Franchise System, LLC.* We and our affiliates entered into a Consent Order with the California Commissioner of Financial Protection and Innovation on December 13, 2021 acknowledging that the certified public accountant that audited our financial statements was not registered as a public accounting firm in Ohio as required by Ohio accounting regulations. Although we were unaware of the CPA's oversight, we paid an administrative penalty of \$5,000 and agreed to comply with the Corporations Code. We obtained reimbursement from the CPA.

Other than these actions, no litigation is required to be disclosed in this Item.

#### ITEM 4. BANKRUPTCY

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

#### ITEM 5. INITIAL FEES

The initial franchise fee<sup>1</sup> for a Pet Wants Franchise is \$48,500. This includes a territory with a population up to 100,000. If the population of your territory is greater than 100,000, you must pay an additional \$500 for all or part of every 1,000 people over 100,000. If you concurrently purchase multiple franchises, the initial franchise fee is \$44,900 for the second territory and the \$39,500 for the third territory. We may cancel or modify this discount policy at any time.

You can reserve a specific franchise territory for up to 30 days by paying a non-refundable \$5,000 deposit and sending us a signed Remittance Form. The deposit will be applied toward your initial franchise fee. Other than the deposit, each franchise fee is payable in a lump sum. The required deposit to reserve a second or third territory is \$10,000.

Discounts. We also presently offer the following discounts:

- After you purchase your first Pet Wants franchise, you may be eligible to purchase an additional Pet Wants franchise within the next 24 months at a 10% discount from the then-current initial franchise fee. We may cancel or modify this program at any time.
- We participate in the International Franchise Association's Veterans Transition Franchise Initiative ("VetFran Program"). The VetFran Program encourages franchise ownership by offering financial incentives to honorably discharged veterans of the U.S. Armed Forces. We offer up to a 10% discount from the initial franchise fee to veterans who meet the requirements of the VetFran program.

You may receive only one discount or referral fee on the purchase of any given franchise. There is no minimum territory size, but we recommend that a territory have a population of at least 75,000. We currently intend to impose each initial franchise fee uniformly except for the discounts described in this Item 5. The initial franchise fee is fully earned when paid and is not refundable except as disclosed below.

We presently offer a rebate program called "The Winner's Circle" for new Pet Wants owners that meet our qualifications and that achieve certain revenue goals. For qualifying franchise owners, we will rebate \$10,000 of the franchise fee they paid if they attain cumulative gross revenues of at least \$600,000 during the two-year period after the Commencement Date; we will rebate an additional \$10,000 of the franchise fee if they received the first rebate and attain cumulative gross revenues of at least \$990,000 during the three-year period after the Commencement Date; we will rebate an additional \$10,000 of the franchise

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<sup>1</sup> All dollar figures are in U.S. currency.

fee if they received the first two rebates and attain cumulative gross revenues of at least \$1,620,000 during the four-year period after the Commencement Date; and we will rebate the remainder of the franchise fee they paid if they received the first three rebates and attain cumulative gross revenues of at least \$2,355,000 during the five-year period after the Commencement Date. The “Commencement Date” is the first day of the month following the month in which the training program for new owners is completed. To be eligible for any rebate, the owner must strictly and timely comply with all obligations to us, including timely reporting all gross revenues and paying all royalties and fees required by the franchise agreement, must have attended all franchise system national conferences and regional conferences and all required on-site training centers, must sign a general release prior to each rebate, and must have strictly complied with all material terms and conditions of each agreement and instrument between us. NOTE: The revenue goals above are not to be construed as projections or estimates of actual or potential earnings, sales, or revenues. We make no representation that you or any other Pet Wants owner has or will be able to achieve any of the revenue goals required to receive a rebate under this program. We reserve the right to cancel or modify this rebate program at any time, but owners who have already been accepted into The Winner’s Circle will be permitted to complete the program.

Your franchise agreement does not give you any option, right of first refusal, or similar right to acquire additional franchises.

You will need to purchase an initial inventory of pet food before opening your Pet Wants franchise. As of the date of this disclosure document, the cost of the recommended initial inventory is approximately \$15,000 to \$20,000 for a Pet Wants Store Franchise. You are required to purchase all of your inventory from us or a supplier that we designate, which may be an affiliate of ours. Presently, Pet Wants and its designated manufacturer is the only approved supplier for PET WANTS brand dog and cat food.

Your franchise agreement does not give you any option, right of first refusal, or similar right to acquire additional franchises, but you may purchase a right of first refusal to purchase an additional franchise territory. The price for a right of first refusal is \$10,000, which would be credited toward the initial franchise fee if you exercise the right of first refusal. A right of first refusal will give you the right to purchase a specific territory first if another prospective purchaser shows an interest in purchasing the territory within 1 year after you purchase the right of first refusal. You would have 7 calendar days after receipt of notice to exercise the right. We must receive the entire balance of the then current initial franchise fee for the right of first refusal territory by the seventh day after you receive the notice. A right of first refusal lasts for 1 year. The right of first refusal agreement is attached to this disclosure document as Exhibit B.

None of the fees described in this Item 5 are refundable under any circumstances.

**ITEM 6. OTHER FEES**

**OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty – Note 1	7% of Gross Revenues; \$350 monthly minimum for 12 months; \$1,000 monthly minimum thereafter	5 <sup>th</sup> day of each month— Note 1	Paid on Gross Revenues for the preceding month – Note 2.

### OTHER FEES

Type of Fee	Amount	Due Date	Remarks
National Branding Contribution – Note 2	2% of Gross Revenues; \$250 monthly minimum for 12 months; \$350 monthly minimum thereafter	5 <sup>th</sup> day of each month	See Item 11 for an explanation of the National Branding Contributions
Local Cooperative Advertising	Up to 3% of your Gross Revenues unless a majority of the cooperative members agree on a higher contribution – Note 4	Monthly	If an advertising cooperative is established or operating in your area, you must contribute.
Transfer Fee – Note 1	Greater of \$15,000 or 10% of purchase price, plus our legal and administrative costs	Before you consummate the transfer	Payable when you sell your franchise to cover, among other things, the expenses of training the franchise purchaser; no Transfer Fee is payable for transfers to a company you form for the convenience of ownership.
Lead Referral Fee	\$10,000	Upon a transfer of your franchise to a buyer who was already listed in our sales database at the time you and the buyer began discussing a sale	Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchise owners
Technology Fee – Note 0	\$25	Monthly	You must pay a fee, on a per location and/or per installation basis, to cover the cost of technology and software that we license or make available to you for use in the operation of the business.
Right of First Refusal Fee	\$10,000	At the time you purchase a right of first refusal	Payable if you purchase an optional right of first refusal on another franchise territory
Local Advertising	The greater of 2% of Gross Revenues or \$1,500	Monthly	You are required to spend the greater of 2% of Gross Revenues or \$1,500 a month per territory on local advertising
Late Fee – Note 6	Greater of \$100 or 10% of payment; \$50 for ACH payments returned for insufficient funds; \$100 for late sales reports	On demand	You must pay a late fee on any payment that we receive more than 5 days late.
Interest – Note 7	18% or the highest interest rate allowed by applicable law – Note 8	On demand	In addition to the late fee above, any payments more than 30 days late accrue interest at the rate of 18% per year.
Customer Refunds – Note 9	Amount of expense advanced plus 18% interest or the highest interest rate allowed by applicable law	On demand	Payable if we determine that your customer is entitled to a refund.

### OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Audit Fee – Note 1	Cost of audit plus 18% interest (or the highest interest rate allowed by applicable law) on under-payment – Note 8	On demand	Payable only if audit is prompted by your failure to maintain or submit records or if audit shows an understatement of 3% or more for any month.
Territory Amendment Fee	\$1,500	Prior to amending Territory	If we allow you to amend your franchise territory, you must pay a fee to compensate us for our costs
Sales/Use Taxes – Note 10	Variable	Payable with your Royalty or National Branding Contribution payments	You must pay any state or local sales or use taxes, if any, assessed on the royalties, National Branding Contributions, or other amounts you pay us.
Reimbursement – Note 1	Amount of expense advanced plus 18% interest or the highest interest rate allowed by applicable law	On demand	You must reimburse us if we pay your expenses when you fail to so do, such as rent, taxes, customer refunds, or other liabilities.
Legal Expenses – Note 1	Amount of expense advanced plus 18% interest or the highest interest rate allowed by applicable law	On demand	You must pay any legal expenses we incur, including attorney fees, to enforce your franchise agreement.
Trailer	\$7,500	As incurred	You may, but are not required, to purchase a trailer to assist in retail sales. This may be purchased from the National Branding Fund, from us, an affiliate, or an any approved supplier
Indemnification – Note 1	Amount of expense advanced plus 18% interest or the highest interest rate allowed by applicable law	On demand	You must reimburse us if we are held liable for claims arising from your business.

Notes to Table 6-1:

1. Payable to Pet Wants. All fees are non-refundable. We currently intend to impose all fees uniformly except as otherwise stated in this Item 6. You must pay a monthly Royalty equal to the greater of 7% of actual Gross Revenues from the prior month or the Minimum Royalty. The Minimum Royalty is \$350 a month for 12 months and then \$1,000 a month thereafter. You are not required to pay the Minimum Royalty until the fifth day of the second month following the month in which you complete the initial training program. If you concurrently acquire multiple territories, then the Minimum Royalty for: (a) the second territory is \$350 per month for 30 months after the Minimum Royalty start date and \$1,000 a month thereafter; and (b) the third territory is \$350 per month for 48 months after the Minimum Royalty start date and \$1,000 a month thereafter. We will extend the Minimum Royalty start date for an additional month if you comply with System Standards for opening your business (including completing a business plan

and recommended marketing activities), sign a general release, and are in full compliance with the Franchise Agreement.

2. "Gross Revenues" means all income, whether cash or credit, recognized on an invoice/accrual basis, relating to the operation of your Pet Wants franchise or any competitive business, from the sale of any authorized products or services (as that term may be modified from time-to-time by us), or from the sale of any goods or services under, using, or in connection with our Marks. It does not include refunds or discounts made to customers or sales, excise, or other taxes that are separately stated and that you are required by law to collect (and do collect) from customers and pay to any governmental taxing authority.
3. Payable to the Pet Wants National Branding Fund. You are not required to pay the National Branding Fee until the fifth day of the second month following the month in which you complete the initial training program. We will extend the National Branding Fee start date for an additional month if you comply with System Standards for opening your business (including completing a business plan and recommended marketing activities), sign a general release, and are in full compliance with the Franchise Agreement.
4. Either we or the advertising cooperative will determine the amount of your monthly cooperative advertising contribution, but it cannot exceed 3% of your Gross Revenues unless a majority of the cooperative members agree on a higher contribution. Each member of an advertising cooperative will have one vote for each franchise they own. Each franchised business operated by us or an affiliate of ours in an area in which an advertising cooperative has been established will contribute to the cooperative on the same basis as other members of that cooperative. As of the date of this disclosure document, we have not established any advertising cooperatives. See Item 11 under the subheading "Advertising Cooperatives" for a more detailed explanation.
5. There is a monthly technology fee (currently \$25 per month) to cover the costs of a website, email account, software and other technology that we may license or otherwise make available to you during the term of the franchise agreement.
6. Late fees on royalty payments and sales reports are payable to Pet Wants. Late fees on National Branding Contributions are payable to the National Branding Fund.
7. Interest on royalty payments and late sales reports is payable to Pet Wants. Interest on National Branding Contributions is payable to the National Branding Fund.
8. Interest accrues from the date payment was due.
9. You must use your best efforts to fairly resolve customer disputes. We may, in order to protect the goodwill of the system, issue a refund on your behalf to an unsatisfied customer. If we do so, then the refund will be issued from our own funds and sent directly to the customer. You must reimburse us within 10 days after you receive notice of a refund issued by us on your behalf.
10. The royalties, National Branding Contributions, or other fees you pay us may be entirely or partially subject to state or local sales or use tax, depending upon the law in your state. If we are required to pay these taxes in your state, you must add the tax to your royalty, National Branding Contribution, or other fee payment.



ITEM 7. ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial franchise fee (Note 1)	\$48,500	Lump Sum	Upon signing of franchise agreement	Pet Wants
Real estate (Note 3)	\$3,200 – 8,000	As Incurred	Before opening and monthly afterward	Landlord
Leasehold improvements	\$5,000 – 20,000	As Incurred	Before opening	Landlord or contractor
Signage (Note 16)	\$3,000 – 10,000	As Incurred	Before opening	Suppliers
Furniture, fixtures, and equipment (Note 3)	\$32,000 – 50,000	As Incurred	Before opening	Suppliers
Vehicle (Note 4)	\$1,800 – 8,000	See Note 4	See Note 4	Supplier
Initial inventory (Note 5)	\$15,000 – 25,000	As Incurred	Before opening	Pet Wants or other designated supplier
Retail E-commerce and Website system (Note 6)	\$1,500 – 3,000	As Incurred	Before opening	Suppliers
Travel and living expenses while training (Note 7)	\$1,250 – 4,000	As Incurred	Before or at time of training	Hotel, airline, restaurants, employees
Initial telephone, bank and other deposits (Note 8)	\$500 – 1,000	As Incurred	Before opening	Suppliers
Pre-opening promotion (Note 9)	\$10,000	As Incurred	4-6 weeks before opening	Various suppliers
Licenses (Note 10)	\$100 – 500	As incurred	Before opening	State and/or local licensing authorities
Vehicle Wrap	\$2,500 – 4,500	As incurred	As expenses are incurred	Approved vendor
Retail E-commerce and Website system setup	\$1,500	As incurred	As expenses are incurred	Approved vendor
Limited liability entity (Note 11)	\$500 – 1,000	As incurred	Before opening	Attorney or business entity formation service
Insurance (Note 12)	\$1,500 – 4,000	See Note 12	Before effective date of policy	Insurance Company
Additional funds— 3 months (Note 13)	\$10,000 – 20,000	As Incurred	As expenses are incurred	Employees, tax authorities, suppliers, etc.
Total (Note 14)	\$137,850 – 219,000			

## Notes to Tables:

1. Initial Franchise Fee. The initial franchise fee for a territory with a population up to 100,000 is \$48,500. If the population of your territory exceeds 100,000, you must pay an additional \$500 for all or part of every 1,000 people over 100,000. The figures in the table above assume you will purchase a standard territory between 75,000 and 100,000 population. See Item 5 for a more detailed explanation of the initial franchise fee.<sup>2</sup>
2. Real Estate for Store Franchise. A Pet Wants Store typically occupies about 1,000 square feet of retail space, including the warehouse space you will need to store your inventory. You will need more warehouse space as your Pet Wants franchise business grows, so the space should be expandable or your lease should be short-term and give you the option to move to larger space with a reasonable notice. Based upon a range of \$12 to \$30 per square foot, you should expect to pay \$12,000 to \$30,000 per year for rent. The range listed in the table above is our best estimate based upon commercial real estate prices in the Cincinnati, Ohio metropolitan area. The figures in the table represent the rent for the first 3 months. It is difficult to estimate lease acquisition costs because of the wide variation in these costs from one location to another. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. These estimates do not include real estate taxes and assume that rent will begin when your Pet Wants franchise opens. The terms of your lease will depend on the size, location, condition and desirability of the premises. Rent payments may or may not include site preparation and build-out costs, which will depend on the arrangements that you negotiate with your landlord. You should not require significant, or perhaps any, build-out or improvements. You should expect the landlord to require the first month's rent and a security deposit equal to one month's rent. Amounts paid as rent are typically not refundable, but a security deposit may be refundable. The estimates assume that you will lease space for the franchised business, and so do not include costs related to the purchase of land or the construction of any buildings. If you purchase and/or construct a site for the franchised business, your initial costs will be significantly greater than the estimates in the chart.

For your first 12 months of operation, you may provide delivery-only services from an office in your home if permitted by local zoning laws, but you will need to procure climate-controlled warehouse space to receive and store your inventory. The pet food may be delivered to you in box trucks or tractor-trailers that cannot maneuver through residential streets and driveways. Access to a loading dock would make unloading delivery trucks quicker and more convenient and is desirable but not required.

3. Equipment. For a Store Franchise, the equipment consists of office furniture and equipment, a hand pallet truck to move pallets of pet food, signage, a display table and accessories for flea markets, farmers markets, street fairs and markets, festivals, dog shows and similar venues, and product display shelves cases and counters, and will range from \$32,000 to \$50,000.
4. Vehicle. Before you open the franchised business, you must purchase or lease a delivery vehicle that meets our system standards and specifications. You will use the vehicle to deliver pet food to customers' homes, so you may need to acquire an additional delivery vehicle as the franchised business grows. The vehicle will also serve as mobile advertising and a display for flea markets, farmers markets, street fairs and markets, festivals, dog shows and similar venues. You should consult your personal financial advisor to determine whether you should lease or purchase your vehicle. We estimate the cost of purchasing and outfitting a vehicle will range from \$20,000 to \$50,000. If you lease a vehicle, you will be required to pay a deposit, the amount of which will vary. The low estimate in the above table represents 4 months' lease payment (a deposit equal to

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<sup>2</sup> Neither we nor any affiliate of ours finances part of the initial investment. See Item 10.

1 month's lease payment and the first 3 monthly lease payments) for a vehicle on the low end of the range. The high estimate represents the estimated down payment required if you purchase a vehicle on the high end of the range, plus the first 3 monthly payments. Your actual cost will depend upon a number of factors, such as whether you buy a new or used vehicle, the amount, if any, of your down payment, current interest rates, your credit score, and your ability to negotiate a favorable purchase price or lease rate.

5. Initial Inventory. You will need to purchase an initial inventory of pet food before opening your Pet Wants franchise. As of the date of this disclosure document, the cost of the recommended initial inventory is from \$15,000 to \$20,000 for a Pet Wants Store Franchise. You are required to purchase all of your inventory from us or a supplier that we designate, which may be an affiliate of ours.
6. Computer System. The cost of the computer equipment and software you will need to operate your Pet Wants franchise will depend upon the manufacturer and operating features. You will need a designated web-based ordering and payment system and a portable point-of-sale (POS) system and an electronic cash register and POS system for each location, plus a computer, printer and other computer-related accessories and peripheral equipment, the latest version of Microsoft Office, Intuit QuickBooks® Online accounting software, anti-virus software, and software to manage your inventory, deliveries, reporting and customer data.
7. Expenses While Training. We do not charge an additional fee for the initial training, but you must pay all travel, lodging, food and (for your employees) wages and payroll taxes for you and your employees during the training program. These expenses will range from \$1,250 to \$2,500, depending upon the distance and method of travel and the availability and quality of your hotel accommodations and living expenses during the training program. Before you open a Store, an employee in addition to yourself must attend the initial training.
8. Deposits. You are required to maintain at least 1 telephone line for your Pet Wants franchise. Your local telephone service provider will typically require a normally refundable deposit for commercial service. You must maintain a separate checking account to be used only for your Pet Wants franchise, and your bank will require a nominal (\$50-\$100) initial deposit when you open the account. Some states also require a deposit for workers' compensation coverage.
9. Pre-Opening Promotion. Before you open a Pet Wants retail store, you are required to spend \$10,000, as directed by us, towards a Pre-Opening Promotion. If you initially open as a delivery only business, you will allocate \$2,500 towards the delivery business and \$7,500 when opening the retail store. The Pre-Opening Promotion will include marketing materials and advertising to promote the business and is in addition to local advertising requirements. You may wish to purchase additional pre-opening materials, depending upon the size of your market, the marketing techniques you use, and the cost of advertising in your market, but you must provide us with receipts confirming that you spent the required amount on the Pre-Opening Promotion. No part of the pre-opening promotion expenses will be refundable. The expenses will be primarily for vendor fees and for product samples and marketing and promotional materials to hand out to referral sources and at public venues and events such as flea markets, farmers markets, street fairs and markets, festivals, and dog shows that you will attend. You must purchase marketing materials such as brochures, mailers and promotional items bearing our Marks from an approved supplier.
10. Licenses. You will be responsible for investigating and complying with any business licensing requirements that apply in your territory at the state, county and municipal levels. The cost will vary from one locality to another.

11. Limited Liability Entity. You are required to form a limited liability entity, such as a corporation or limited liability company, to operate your Pet Wants franchise. Although we recommend that you hire an experienced business attorney, you may use any attorney or incorporation service to form your limited liability entity.
12. Insurance. You must obtain and maintain the types and amounts of insurance coverage described in Item 8 under the heading "Insurance." We must be named as an additional insured on these policies. We estimate that the average total annual cost for the required insurance coverage will be between \$1,500 and \$4,000. The premium is typically due before the effective date of the coverage unless your insurance company offers monthly or quarterly payment terms. Insurance costs will vary depending upon the location and size of your warehouse space, the number of employees and other factors, and may change from time to time due to changes in insurance rates. You must also maintain workers' compensation coverage and any other insurance that may be required by law in your territory. The cost for worker's compensation coverage and other insurance is not included in the above chart.
13. Additional Funds. You should have approximately \$10,000 to \$20,000 of additional funds for a Store Franchise, for such items as payroll expenses, advertising, supplies, operating expenses, and similar items during the initial phase of your business, approximately 3 months. In formulating this estimation, we considered and relied upon our company officers' experience in this and other franchised businesses. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how closely you follow our methods and procedures; effectiveness of advertising; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during this initial phase. You may also incur expenses for business license fees, legal fees, accounting fees, and local permits and operating authorizations necessary to start your business. These fees may vary considerably from one area to another.
14. Total. The total figures listed in the above chart do not include compensation for your time or labor. Neither do the total figures take into account any finance charges, interest, debt service, or other costs which you may incur to finance all or any portion of your investment. In addition to the initial investment itemized in the above charts, you must have additional monies available, whether in cash or through a line of credit, or have other assets that you can liquidate or against which you can borrow, to cover your personal living expenses and any operating losses sustained during the initial phase of the business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
15. Leasehold Improvements. The costs for leasehold improvements will vary depending upon several factors, including the geographic location of your Store, the size of the premises (as noted above, our estimates are based on locations of about 1,000 square feet), the availability and cost of labor and materials, the condition of the premises, and the work that the landlord will perform as the result of lease negotiations. Landlords may, instead of performing some of the work, provide you with credits towards your future rent payments and/or a tenant improvement allowance. You will be responsible for complying with all laws applicable to the site (such as the Americans with Disabilities Act), and obtaining all zoning clearances and building permits and certificates.
16. Signage. Signage includes interior and exterior signs that bear our Marks. The cost of signage will vary depending upon the type, size, and location of the signs, and may also be affected by restrictions imposed by your landlord or local zoning ordinances. You will be required to erect or affix an exterior sign to the Store premises, or, if prohibited by law or landlord restrictions, the sign may be freestanding as close as possible to the Store.

All expenditures are non-refundable unless specifically noted otherwise.

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

**System Standards.** During the term of the franchise agreement, you must develop, maintain and operate your Pet Wants franchise in full compliance with all Pet Wants system standards, as stated in our confidential Operations Manual. We may periodically change our system standards at our sole discretion.

All material aspects of your Pet Wants franchise must comply with our specifications, including its location, interior and exterior design of the Store, inventory, equipment, supplies, computer systems, signage, forms, advertising, promotional materials, stationery, and all other products and services required for the operation of your franchise. You may purchase these items only from suppliers that we designate or approve, which might include us, an affiliate of ours, or another supplier we designate (for example, you must purchase all Branded Products either from us, from an affiliate of ours, or from a supplier designated by us—see “Branded Products” in this Item 8 below). If we or one of our affiliates is an approved supplier, you may be required to sign a purchase, lease, or supply agreement. We will provide you with a specific list of services and products that require approval and, if required, issue revisions. We formulate and modify our specifications and standards for products and services based upon our research of the optimal products and services you will need to operate your Pet Wants franchise, our investigation of the available suppliers for each product and service, and our general business experience.

If we have not issued specifications or standards for a product or service, you must nevertheless ensure that all products and services sold or used in the franchised business are of superior quality and consistent with our image. We have the right to require you to discontinue offering or using any product or service if, in our opinion, it fails to meet this requirement.

**Approval of Suppliers.** Suppliers other than those identified in the Operations Manual may be approved by sending us a written request for approval and a sample of the supplier’s product. If we are satisfied with the quality of the supplier’s product, we will approve the supplier. We will typically notify you of our approval or disapproval within 30 days after we receive the sample. We do not charge a fee for approving suppliers. We may revoke approval of an approved supplier by providing written notice to you at any time if the quality of the product does not continue to meet our system standards. Except as disclosed in this Item 8, neither we nor our affiliates are currently approved suppliers, and none of our officers have an ownership interest in any approved supplier.

**Materials Bearing Our Marks.** All of your signage, marketing and promotional materials, business cards, stationery, and any other items bearing our Marks must comply with specifications for content, size, typeface, color and material. We will provide you with these specifications after you sign the franchise agreement. You may purchase these items from any approved supplier. Except as disclosed in this Item 8, neither we nor our affiliates will derive revenue from your purchased marketing materials.

**Optional Marketing Items from the Pet Wants National Branding Fund.** You may (but are not required to) purchase marketing materials, apparel, and specialty items (such as pens, key chains, etc.) bearing our Marks from the Pet Wants National Branding Fund. The National Branding Fund may make these items available to you through a designated fulfillment company. The National Branding Fund may derive revenue from the sale of these items to franchisees. For 2022, there was no Revenue derived from the sale of these items by the National Branding fund.

**Branded Products.** A Pet Wants franchise offers premium-quality formulas for dog and cat food and treats under the PET WANTS brand. We require you to carry a full line of PET WANTS brand Pet Food at all times. You will be required to maintain a sufficient inventory of Pet Food to operate the franchised business at full capacity. We may also offer other Branded Products bearing the PET WANTS marks. We may introduce new or modify existing Branded Products and there are no limits on our right to do so.

You must purchase all Branded Products sold in your Pet Wants franchise either from us, from an affiliate of ours, from our National Branding Fund, or from a supplier designated by us. If we or our affiliate sells Branded Products to you and other franchisees, we or our affiliate will derive revenue equal to the price that you and other franchisees pay for the products. If we require you to purchase Branded Products from us or an affiliate, we will sell Branded Products to you and other franchisees at reasonable prices, but we will have the right to earn a reasonable profit on the sales. As of the Issuance Date of this disclosure document, we, via our manufacturer, are the only approved supplier for PET WANTS brand dog and cat food. During the one-year period ending December 31, 2023, Pet Wants received \$147,546 of revenue from the sale of dog or cat food or other Branded Products, representing 3.9% of our annual total revenue of \$3,828,462.

**Computer Hardware and Software.** To operate your Pet Wants franchise, you will need a computer system and certain required computer programs, which you may purchase only from suppliers that we designate or approve (which might include us, an affiliate of ours, or another supplier we designate). You will be required to use specific software that we designate for your web-based ordering and payment system, point-of-sale (POS) systems, electronic cash registers, accounting software, and software to manage your inventory, deliveries, reporting and customer data on a per location and/or installation basis. After you open your Pet Wants franchise, you may be required to purchase or lease other proprietary software from us, an affiliate of ours, or a third party designated by us. Except as disclosed in this Item 8, neither we nor any of our affiliates will derive revenue from your required computer purchases.

**Insurance.** Before opening the franchised business, you must obtain, and maintain at all times during the term of your franchise agreement, the following insurance coverages:

- All-Risk Insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the franchised business, for their full replacement cost.
- Commercial General Liability Insurance covering claims for bodily and personal injury, death, property damage, product liability, and contractual liability with a minimum per occurrence limit of \$1,000,000 and a minimum general aggregate limit of \$2,000,000.
- Automobile Liability Insurance covering owned, hired, and non-owned vehicles with a minimum combined single limit of \$1,000,000.
- Worker's Compensation Insurance that complies with the statutory requirements of the state in which the franchised business is located and Employers' Liability Insurance with a minimum limit of \$100,000 or, if greater, the statutory minimum limit if required by state law.
- Employment Practices Liability Insurance with a \$500,000 minimum limit covering defense costs and damage for claims of sexual harassment, discrimination and wrongful termination.
- A first-party and third-party Fidelity Bond (or Employee Dishonesty Insurance) with a minimum limit of \$25,000 per incident. The policy must not contain a Conviction Clause.

All insurance policies must name Pet Wants Franchise System, LLC as an additional insured, and no policy may have a deductible greater than \$1,000. You cannot open your franchise for business until you have

obtained all the required insurance coverages. If you fail to obtain and maintain this insurance coverage, we have the right to obtain it on your behalf and to charge you for the cost plus interest. You must also maintain any other insurance that may be required by your landlord or by law in your territory. You may purchase your insurance from any approved supplier, which are listed in the Operations Manual. We have the right to reasonably increase the required minimum insurance coverage, decrease the deductible, or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. We must give you at least 1 month's notice.

**Limited Liability Entity.** You are required to form a limited liability entity, such as a corporation or limited liability company, to operate your Pet Wants franchise. A "limited liability entity" is one in which the liability of the entity's owners for the entity's debts is generally limited to the amount they paid for their ownership interest in the entity. General partnerships and sole proprietorships are not limited liability entities as they do not provide the same feature. Although we recommend that you hire an experienced business attorney, you may use any attorney who is licensed in your state or any business entity formation service to form your limited liability entity.

**Delivery Vehicle.** All vehicles must meet our system standards at all times. You will use the vehicle to deliver dog and cat food to customers' homes, as mobile advertising, and as a display for flea markets, farmers markets, street fairs and markets, festivals, dog shows and similar venues. The delivery vehicle must display the Marks in the manner specified in the Operations Manual.

**Gift Card Program.** We have the right to implement a gift card program, to designate any supplier to administer the program, and to require all Pet Wants franchisees to participate in the program. We have not implemented a gift card program as of the Issuance Date of this disclosure document.

We estimate that the goods and services described in this Item 8 are approximately 55% to 69% of the initial investment to open a Pet Wants Store Franchise and 50% to 70% of the monthly operating expenses for a Pet Wants Store Franchise.

Except as described above with respect to PET WANTS brand dog and cat food, there are no suppliers in which an officer or member of Pet Wants owns an interest. Except as described above, neither we nor anyone affiliated with us will (i) offer or sell inventory, equipment, or supplies to franchisees, (ii) derive revenue or other material consideration from franchisees' leases or purchases of inventory, equipment, or supplies from other suppliers, or (iii) receive any payments or other benefits from suppliers as a result of purchases by franchisees, although nothing prohibits us from doing any of those things and we reserve the right to do so in the future. Except as described above, you are not required to purchase any goods or services from any particular supplier. We do not provide or withhold material benefits to a franchisee (such as renewal rights or the right to open additional Pet Wants franchises) based upon the franchisee's use of designated or approved sources; however, purchases of unapproved products or services or from unapproved suppliers in violation of the franchise agreement will entitle us, among other things, to terminate the franchise agreement. Except as disclosed above, neither we nor anyone affiliated with us is the only approved supplier of any goods or services, or is a supplier of items related to establishing or operating a Pet Wants business. There are currently no purchasing or distribution cooperatives, although we have the right to require you to participate with us or with other franchisees when purchasing items to be sold or used in the franchised business. We have not negotiated any purchase arrangements with suppliers for the benefit of franchisees, but we reserve the right to do so in the future.

Some suppliers may pay us fees for sponsorships or display space at our meetings for franchise owners. These fees defray our costs for the meeting, but there will be no specific restrictions on their use. In fiscal year 2022, we did not receive any fees from suppliers for sponsorships or display space at our annual conference.

Except as disclosed herein, neither we nor our affiliates derived revenue, rebates, or other material consideration based on required purchases or leases.

#### ITEM 9. FRANCHISEE’S OBLIGATIONS

**The following 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 Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	3, 7.30	11
b. Pre-opening purchases/leases	7.4, 7.6, 7.19, 7.20, 7.30	5, 7, 8
c. Site development and other pre-opening requirements	7.30	11, 12
d. Initial and ongoing training	7.1	11
e. Opening	7.8	17
f. Fees	4, 5, 12.2, 7.30	5, 6, 7
g. Compliance with standards and policies/Operating Manual	7 & 9	8, 11 & 16
h. Trademarks and Proprietary information	8, 9 & 10	13 & 14
i. Restrictions on products/services offered	7.4	8 & 16
j. Warranty and customer service requirements	7.16	6
k. Territorial development and sales quotas	7.21	12 & 17
l. Ongoing product/service purchases	7.4, 7.7, 7.19, 7.20	8
m. Maintenance, appearance and remodeling requirements	7.30	8, 17
n. Insurance	7.13	7
o. Advertising	11	8 & 11
p. Indemnification	7.13, 7.18, 17	17
q. Owner’s participation/management/ staffing	7.9, 7.10, 7.17, 7.18, 7.27	17
r. Records/reports	7.12, 7.19	17
s. Inspections/audits	7.12, 7.21, 7.23, 7.26	6 & 17
t. Transfer	12	17
u. Renewal	2.2	17
v. Post-termination obligations	14, 15.3	17
w. Non-competition covenants	15	17
x. Dispute resolution	16	17
y. Other	Not Applicable	Not Applicable



## ITEM 10. FINANCING

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

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

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

Before you open your business, we will provide the following assistance:

1. We will approve or disapprove the boundaries that you submit for your franchise territory. Your territory must be a single, undivided geographic area created by postal codes according to the mapping system we use at the time you sign the franchise agreement. We will provide you with an approved map showing the borders of your territory. The borders on the approved map will be the final determination of your territory if the Postal Service alters the boundary or number of the postal codes assigned to you. We may re-define the boundaries of your territory to correspond as nearly as possible to your original territory as defined on the approved map. Our decision on this matter will be final. [Franchise Agreement §§1.2, 3]
2. If you operate a Pet Wants Store Franchise, we will approve the location of the Store (see "Location of the Franchised Business" below). [Franchise Agreement §§3, 6.1(a), 7.30]
3. We will provide you written specifications and a list of suppliers for all equipment, products, services, and supplies necessary to operate your franchise. You may purchase certain marketing and promotional materials from the Pet Wants National Branding Fund. See Item 8 for a more detailed explanation of the requirements for purchasing equipment and supplies. [Franchise Agreement §6.1]
4. We will provide you with access (via our intranet and websites) to a number of digital advertisements, layouts and images and a set of templates for business cards and stationery. [Franchise Agreement §§6.1, 6.4]
5. We will loan you one copy of our Operations Manual, which contains mandatory and suggested specifications, standards, and procedures. The manual is confidential and remains our property. You will receive a copy of the manual when you begin the initial training program. We may provide the manual in a digital format in addition to or instead of a paper copy. We have the right to modify the manual from time to time, but the modification cannot alter your fundamental status and rights under the franchise agreement. There are 56 pages in the Operations Manual. The table of contents of the manual is attached to this disclosure document as Exhibit N. [Franchise Agreement §§ 6.3, 9.2]
6. We will provide you with 1 copy in digital format of the forms you will use to report your sales and operate your franchise. You may use the digital format copy to print new copies as needed. [Franchise Agreement §6.4]
7. We will provide an initial training program for up to 2 people, one of which must be the person responsible for the general oversight and management of the franchised business (see "Training" below). [Franchise Agreement §§ 6.2, 7.1]

**Length of Time to Open Franchise.** We estimate that you will typically begin operating your franchise 2 to 6 months after signing the franchise agreement, depending on how quickly you are able to attend our initial training program. Training programs are typically held every 4 to 6 weeks. Other factors that affect this length of time are the availability and timing of your financing, any previous employment commitments, your ability to complete our training program, acquire your delivery vehicle, select and

build out a suitable site for your Store (if you purchase a Store Franchise), purchase your initial inventory, hire and train personnel, and schedule your initial marketing campaign. You must open for delivery services within 3 months after you complete the initial training program. You must open a Store within 12 months after you sign the franchise agreement. If you concurrently acquire multiple franchises, we may permit you up to 30 months to open a Store in the second territory and up to 48 months to open a Store in the third territory. If you fail to open your Pet Wants franchise and Store(s) within these time periods, we have the right to terminate your franchise without refunding any fees you have paid. [Franchise Agreement § 7.8]

During the operation of the franchised business, we will provide the following assistance:

1. We will provide you with assistance via telephone, electronic mail, and/or web-based programs to the extent we deem necessary. [Franchise Agreement §6.1]
2. We will provide you with such other materials, information and assistance as we from time-to-time consider necessary. [Franchise Agreement §6.1]

We do not presently set minimum or maximum prices at which you must sell products or services and are not otherwise obliged to assist in establishing prices. We may provide assistance with providing equipment, signs, fixtures, and supplies by providing the names of approved suppliers. We do not presently provide written specifications for such items and do not deliver or install the items.

**Computer Hardware and Software.** You must obtain and use computer hardware and software complying with specifications that we periodically establish, including a web-based ordering and payment system and a portable point-of-sale (POS) systems and an electronic cash register, plus a computer, printer and other computer-related accessories and peripheral equipment, the latest version of Microsoft Office, Intuit QuickBooks® Online accounting software, anti-virus software, and software to manage your inventory, deliveries, reporting and customer data (the “Computer System”). [Franchise Agreement §§7.6, 7.19]

You must establish a high-speed Internet connection via a commercial Internet Service Provider for purposes of accessing our franchisee intranet site and communicating with us and other franchisees.

You may only use approved or designated suppliers to obtain the required hardware and software. We estimate that the cost for the required computer hardware and software will range from \$1,500 to \$3,000.

The types of data generated and stored in your computer system should consist only of data relating to your business. This data includes inventory, customer information, employee information, payroll and financial information. We will have independent access to your computer system via the Internet for any information relating to the business. There are no other contractual limits on our right to access the information and data stored on your Computer System. We can modify this policy with 1 month’s prior written notice to you. You are contractually required to upgrade or update your Computer System if we require it during the term of the franchise. There are no contractual limitations on the frequency or cost of any update or upgrade. We are not obligated to provide or assist you in obtaining the Computer System, but we will provide you with the name of one or more suggested vendors from whom you may purchase the equipment.

We currently do not require you to purchase a maintenance, repair, update, or upgrade service contract for your computer system, but we have the right to, we may do so in the future, and we recommend that you do so. We estimate the annual cost for this recommended maintenance, repair, update, or upgrade service contract will range from \$250 to \$1,000. This estimate may vary depending on your specific IT

needs, knowledge, and local market conditions. Neither we nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the computer hardware or software.

**Meetings.** We may hold regional and/or national meetings with our support personnel and franchisees to discuss sales techniques, service procedures, personnel issues, and marketing methods, and to introduce new management tools, marketing programs, and promotional items. We do not presently require attendance at these meetings, but we reserve the right to do so. We may charge reasonable registration fees for these meetings. Currently, the attendance fee for the national meeting is \$350 per person. If attendance at these meetings is required, we reserve the right to charge the registration fee even if the required attendee does not attend. All expenses, including travel and lodging, are your responsibility. [Franchise Agreement § 7.1(b)]

**Office Visits.** We may, in our discretion, visit your office from time to time in order to provide additional operational support. Presently we do not charge you a fee for these office visits, but we have the right to require you to reimburse us for the cost of our travel to your office. [Franchise Agreement § 7.26]

**Website.** We maintain a website to promote our franchisees' services and the sale of our franchises and to provide contact information for Pet Wants locations. We will include your franchise contact information on a separate page on our website paid for by the National Branding Fund. You are required to keep your contact information current on your page. We may, in our discretion, establish and maintain a separate website (instead of a landing page on our main website) for each Pet Wants franchise. If we do, you will be required to pay the monthly cost of hosting and maintaining your site, either to us or directly to the third-party host. You may not establish your own website or any other service or link on or with the Internet (including social networking websites or services such as Facebook, Twitter, etc.), using our Marks or otherwise relating to any Pet Wants franchise (including your Pet Wants franchise). We will provide you with one e-mail address containing our domain name, which you are required to use for all electronic communications with us and for the franchised business. [Franchise Agreement § 11.7]

**National Branding Fund.** [Franchise Agreement Article 11] We will make certain marketing materials and promotional services available to you through a national branding fund (the "National Branding Fund"). Some of the services may include a periodic publication for your customers and the development of new marketing programs and promotional items. The marketing materials available for purchase from the National Branding Fund include all brochures, forms, and mailers used in our marketing program and promotional items bearing our Marks.

You are required to pay a National Branding Contribution of 2% of monthly Gross Revenues or the Minimum National Branding Contribution, whichever is greater, to the National Branding Fund. [Franchise Agreement § 5.2]. The Minimum National Branding Contribution is \$250 per month for 12 months after the National Branding Fee start date and then \$350 a month thereafter. If you concurrently acquire multiple franchises, then the Minimum National Branding Contribution for: (a) the second territory is \$250 per month until the earlier of 30 months after the National Branding Fee start date or the first month after opening a Store in the second territory and \$350 a month thereafter; and (b) the third territory is \$250 per month until the earlier of 48 months after the National Branding Fee start date or the or the first month after opening a Store in the third territory and \$350 a month thereafter.

We have the right to increase the amount of the National Branding Contribution at any time. Any increase in the National Branding Contribution will be effective 1 month after you receive notice of the increase. All National Branding Contributions are maintained in a separate bank account. The National Branding Contributions may only be spent on advertising and promotion of the services provided by Pet Wants franchises, the development of new advertising and marketing for the Pet Wants franchise system, the solicitation of Shared Referral Sources and Special Accounts, employment of marketing personnel, and

administrative costs incurred in maintaining the National Branding Fund. We currently use the National Branding Fund to develop new advertising, promotional and marketing materials and to advertise the services provided by franchisees in print and online media. However, we have the right to change this policy at any time and use the National Branding Fund to place advertising in national, regional or local media (including broadcast, print, or other media). We are reimbursed for any overhead, postage or labor provided to the National Branding Fund. Each location owned by us or our affiliate, if any, will contribute to the National Branding Fund on the same basis as you. Contributions are uniform for all existing franchisees and all franchises currently being offered.

The National Branding Fund is administered by our accounting personnel. You may obtain an unaudited financial statement of the National Branding Fund for the previous calendar year by submitting a written request to our corporate office after April 1. We do not presently have the National Branding Fund audited by an independent certified public accountant, but we reserve the right to do so at the National Branding Fund's expense. During the one-year period ending December 31, 2023, the National Branding Fund had total receipts of \$678,032 and total expenses of \$680,912, of which 1.1% was spent on marketing materials, 38.6% on promotional programs, 8.6% for Web based programs, 11.2% for research and development, and 40.4% for shipping and administration expenses.

The National Branding Fund is not and will not be an asset of ours. The National Branding Fund is not a "trust", and we will have no fiduciary duty to you or any other franchisee in connection with the management of the National Branding Fund. The National Branding Contributions you pay are not refundable or transferable under any circumstances, even upon the expiration, termination, or transfer of your franchise. We are not required to spend any amount on advertising in your territory or to ensure that you benefit directly or pro rata from the National Branding Contributions you pay. We are not required to spend equal or pro rata amounts on each Pet Wants franchise. Except as disclosed above, neither we nor any affiliate of ours receives any payment from the National Branding Fund.

No portion of the Fund is used for advertising that is principally a solicitation for the sale of franchises. If any of the National Branding Contributions are not spent in the fiscal year in which they accrue, expenditures made from the National Branding Fund in the following year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

**Advertising.** You are required to spend the greater of \$1,500 a month or 2% of your Gross Revenues each month on local advertising and provide us with verification of your expenditures upon request. [Franchise Agreement 11.10] Your franchise agreement does not otherwise restrict the amount of advertising you may conduct or the media in which any advertising may be placed. However, you are generally not permitted to promote or market your franchised business in another franchisee's territory except for Shared Referral Sources. You are required to conduct advertising directly related to your franchised business within your territory. Your franchise agreement does not require us to advertise the services offered by Pet Wants franchisees or to spend any amount on advertising in your territory. We will provide you with access (via our intranet website) to a number of digital advertisements, layouts and images, but you are free to use your own advertising material so long as we approve it first. If you wish to use an advertisement that we have not provided and that has not been previously approved, you must submit it to us by electronic mail for approval. You will typically be notified whether the advertisement is acceptable within 30 days after we receive it. The approval of advertising will be made on a case-by-case basis based on our business judgment. All advertising must be conducted in a dignified manner, be completely accurate, conform to System Standards and all applicable laws and regulations, and contain a notice that your franchise is independently owned and operated. Any advertisement that you develop for your franchise automatically becomes our property, and we may use it or provide it to our other

franchisees for their use without compensating you. There is no advertising council composed of franchisees that advises us on advertising policies or other matters.

**Advertising Cooperatives.** We have the right to establish, change, dissolve, or merge local or regional marketing and advertising cooperatives in geographical areas with two or more Pet Wants franchises. Advertising cooperatives may be established for areas covered by advertising media relevant to particular geographic markets, Metropolitan or Micropolitan Statistical Areas, or our advertising strategies, in our discretion. If we establish an advertising cooperative in an area, each franchise within the cooperative area must join and contribute to the cooperative each month. Either we or the cooperative will determine the amount of your monthly contribution, but it cannot exceed 3% of your Gross Revenues unless a majority of the cooperative members agree on a higher contribution. The members of each cooperative will be responsible for its administration, subject to our approval. Each member of an advertising cooperative will have one vote per franchise. Each cooperative will operate from written governing documents and must prepare monthly financial statements that will be available for its members' review. Each location owned by us or an affiliate, if any, in an area in which an advertising cooperative has been established, will contribute to the cooperative on the same basis as other members of that cooperative. As of the Issuance Date of this disclosure document, we have not established any advertising cooperatives. [Franchise Agreement §11.9]

#### **Location of the Franchised Business.**

Pet Wants Store Franchise. You will operate a Pet Wants Store from a location that you propose and that we approve. You will know the characteristics of your market better than we do, so you must rely on your own judgment in selecting a location. The factors that you should consider in selecting a site, and that we may consider in approving it, are the visibility of the site, demographics of the surrounding area, ingress and egress capabilities, proximity to other Pet Wants Franchises, local competition, loading facilities, and the terms of the proposed lease. The store must be located within your territory. There is no time limit within which we must approve or disapprove a site that you propose, but in most cases we approve or disapprove a site within 30 days after you submit the site selection report. You must open your Store within 12 months after you sign the franchise agreement. Your failure to do so would constitute a default under the Franchise Agreement [§§7.8, 13.1(g), 7.30], for which we would have the right to terminate the agreement. You may not purchase or lease a site until we approve it [§7.30]. You are responsible for final site selection. OUR APPROVAL OF A LOCATION FOR THE STORE MEANS ONLY THAT YOUR SITE MEETS OUR MINIMUM SITE SELECTION CRITERIA; IT IS NOT A REPRESENTATION OR GUARANTEE BY US THAT THE LOCATION WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Pet Wants Delivery Services. You may provide delivery services prior to opening your Store Franchise. To provide delivery services, you will need an office and climate-controlled warehouse space to receive and store your inventory. Your office may be adjacent to or combined with your warehouse space although it is not required. Your office must be located in your territory; your warehouse may, subject to our consent, be located outside your territory, so long as there is no exterior signage to associate it with Pet Wants and the location is not listed under the PET WANTS name in any directory (including online and telephone directories). Access to a loading dock would make unloading delivery trucks more convenient and is desirable but not required. You will need about 150 to 500 square feet of climate-controlled warehouse space initially. We do not select or approve a site or assist you in selecting a site for your office or warehouse. You must provide us with the address of your office and warehouse before you open your franchise. You may provide delivery services from a home-based office, so long as doing so will not violate any laws. Pet food may be delivered to you in tractor-trailers that cannot maneuver through residential streets and driveways, so you cannot receive or store your inventory at your home. The telephone number for your franchise must be listed under an address within your territory at all times. You must begin

providing delivery services within 3 months after you complete the initial training program or we would have the right to terminate the franchise agreement. [Franchise Agreement §3]

You are not permitted to operate, promote, or market your franchised business in another franchisee’s territory, except for shared referral sources, special accounts, or as otherwise described in Item 12 or this Item 11.

**Training.** If this is your first Pet Wants franchise, then before you open your franchised business, we will train up to 2 people to operate a Pet Wants franchise. The agenda of the initial training program is listed below.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Pet Wants Franchise Overview	2	- 0 -	Cincinnati, Ohio
Business Planning/Strategy	5	- 0 -	Cincinnati, Ohio
Sales Strategy	4	-0-	Cincinnati, Ohio
Customer Service	1	- 0 -	Cincinnati, Ohio
Hiring and Managing Employees	1	- 0 -	Cincinnati, Ohio
Marketing	8	- 0 -	Cincinnati, Ohio
Nutrition	8	-0-	Cincinnati, Ohio
Financial Management	4	- 0 -	Cincinnati, Ohio
Technology	3	- 0 -	Cincinnati, Ohio
Product Forecasting	1	- 0 -	Cincinnati, Ohio
Freight and Logistics	1	- 0 -	Cincinnati, Ohio
Product Production Procedures	2	0	Cincinnati, Ohio
TOTAL	40	0	

All of the initial classroom training is conducted at our corporate headquarters at 4755 Lake Forest Drive, Cincinnati, Ohio. All training is conducted by or under the supervision of our President, DeNita Carani. See Item 2 of this disclosure document for a description of DeNita’s background. DeNita has overseen the training and support our franchisees since October 2022. We do not employ a separate staff whose sole function is to train new franchisees. In addition to DeNita, training is conducted by employees with various administrative and operational responsibilities and by third-party vendors. We may change trainers at any time. There is no formal minimum experience that any substitute training instructor would have. We do not charge an additional fee for the initial training, but you are responsible for paying the costs of travel, lodging, food, and compensation for you and your employees during the training program. The instructional materials for our training program include the Operations Manual and handouts.

The Initial training program is mandatory. You, or the person designated as responsible for the general management of the franchised business, must begin the training program within 3 months after you sign the franchise agreement and complete it to our satisfaction. If you do not do so, then we have the right to terminate your franchise without refunding any fees you have paid. Before you open a Store, an employee other than yourself must attend the initial training program. Training programs are typically scheduled on a monthly basis subject to demand. Within 90 days after completing the initial training

program, you are required to attend two days of on-site training at a regional location with an experienced mobile franchise owner. Currently we do not otherwise provide or require you to attend additional training programs or refresher courses. We reserve the right to extend or revise the hours of the training program, to require additional training in the future, or to require that training be conducted on-line.

**Referral Fee.** If you refer a candidate for a franchise to us who has not already contacted us about purchasing a franchise from us or one of our affiliates, then you will receive a referral fee if that candidate purchases a franchise from us or from one of our affiliates. Presently, the referral fee is \$7,500. If you “self-refer” within 30 days after your completion of the initial training program, then in addition to the referral fee, we will waive the minimum royalty on your second territory for six months. The referral fee is \$20,000 for fifth referral within a 12-month period. You will not otherwise participate in the awarding of the franchise to the prospective franchise owner and are not authorized to make financial performance representations. You will be entitled to the referral fee after the candidate you referred to us has paid the initial franchise fee in full, has signed a franchise agreement, and has completed the initial training program. We may cancel or modify this referral policy at any time.

Existing owners may receive a prospective franchisee conversation fee if they answer questions of prospective candidates who become franchise owners. There is a pool (currently \$500) that is split among all franchise owners who speak with a candidate who becomes a franchise owner. We do not control the content of any communications between existing owners and prospective owners, and existing owners do not act as our agents or representatives in any way. We may cancel or modify this conversation fee policy at any time.

#### ITEM 12. TERRITORY

We will grant you an exclusive territory delineated by Postal Codes. A map of your territory that we approve and a list of the Postal Codes comprising your territory will be attached to your franchise agreement. The border of your territory on the approved map is the final determination of your territory if the Postal Codes are moved or altered by the Postal Service. If that happens, we have the right to re-define the boundaries of your territory to correspond as nearly as possible to the territorial border defined in your approved map. Our decision on this matter will be final. You maintain the rights to your territory so long as you own your franchise, even if the population increases. There are no other circumstances that would permit us to modify your territorial rights.

The Postal Codes that comprise the territory you will receive for the base initial franchise fee will contain a population up to 100,000 people. If the population within your Postal Codes exceeds 100,000 people, you must pay an additional \$500 for all or part of every 1,000 people over 100,000. There is no minimum population for your territory, but we recommend that it not be less than 75,000; there is no maximum limit on the population of your territory. See Item 5 above for a detailed explanation of the initial franchise fee. The population will be determined using extrapolated Census figures, demographic data, and our designated mapping software. You may operate from more than one location subject to our approval.

You may not operate your franchise in another franchisee’s territory, except for Shared Referral Sources, Special Accounts, and under the other limited circumstances described in this and the following paragraph. “Operate your franchise in another franchisee’s territory” means advertising (including signage), soliciting, offering, providing, delivering, or selling goods or services in another franchisee’s territory. Storing your inventory in warehouse space located in another franchisee’s territory, so long as there is no exterior signage to associate it with Pet Wants and the location is not listed under the PET WANTS name in any directory (including online and telephone directories), does not constitute “operating your franchise in another franchisee’s territory.” Conversely, other Pet Wants franchisees may warehouse

their inventory in your territory, so long as there is no exterior signage to associate their warehouse with Pet Wants and the location is not listed under the PET WANTS name in any directory.

The exclusivity of your territory begins when you open your franchise. We permit you to operate your franchise in areas outside your territory that are not within another franchisee's territory, but you must discontinue operating in such areas if they are acquired by another franchisee. You may not promote your business or solicit any new customers in the new franchisee's territory after the franchisee opens or otherwise compete against the new franchisee. We may permit you to operate in the territory of another franchisee who has failed to cure a default within 30 days after receiving notice of the default. In that case we could, in our discretion, suspend the exclusivity of the defaulting franchisee's territory until the default is cured. Except as stated in this paragraph, you do not acquire any rights to any areas outside your territory and you must immediately stop operating your franchise and soliciting or accepting new customers in any area that becomes part of another franchisee's territory or upon written notification from us.

(j)A "Shared Referral Source" is: (i) a person or organization (such as a veterinary clinic, dog or cat breeder, pet groomer, or animal shelter) that, because of its purpose or the nature of its business, frequently encounters opportunities to recommend, to its customers, clients, patients, members, or to the general public, providers of goods and services similar to those offered by a Pet Wants franchise; or

(ii) a location or venue (such as a dog park, flea market, street fair, or fundraising event) that, because of its purpose or features, attracts potential customers of a Pet Wants franchise;

(b) and, though it may be physically located within one franchisee's territory, typically serves a geographic area that is larger than a single franchise territory.

We will identify the Shared Referral Sources in each market on a case-by-case basis. All Pet Wants franchises are entitled to solicit referrals from and promote their products and services to or at Shared Referral Sources, wherever located.

We have the exclusive right to identify and control business with Special Accounts, subject to your right to participate in Special Account business in your territory. A "Special Account" is a business, association, or other organization with members, affiliates, policyholders, offices, stores, plants, buildings or other physical facilities that are not confined to the territory of a single Pet Wants franchisee or company-owned or affiliated business. If we negotiate a contract or arrangement with a Special Account, you will have the option to provide the services to the facilities of the Special Account in your territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we have the right to collect amounts due from the Special Account and pay you the amount due for services you provided to the Special Account, less the amount of the royalties and National Branding Contributions you owe us on the amount collected, which we will retain for our own account. All amounts you receive from Special Account work are included in Gross Revenues for purposes of calculating your royalties. If you decline to service a Special Account, we have the unfettered right to fulfill the contract requirements to the Special Account in the territory in any manner we choose, including through another Pet Wants franchisee, a company-owned or affiliated business, or a third-party contractor. If a Special Account requests that someone other than you provide services in the territory, we may revoke your right to provide the services and may fulfill the contract requirements to the Special Account in the territory in any manner we choose. Except as disclosed in this paragraph, we do not have the right, either under our principal trademarks or different trademarks, to provide competing services or to use any alternative distribution, including the Internet, within your territory.



Through our National Lead Generation program consumers may place orders with us directly through our website. We may process and fulfill and retain the proceeds from these orders. If a consumer resides in your territory, we will provide you with the consumer's contact information so that you may have the opportunity to service the consumer thereafter. Except as provided in this Item 12, we do not otherwise reserve the right to provide competing services or to use any other channel of distribution, including the Internet, catalog sales, or telemarketing, or other direct sales, within your territory, under our principal trademarks. We will not otherwise solicit or accept orders from customers inside your territory.

Continuation of your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or any contingency other than complying with your franchise agreement obligations. There are no other restrictions on soliciting or accepting clients outside your territory and you may use any commercially reasonable channel of distribution, such as the Internet, telemarketing, or other direct marketing method to obtain and service clients outside your territory. You do not acquire any rights to any areas outside your territory, and you must immediately stop operating your franchise and soliciting or accepting new customers in any area that becomes part of another franchisee's territory or upon written notification from us.

Pet Wants delivery services may be provided from a single office site. You will also need climate-controlled warehouse space to receive and store your inventory. Your office may be adjacent to or combined with your warehouse space although it is not required. Your office must be located in your territory. We do not select or approve a site, or assist you in selecting a site, for your office or warehouse. You must provide us with the address of your office before you open your franchise. The telephone number for your franchise must be listed under an address within your territory at all times. We do not impose any other restrictions upon the location of your office. Although we do not recommend that you provide delivery services from more than one office location, you are not prohibited from doing so long as you provide us with the address of each location.

A Pet Wants Store operates from a single Store location located in your territory that you select subject to our approval, as described in Item 11.

We may not operate or grant another Pet Wants franchise or other substantially similar franchise in your franchise territory, but nothing prohibits either us or our affiliates from operating or granting other franchises under a different trademark or trade name within your territory, so long as it is not substantially similar. Neither we nor any affiliate of ours operates, franchises, or has plans to operate or franchise a business that sells goods or services similar to a Pet Wants franchise under a different trademark.

Your franchise agreement does not give you any option, right of first refusal, or similar right to acquire additional franchises, but you may purchase a right of first refusal to purchase an additional franchise territory. The price for a right of first refusal is \$10,000, which would be credited toward the initial franchise fee if you exercise the right of first refusal. A right of first refusal will give you the right to purchase a specific territory first if another prospective purchaser shows an interest in purchasing the territory within 1 year after you purchase the right of first refusal. You would have 7 calendar days after receipt of notice to exercise the right. We must receive the entire balance of the then current initial franchise fee for the right of first refusal territory by the seventh day after you receive the notice. A right of first refusal lasts for 1 year. The right of first refusal agreement is attached to this disclosure document as Exhibit B.

We may, based on our sole business judgment and on a case-by-case basis, allow you to establish additional franchises. You may not relocate the franchised business without our approval. Whether or not we would allow relocation depends on the circumstances at the time and what is in the systems' best interests, based on our business judgment. Any relocation, if approved, would be at your sole cost.

### ITEM 13. TRADEMARKS

If you purchase a Pet Wants franchise, we will grant you the right to operate a retail and delivery pet food and supply franchise using the business name PET WANTS and to use the PET WANTS trademark to identify the goods and services offered by the franchise. You may also use our Pet Wants logo (which is depicted on the cover of this disclosure document) and other trademarks we may adopt in the future. You may use no other name or trademark without our approval.

We have registered the following marks on the Principal Register of the U.S. Patent and Trademark Office (the "Trademark Office").

<i>Registration Number</i>	<i>Description of Mark</i>	<i>Registration Date</i>
4,896,469	PET WANTS	February 2, 2016
6,206,294	PET WANTS logo	November 24, 2020

All affidavits and renewals necessary to maintain these registrations have been filed. You must follow our rules when you use these marks. You cannot use a name or mark as part of your corporate name. You cannot use a name or mark with modifying words, designs or symbols other than those which we license to you. You cannot use a name or mark on or as part of any website, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, social media sites, web log (or "blog") or other similar services without our written consent. You cannot register a name or mark as a service mark, trademark, or Internet domain name. You may not use any of the marks in a manner not authorized by us or in connection with the sale of unauthorized products or services. You must not use, in advertising or any other form of promotion, any of our trademarks or commercial symbols without the appropriate notices that we or the law may require, including ®, SM, or other trademark notice.

There are no effective determinations of the Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringement, opposition or cancellation, nor any pending material litigation involving our marks that are material to a Pet Wants franchise.

You must notify us immediately when you learn about any infringement of or challenge to your use of our trademarks. We will take whatever action we think appropriate. We are not required to defend you against a claim against your use of our marks or indemnify you for your liability or expenses arising from your defense of such a claim. We, at our option, will control any proceedings or litigation arising from or relating to our trademarks.

You must modify or discontinue your use of a mark and adopt any new or replacement marks at your expense if we modify or discontinue a mark or adopt a new or replacement mark. We are not required to reimburse you for your costs if you do. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We have no actual knowledge of any infringing uses that could materially affect your use of our marks. No agreements limit our right to use or license the use of our marks within the United States. There may be other businesses offering similar services and using the name PET WANTS or a confusingly similar variation whose use predates our first use of the name. If so, we and our franchisees may not be able to

use the name PET WANTS in the market areas of other retail and delivery pet food and supply businesses that are using the name PET WANTS or similar names.

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

No patents or pending patent applications are material to the franchise.

We have not obtained any copyright registrations, but claim common law copyrights in our Operations Manual (which contains proprietary information), marketing materials, and any other original or proprietary works we have or may develop. All such materials will bear copyright notices. We will retain all rights and interests in such materials. You must not use, in advertising or any other form of promotion, any of our copyrighted materials, trademarks, or commercial symbols without the appropriate notices that we or the law may require, including © or other copyright notice.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the copyrights in any manner material to the franchise. There are no effective determinations of the U.S. Copyright Office, no pending infringement, opposition or cancellation, nor any pending material litigation involving any of the items or information in which we claim copyrights that are material to a Pet Wants franchise.

We have developed distinctive systems for the operation of retail and delivery pet food and supply businesses. Our systems include pricing methods, management techniques, marketing systems and tools, proposals and management forms/formats, specifications, procedures, knowledge, and expertise in the operation of the business, much of which is not commonly known to the public or to our competitors, gives us an advantage over competitors who do not know or use it, and which we have identified or may identify as proprietary and confidential information. We will disclose proprietary and confidential information to you in the Operations Manual, during ongoing training seminars, and in guidance furnished to you during the term of your franchise agreement.

You will not acquire any interest in any proprietary and confidential information we may communicate to you, other than the right to utilize it in the operation of your franchised business during the term of your franchise agreement. The information is disclosed to you solely on the condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your franchise agreement; (3) will not make unauthorized copies of any portion of the Operations Manual or any other written communication from us; and (4) will adopt and implement all reasonable procedures we may require to prevent unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and noncompetition clauses in employment agreements.

You must notify us immediately when you learn about any infringement of or challenge to your use of our copyrighted materials. We will take whatever action we think appropriate. We are not required to defend you against a claim against your use of our copyrighted materials or indemnify you for your liability or expenses arising from your defense of such a claim. We are not obligated to protect any of our copyrights. You must discontinue your use, at your expense, of any item or information in which we claim a copyright if any party demonstrates to our satisfaction a superior right to the use of the item or information. We are not required to reimburse you for your costs if you do. You must not directly or indirectly contest our right to any item or information in which we claim a copyright.

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

You are required to form a limited liability company or corporation to operate your Pet Wants franchise and designate an individual to personally manage the franchised business on a full-time basis. The manager must be approved by us and must have successfully completed our training program. The manager need not have an ownership interest in the business entity that is the franchisee. The manager must sign a written agreement to maintain the confidentiality of any confidential information about Pet Wants or your business that may be disclosed to him or her and a non-competition agreement enforceable in your jurisdiction. You are not required to participate personally in the direct operation of the business, but we recommend that you do so. If you acquire additional Pet Wants franchised businesses, each franchised business must have its own full-time manager or marketing employee.

You may not compete with, or own an interest in any business that competes with, your franchise anywhere during the term of your franchise agreement, or in or within 15 miles of your franchise territory or any other franchisee's territory for 2 years after the expiration or termination of your franchise agreement. You may not solicit any "shared referral sources" (wherever located) for 2 years after the expiration or termination of your franchise agreement (see Item 12 for an explanation of "shared referral sources"). The restrictions in this paragraph also apply to all of the owners of a business entity franchisee, and all of its owners must sign a written agreement (a sample of which is attached to this disclosure document as Exhibit E) to maintain the confidentiality of any confidential information about us or your business that may be disclosed to them, and a written agreement (a sample of which is attached to this disclosure document as Exhibit D) personally guaranteeing all of the franchisee's obligations under the franchise agreement. The spouse of an owner is not required to sign a guaranty unless he or she has an ownership interest in the franchise.

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

There are no restrictions on the goods or services you may offer for sale, except as described below in this Item 16.

You may use no other name or trademark for your franchised business other than PET WANTS without our approval.

You may not use the premises on which the franchised business is located for any purpose other than the operation of the franchised business and the sale of authorized products and services (this restriction does not apply if you provide delivery services from a home office).

You are required to offer and sell only those products and services that we have authorized. You are prohibited from offering any other products or services without our approval. You must offer all products and services that we designate as required for all franchisees. The required products and services are dog and cat food and pet food delivery services and pet grooming services. We have the right to designate some services as optional for franchisees. We have the unlimited right to add or delete products and services that you are required or permitted to offer.

#### 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 Agreement	Summary
a. Length of the Franchise Term	2.1	10 years
b. Renewal or extension of the term	2.2	Your renewal right permits you to remain as a franchise after the initial term of your franchise agreement expires. If you satisfy the requirements for renewal, you have the right to extend the term of the franchise for an additional 10-year period after the initial term and the first renewal term. You must sign our then-current franchise agreement for the renewal term, and this new agreement may contain materially different terms and conditions (including, e.g., higher royalty and/or branding fee) from the agreement that covered your original term.
c. Requirements for you to renew or extend	2.2	“Renewal” means that, if you are in full compliance with the Franchise Agreement at its term’s expiration and we are then continuing to offer new franchise opportunities, then you may acquire a successor franchise term of 10 years. If you wish to acquire a successor franchise term, you must satisfy the pre-conditions to renewal that we then require, including giving 6-12 months written notice, making all required capital expenditures to renovate and modernize your Store and equipment, having the right to possession of the Store or another suitable location for the entire renewal term, signing our then-current franchise agreement (which may contain materially different terms and conditions such as a higher royalty and/or branding contribution) and (if law allows) a form of general release, and comply with any new training requirements.
D. Termination by you	Not Applicable	You can terminate under any grounds permitted by law
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	1.2 and 13.1	We can terminate your franchise if you do not complete the training program to our satisfaction or if you default.
g. “Cause” defined— defaults which can be cured	13.1	You have 1 month to cure: non-payment of fees, failure to submit reports, failure to operate the franchise in compliance with the franchise agreement, Operations Manual and System Standards, understatement of Gross Revenues, and infringement into another franchisee’s territory.
h. “Cause” defined— defaults which cannot be cured	13.1	Non-curable defaults: failure to begin training within 3 months after franchise agreement signed, failure to open for delivery services within 3 months after you complete training, failure to open Store within 3 months after we approve the location or 6 months after you sign franchise agreement, whichever is later, certain assignments, abandonment, failure to comply with applicable law, unapproved transfers, misrepresentation, submission of false report, knowing understatement of Gross Revenues, knowing infringement into another franchisee’s territory, bankruptcy <sup>1</sup> , seizure of or execution against your franchise, certain criminal misconduct, conduct which reflects negatively on the system, danger to public.
i. Your obligations on termination/nonrenewal	Article 14	Stop operating franchise, stop using confidential information and trademarks, complete de-identification of Store and vehicles, return manuals, records, files, and materials containing marks, cancel assumed name registration, assign or cancel telephone number, obtain insurance tail coverage, pay outstanding amounts due and damages (also see r, below).
j. Assignment of contract by us	12.1	No restriction on our right to assign.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you – definition	12.2	Includes transfer of contract or assets, ownership change, and encumbrance.
l. Our approval of transfer by you	12.2	We have the right to approve all transfers but may not unreasonably withhold consent.
m. Conditions for our approval of transfer	12.2	All of your financial obligations and transfer fee paid, new franchisee qualifies, you release claims (if permitted by state law), new franchisee signs current agreement and completes training (also see r, below).
n. Our right of first refusal to acquire your business	12.3	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable, subject to state law
p. Your death or disability	12.4	Your heirs may inherit your franchise provided they qualify and meet other requirements for transfer (see m, above).
q. Non-competition covenants during the term of the franchise	15.2	No involvement in competing business, can't divert customers to competitor or do anything that impairs goodwill associated with our system, can't encroach on other franchisees' territory.
r. Non-competition covenants after the franchise is terminated or expires	15.3	No involvement in competing business for 2 years in or within 15 miles of any franchisee's territory, and no solicitation of customers and shared referral sources of the franchised business for 2 years, subject to state law
s. Modification of the agreement	9.3 and 18.1	Modification only by written agreement, but we may modify Operations Manual so long as it does not change your fundamental status and rights.
t. Integration/merger clause	18.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable (subject to state law).
u. Dispute resolution by arbitration or mediation	16.1 – 16.3	Except for certain claims, and subject to state law: all disputes must be arbitrated in Hamilton County, Ohio; claims may not be consolidated with claims of other franchisees; parties waive right to jury trial and punitive damages; except for certain claims, all claims must be brought within 1 year.
v. Choice of forum	16.7	Except for claims arising under a franchise law of the state where the franchised business is located, all litigation or arbitration must be in Hamilton County, Ohio.
w. Choice of law	18.3	Except for claims arising under a franchise law of the state where the franchised business is located, Ohio law applies.

<sup>1</sup> This provision may not be enforceable under federal bankruptcy law.

#### ITEM 18. PUBLIC FIGURES

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

#### 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 performance at a particular location or under particular circumstances.

Presented below are historic gross revenue figures for certain Pet Wants franchises for the one-year periods ending December 31, 2021, December 31, 2022, and December 31, 2023. The data is presented by quartile and then cumulatively. Data is presented first for Store Franchises, not delivery-only franchises. Only data from Stores that were open for the entire year and that reported gross revenue for the entire year are included in the table.

#### GROSS REVENUES FOR STORES

First Quartile of Store Franchises	Year Ending 12/31/21	Year Ending 12/31/22	Year Ending 12/31/23
Average Gross Revenues	\$909,510	\$1,103,304	\$1,111,268
Median Range of Gross Revenues	\$710,120	\$977,879	\$851,139
High Range of Gross Revenues	\$1,388,438	\$1,730,232	\$1,720,511
Low Range of Gross Revenues	\$668,770	\$755,914	\$726,690
Percentage of franchisees that attained or surpassed Average Gross Revenue	33%	50%	43%
# of Franchises	6	6	7

Second Quartile of Store Franchises	Year Ending 12/31/21	Year Ending 12/31/22	Year Ending 12/31/23
Average Gross Revenues	\$501,016	\$545,797	\$591,658
Median Range of Gross Revenues	\$470,582	\$517,390	\$586,241
High Range of Gross Revenues	\$659,010	\$746,007	\$722,084
Low Range of Gross Revenues	\$400,555	\$444,492	\$470,813
Percentage of franchisees that attained or surpassed Average Gross Revenue	43%	43%	50%
# of Franchises	6	7	8

Third Quartile of Store Franchises	Year Ending 12/31/21	Year Ending 12/31/22	Year Ending 12/31/23
Average Gross Revenues	\$341,298	\$387,287	\$381,932

Median Range of Gross Revenues	\$342,418	\$394,587	\$379,732
High Range of Gross Revenues	\$389,863	\$436,826	\$424,860
Low Range of Gross Revenues	\$260,829	\$319,613	\$345,535
Percentage of franchisees that attained or surpassed Average Gross Revenue	66%	50%	50%
# of Franchises	6	6	8

Fourth Quartile of Store Franchises	Year Ending 12/31/21	Year Ending 12/31/22	Year Ending 12/31/23
Average Gross Revenues	\$181,375	\$241,760	\$228,011
Median Range of Gross Revenues	\$174,863	\$298,708	\$221,812
High Range of Gross Revenues	\$252,265	\$310,237	\$307,543
Low Range of Gross Revenues	\$98,515	\$151,388	\$153,713
Percentage of franchisees that attained or surpassed Average Gross Revenue	43%	57%	50%
# of Franchises	7	7	8

Cumulative Store Franchises	Year Ending 12/31/21	Year Ending 12/31/22	Year Ending 12/31/23
Average Gross Revenues	\$471,223	\$556,017	\$561,022
Median Range of Gross Revenues	\$389,863	\$440,659	\$424,860
High Range of Gross Revenues	\$1,388,438	\$1,730,232	\$1,720,511
Low Range of Gross Revenues	\$98,515	\$151,388	\$153,713
Percentage of franchisees that attained or surpassed Average Gross Revenue	36%	31%	35%
# of Franchises	25	26	31

There were 38 Stores in operation as of December 31, 2023, 31 of which were in operation the entire year. There were 29 Store in operation as of December 31, 2022, of which 26 were in operation the entire year. There were 25 Store in operation as of December 31, 2021, all of which were in operation for the entire year.



The preceding data has been extracted from financial reports submitted to us by our franchisees. The financial reports submitted to us were prepared by the franchisee in most cases, not reviewed or audited by an independent accountant. We have not audited or independently verified this information.

For purposes of this Item 19, "Gross Revenue" means the total of all income arising from the operation of the franchised business, whether cash or credit. It is recognized on an accrual basis and regardless of collection, which means that a franchisee's Gross Revenue for any period represents how much a franchisee billed its clients during the period, not how much the franchisee received. Gross Revenue does not include the amount of refunds and discounts made to clients, or the amount of sales or excise taxes that are separately stated and that the franchisee is required to and does collect from clients and pays to the appropriate taxing authority.

The Gross Revenue figures do not reflect the costs of sales, other operating expenses, or other costs or expenses that must be deducted from Gross Revenue to obtain your net income or profit. Those expenses include fees you are required to pay us under the terms of your franchise agreement, such as royalties and national branding contributions. Your sales and operating expenses will vary depending on many factors, such as the geographic location of your territory, competition from other providers in your market, the effectiveness of your advertising, whether you manage your franchise yourself or hire a general manager, your pricing, the prices you pay for supplies, employee salaries and benefits (health insurance, retirement plan, etc.), other employment conditions in your market, insurance costs, and ability to generate clients. You should conduct an independent investigation of the costs and expenses you will incur in operating a Pet Wants franchise.

We strongly suggest that you consult a financial advisor or accountant for assistance in reviewing the table and in preparing your own financial projections, and for advice about the income and other taxes you will incur in operating a Pet Wants franchise and the effect of non-cash expenses such as depreciation and amortization on your business.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

Written substantiation for the financial performance representation will be made available to you upon request.

Other than the preceding financial performance representations, Pet Wants Franchise System, LLC 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 Jeff Siehl, General Counsel/Vice President, 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45202, (513) 999-9893, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1  
SYSTEMWIDE OUTLET SUMMARY  
For Years 2021 through 2023<sup>3</sup>

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	102	138	+36
	2022	138	138	0
	2023	138	146	+8
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	102	138	+36
	2022	138	138	0
	2023	138	146	+8

Table No. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)  
For Years 2021 through 2023

State	Year	Number of Transfers
California	2021	1
	2022	0
	2023	0
Florida	2021	0
	2022	1
	2023	0
Missouri	2021	0
	2022	1
	2023	0
New Jersey	2021	0
	2022	1
	2023	0
North Carolina	2021	1
	2022	1
	2023	0
Ohio	2021	1
	2022	3
	2023	0
Oregon	2021	0
	2022	0
	2023	1
Total	2021	3
	2022	7
	2023	1

<sup>3</sup> All numbers are for December 31 of each year and include both store and delivery franchises.

Table No. 3  
STATUS OF FRANCHISED OUTLETS  
For Years 2021 through 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	1	1
	2023	1	0	0	0	0	0	1
California	2021	8	4	0	0	0	0	12
	2022	12	0	0	0	0	3	9
	2023	9	3	0	0	1	0	11
Colorado	2021	2	1	0	0	1	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	18	7	2	0	0	1	22
	2022	22	1	0	0	1	1	21
	2023	21	1	0	0	5	0	17
Georgia	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	2	0	0	0	0	8
Idaho	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Illinois	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	3	0	0	0	0	6
Indiana	2021	2	4	0	0	1	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	4	0	2
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Louisiana	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Manitoba	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Maryland	2021	1	2	0	0	1	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Michigan	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
Missouri	2021	1	3	0	0	0	0	4
	2022	4	0	0	0	0	2	2
	2023	2	0	0	0	0	0	2
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Nevada	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	1	1	0
	2023	0	0	0	0	0	0	0
New Hampshire	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
New York	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
North Carolina	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	1	0	0	0	0	9
Ohio	2021	12	4	0	0	2	0	14
	2022	14	3	0	0	1	0	16
	2023	16	1	0	0	0	0	17
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	6	2	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	1	0	7
Pennsylvania	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	2	4
	2023	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Rhode Island	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	1	0	0	0	0	6
South Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	0	1	0	0	0	0	1
	2022	1	3	0	0	0	0	4
	2023	4	1	0	0	1	0	4
Texas	2021	7	2	0	0	1	0	8
	2022	8	0	0	0	0	0	8
	2023	8	2	0	0	3	0	7
Utah	2021	0	1	0	0	0	0	1
	2022	1	3	0	0	0	0	4
	2023	4	3	0	0	0	0	7
Vermont	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
Virginia	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	102	46	2	0	7	1	138
	2022	138	15	0	0	5	10	138
	2023	138	24	0	0	16	0	146

Table No. 4  
STATUS OF COMPANY-OWNED OUTLETS  
For Years 2021 through 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees <sup>4</sup>	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

<sup>4</sup> Franchised outlets reacquired by franchisor were terminated at the time of reacquisition and are therefore not included in Table 4.

TABLE NO. 5  
PROJECTED OPENINGS  
As of December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected Company-Owned Outlets in the Next Fiscal Year
Arizona	0	0	0
California	0	2	0
Colorado	0	1	0
Delaware	0	1	0
Florida	0	1	0
Georgia	1	1	0
Illinois	0	1	0
Indiana	0	1	0
Kentucky	0	2	0
Maryland	0	1	0
Michigan	2	1	0
New Jersey	1	1	0
North Carolina	0	1	0
Ohio	0	1	0
Pennsylvania	0	2	0
Tennessee	0	1	0
Texas	0	2	0
Washington	0	0	0
Wisconsin	0	1	0
Totals	4	21	0

Exhibit L lists the names of all current Pet Wants franchisees and their business telephone numbers and addresses as December 31, 2023 and those franchisees that have signed a franchise agreement but were not yet operational at the end of the year. Exhibit M lists the name, last known city and state, and business (or, if unknown, home) telephone numbers of every Pet Wants franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the Issuance Date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some of our franchisees have signed confidentiality clauses during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Pet Wants. You may wish to speak to with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

As of the issuance date of this disclosure document, there are no trademark-specific franchisee organizations associated with the Pet Wants franchise system that have been created, sponsored, or endorsed by us or that have requested to be included in the franchise disclosure document in the next fiscal year.

## ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements for the fiscal years ending December 31, 2023, 2022, and 2021 are attached to this disclosure document as Exhibit K.

Our fiscal year ends on December 31.

## ITEM 22. CONTRACTS

The following contracts are attached as exhibits to this disclosure document:

- Exhibit A Franchise Agreement with Exhibits to be signed by all franchisees
- Exhibit B The agreement you will sign if you purchase a right of first refusal to buy an additional franchise
- Exhibit C Power of Attorney allowing us to assume the telephone numbers and Internet and World Wide Web-based rights relating to your franchised business after your franchise expires or terminates
- Exhibit D Personal Guaranty to be signed by all the owners of a franchisee that is a business entity
- Exhibit E Nondisclosure and Noncompetition Agreement to be signed by all the owners of a franchisee that is a business entity
- Exhibit G Franchisee Acknowledgment Statement to be signed by all franchisees
- Exhibit H Assignment Agreement to be signed by an individual franchisee to transfer his or her franchise to a business entity
- Exhibit O Additional State-Specific Disclosures and Riders
- Exhibit P This is an Addendum that you will sign if you participate in the Winner's Circle program described in Item 5
- Exhibit Q This is an Addendum that you will sign if we extend a multiunit territory opportunity to you

## ITEM 23. RECEIPTS

The last page of this disclosure document is a detachable document that you must sign acknowledging your receipt of this disclosure document.

PET WANTS  
FRANCHISE AGREEMENT

BETWEEN

PET WANTS FRANCHISE SYSTEM, LLC  
FRANCHISOR

AND

---

FRANCHISEE(S)

FRANCHISE LOCATION NO. \_\_\_\_\_



PET WANTS FRANCHISE SYSTEM, LLC.

FRANCHISE AGREEMENT

PET WANTS

Effective Date of this agreement: \_\_\_\_\_

Required Opening Date – No Later Than: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Franchisor: \_\_\_\_\_ Pet Wants Franchise System, LLC \_\_\_\_\_

Franchisee: \_\_\_\_\_

Location: \_\_\_\_\_

Initial Franchise Fee: \$ \_\_\_\_\_

Transfer Fee: \$ \_\_\_\_\_

Renewal Fee: \$ \_\_\_\_\_

Franchise Number: \_\_\_\_\_

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THIS FRANCHISE AGREEMENT is between Pet Wants Franchise System, LLC, an Ohio limited liability company (“Franchisor”), and the individual(s) or entity identified on Exhibit A attached hereto and by this reference incorporated herein (collectively and individually referred to as “Franchisee”);

PREAMBLE:

- A. Franchisor has created and developed and is in the process of further developing an Operating System (defined in section 19.41) for the establishment and operation of a distinctive type of retail business that offers premium pet food and supplies.
- B. The Operating System consists of distinctive methods and procedures for marketing and advertising; specially-designed business procedures and forms for the efficient operation of a Pet Wants Franchise (defined in section 19.45); an Operations Manual (defined in section 19.42) and training program; and specially designed procedures for the promotion and provision of the goods and services offered by a Pet Wants Franchise.
- C. Franchisor claims the exclusive right to use the trademark PET WANTS, any derivatives thereof, and certain other trade names, business names, trademarks, logos, designs, and trade symbols as are now or may from time-to-time be designated by Franchisor for use in connection with the operation of the Operating System.
- D. Franchisor continues to develop, use, and control the use of the Marks (defined in section 19.35) in order to identify to the public the source of products and services marketed under the Marks and under the Operating System, and to represent the Operating System’s high standards of quality and reliability.
- E. Franchisee understands and acknowledges the importance of Franchisor’s standards of quality, reliability, service, cleanliness and appearance, the necessity of opening and operating a Pet Wants Franchise in conformity with Franchisor’s standards and specifications as presented in Franchisor’s Operations Manual and updates, and preserving the confidentiality of the Operating System.
- F. Franchisee desires to purchase and operate a Pet Wants Franchise in accordance with all of the terms and conditions of this agreement.

THEREFORE the parties agree as follows:

ARTICLE 1  
APPOINTMENT

1.1. Grant of Franchise. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, (i) the right and franchise, and Franchisee undertakes the obligation, to operate the Franchised Business (defined in section 19.22) and (ii) a non-exclusive license to use the Marks and the Operating System, as they may be changed, improved and further developed from time-to-time, within the Territory.

1.2. Territory Defined. The Territory is a geographical area delineated by postal code(s) according to Franchisor’s mapping system and more particularly described on Exhibit B attached to, incorporated in, and made a part of this agreement. If for any reason any of the postal codes that comprise the Territory are moved, altered or eliminated by the U.S. Postal Service, Franchisor has the right to re-define the boundaries of the Territory to correspond as nearly as possible to the original territory, in Franchisor’s Business Judgment, and Franchisor’s decision shall be final and binding upon both Franchisor and Franchisee. Franchisee shall not relocate the Franchised Business from the Territory without Franchisor’s prior written approval. Except as permitted by sections 1.3 through 1.12 or other provisions of this agreement, Franchisee shall operate the Franchised Business only within the Territory.

1.3. Permitted Activities. The rights granted to Franchisee under this agreement are limited to the offer, sale and distribution of Authorized Products and Services (defined in section 19.3) (i) at a Store operated under this agreement and located in the Territory, or (ii) delivered to customers at locations within the Territory. Franchisee shall not directly or indirectly promote, offer, sell, or distribute, or solicit or accept orders for, Authorized Products and Services, or other products and services that compete with Authorized Products and Services, in the protected territory of another Pet Wants Franchise after that Franchise's Opening Date (defined in section 19.40).

1.4. Protected Territory. Beginning on the Opening Date and so long as Franchisee is in Good Standing (defined in section 19.27) during the Term, Franchisor shall not operate or establish or authorize another to operate or establish a Pet Wants Franchise in the Territory. Franchisee acknowledges that the Franchise granted under this agreement is otherwise non-exclusive and is granted subject to the terms, conditions and exceptions of sections 1.3 through 1.12 and 13.2. The territorial protection granted under this section does not extend to or prohibit: (i) the solicitation and/or hiring of employees in or from Franchisee's Territory by another Pet Wants Franchisee; or (ii) another Pet Wants Franchisee storing inventory in warehouse space located in Franchisee's Territory, so long as there is no exterior signage to associate it with Franchisor, the Network, or the Operating System, and the location is not listed under any of the Marks in any directory (including online and telephone directories).

1.5. Marketing and Solicitation Restrictions. Except as expressly permitted in this article, Franchisee shall not directly or indirectly: (i) engage in advertising, marketing, or promotional activities in, or that are directed or targeted primarily to, the protected territory of another Pet Wants Franchisee; or (ii) offer, solicit or accept orders for, sell or distribute Authorized Products and Services, or offer, solicit or accept orders for, sell or distribute products and services that compete with Authorized Products and Services, in the protected territory of another Pet Wants Franchise. Any violation of this section by Franchisee will constitute a material default of this agreement. Within 10 days after receiving written notice of such violation, Franchisee shall remit to Franchisor all Gross Revenues earned or received from any activities prohibited by this section. If Franchisee receives an order for Authorized Products and Services to be delivered in the protected territory of another Pet Wants Franchise, then Franchisee shall promptly notify the other Pet Wants Franchisee of the request and provide appropriate contact information for the prospective customer.

1.6. Special Accounts. Franchisor has the exclusive right to contract with any Special Account (as defined in section 19.59) for provision of Authorized Products and Services or any other any goods or services, regardless of where the Special Account is headquartered or whether Franchisee or any other Pet Wants Franchise provided services to the Special Account before it entered into a contract with Franchisor. Franchisee acknowledges that other Pet Wants Franchises may provide goods and services to Special Accounts at or from a location in the Territory. With Franchisor's prior written consent, Franchisee may provide goods and services to Special Accounts at or from locations in the territory of another Pet Wants Franchise. If Franchisor establishes a contract with a Special Account that includes facilities of the Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the goods or services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. Franchisor has the right to collect amounts due from the Special Account and remit to Franchisee the amount due for goods and services provided by Franchisee to the Special Account, less the amount of Royalties due Franchisor on the amount collected, which Franchisor will retain for its own account. All amounts collected from Special Accounts on Franchisee's behalf or by Franchisee from Special Accounts (including the gross amount of payments from which Franchisor withheld royalties before remitting the net amount to Franchisee) are includible in Franchisee's Gross Revenues for purposes of calculating Royalties due under this agreement, with an appropriate credit for any Royalties withheld by Franchisor. If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract

requirements to the Special Account in the Territory in any manner it deems suitable in its Business Judgment, including through another Pet Wants Franchise, a business owned by Franchisor or its Affiliate, or a third-party contractor. Additionally, if at any time a Special Account for any reason requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services, and may fulfill the contract requirements to the Special Account in the Territory in any manner Franchisor deems suitable in its Business Judgment. All disputes between Pet Wants Franchises relating to Special Accounts will be resolved by Franchisor, whose decision will be final and binding upon all Pet Wants Franchisees.

1.7. Shared Referral Sources. All Pet Wants Franchises are entitled to solicit referrals from and promote their services to Shared Referral Sources, and the solicitation of referrals from and promotion of services to Shared Referral Sources located in Franchisee's Territory by other Pet Wants Franchises will not violate the rights granted to Franchisee by section 1.4 or any other provision of this agreement. All disputes between Pet Wants Franchises over Shared Referral Sources will be resolved by Franchisor, whose decision will be final and binding upon all Pet Wants Franchises. Nothing in this paragraph authorizes Franchisee to sell or distribute Authorized Products and Services outside the Territory.

1.8. Customers. Franchisee acknowledges and agrees that it acquires no rights in or to its customers or its Customer List (defined in section 19.12) other than those specifically granted under this agreement. Upon the expiration or termination of this agreement for any reason, Franchisor may notify Franchisee's customers thereof and, without compensation to Franchisee, authorize one or more other Pet Wants Franchises or anyone else to provide Authorized Products and Services to Franchisee's former customers.

1.9. Extra-Territorial Operation.

(a) Franchisee acknowledges that the rights granted to it under this agreement are limited to the operation of the Franchised Business within the Territory as described in section 1.3. However, the promotion and operation of the Franchised Business outside the Territory will not be deemed a breach of section 1.2 or 1.3 so long as Franchisee does not offer, sell, or distribute, or solicit or accept orders for, Authorized Products and Services, or otherwise promote or operate the Franchised Business, in the protected territory of another Pet Wants Franchise after that Franchise's opening date, except as expressly permitted by section 0, 0, 1.6, or 1.7, or with the other Pet Wants Franchisee's prior written consent (a true copy of which must be provided to Franchisor upon demand).

(b) If Franchisee has Legacy Customers (defined in subsection 0 (c) and section 19.33) in another Franchise's protected territory, Franchisee must discontinue servicing the Legacy Customers upon the other Franchise's opening date. All orders submitted on or after the other Franchise's opening date for delivery to the other Franchise's protected territory must be referred to the other Franchise for fulfillment. Within seven days after written request from Franchisor, Franchisee shall provide Franchisor and the other Franchise with a written report accurately listing the names, addresses (mailing, delivery and email), telephone numbers, and order histories of all delivery customers of Franchisee located in the other Franchise's protected territory. Franchisee shall cooperate with and provide reasonable assistance to the other Franchise in connection with the transition of those customers to the other Franchise in order to make the transition appear as seamless as possible to the customers.

l) Franchisee acknowledges that there may be other Pet Wants Franchises near Franchisee's Territory who have Legacy Customers in Franchisee's Territory as of the Opening Date. A "Legacy Customer" is a Pet Wants customer who takes delivery of Authorized Products and Services at a location outside the protected territory of the Pet Wants Franchise providing the Authorized Products and Services, if the

first delivery to the customer occurred when the customer's delivery location was not located in the protected territory of any Pet Wants Franchise, but the customer's delivery location subsequently becomes part of the protected territory of a Pet Wants Franchise other than the Franchise providing the Authorized Products and Services to the customer. Some earlier Pet Wants franchise agreements may contain different terms and conditions than this agreement, and do not prohibit the franchisee thereunder from continuing to sell and deliver Authorized Products and Services to Legacy Customers inside other Pet Wants Franchises' protected territories for some period of time. Consequently, Franchisee agrees that the sale and delivery of Authorized Products and Services by other Pet Wants Franchises to their Legacy Customers inside Franchisee's Territory at any time after the Opening Date will not constitute a breach of the rights granted to Franchisee or the restrictions on Franchisor under section 0, if doing so is not prohibited by the franchise agreement under which those Franchises operate.

1.10. Reserved Rights of Franchisor. Franchisor specifically reserves all rights not expressly granted to Franchisee in this agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to:

- (a) own, acquire, establish and operate, and license others to establish and operate, businesses substantially similar to the Franchised Business, whether under the Marks or other trade names, trademarks, brand names, or commercial symbols, anywhere outside the Territory;
- (b) acquire a system of Competitive Businesses (defined in section 19.9) with branches, franchises, or locations that are located within the Territory or that have a protected franchise territory that includes all or part of Franchisee's Territory;
- (c) advertise and promote the Network in and outside the Territory; and
- (d) develop and engage in other lines of business offering and selling goods or services under the Marks or under other trade names, trademarks, brand names, or commercial symbols, without any obligation to offer Franchisee an opportunity to make the goods and services part of the Franchised Business.

1.11. Acquisition of Competing System. If Franchisor merges with, acquires, or is acquired by another system of businesses (including a system of Competitive Businesses), the continued operation of any branch, franchise, or location of the other system within the Territory under any trade name, trademark, brand name, or commercial symbol other than the Marks will not violate the rights granted to Franchisee by section 1.4 or any other provision of this agreement.

1.12. National Lead Generation Program. Customers may order Authorized Products and Services directly from Franchisor through Franchisor's website. Franchisor may process, fulfill, and retain the proceeds from any and all such orders regardless of where the customer is located. If a customer resides in Franchisee's Territory, Franchisor shall forward the customer's contact information to Franchisee, and Franchisee will thereafter have the opportunity to service the customer.

ARTICLE 2  
TERM AND RENEWAL

2.1 Initial Term. Unless earlier terminated in accordance with the terms and conditions of this agreement, the Initial Term of this agreement is ten years beginning on the Effective Date (defined in section 19.17) and ending on the Expiration Date (defined in section 19.21).

2.2 Renewal. Except for the Post-Termination Provisions (defined in section 19.51) and as provided in section 2.3, Franchisee's rights and Franchisor's obligations under this agreement terminate at the Expiration Date. For a period of one year before the Expiration Date, Franchisee will have the right, at its option and upon the conditions in this section 2.2, to renew its Pet Wants Franchise for an additional term of ten years beginning the day after the Expiration Date (a "Successor Franchise"). A Successor Franchise will be granted on the terms of Franchisor's then-current franchise agreement (a "Successor Agreement"). A Successor Agreement may differ materially in economic and other aspects from this agreement and its requirements (including a different Royalty, National Branding Contribution and other fees), but start-up terms (e.g., Pre-Opening Training) will not apply and Franchisee will not be required to pay another Initial Franchise Fee. Franchisee will not be eligible to renew its Franchise unless and until Franchisee complies with all of the following conditions:

(a) Franchisee must give Franchisor a written request to renew its Pet Wants Franchise at least six months, but not more than one year, before the Expiration Date. Within one month after its receipt of a timely request, Franchisor shall confirm in writing Franchisee's eligibility or ineligibility for a Successor Franchise. If Franchisee has failed to comply with all of the conditions in this section 2.2 at the time Franchisor receives the request, Franchisor will have the right to refuse to renew Franchisee's Franchise. If Franchisee is ineligible to obtain a Successor Franchise, but the ineligibility is caused by a non-compliance that can be cured, then Franchisor will notify Franchisee accordingly. Franchisee will be eligible for renewal if Franchisee cures the noncompliance within one month after Franchisor notifies Franchisee of its ineligibility. Neither Franchisee's request to renew its Franchise nor Franchisor's failure to advise Franchisee of its ineligibility will affect or impair Franchisor's right to terminate this agreement under section 13.1.

(b) Franchisee must be in Good Standing and have substantially complied with all of the material terms and conditions of all agreements between Franchisee (or its Principals or Affiliates) and Franchisor (or any of the Franchisor-Related Persons, defined in section 19.25) during the respective terms thereof.

(c) Franchisee must demonstrate to Franchisor's satisfaction that it meets Franchisor's then-current qualification standards for new Pet Wants Franchisees, possesses a good business reputation and credit rating, and has adequate financial resources and capital to operate the Franchised Business.

(d) If the Franchised Business is a Store Franchise, Franchisee has access to and the right to remain in possession of the Store, or a suitable substitute location that meets Franchisor's then-current specifications and standards, for the entire term of the Successor Franchise.

(e) If the Franchised Business is a Store Franchise, Franchisee, at its expense, has renovated, restored and refurbished the Store and made all necessary capital expenditures (including renovation of the interior or exterior of the Store and upgrades to the Communication and Information System) to maintain uniformity with any Franchisor-required modifications to the Operating System in accordance with section 9.3 so the Franchised Business reflects Franchisor's then-current standards and specifications, including System Standards regarding interior and exterior design, size, colors, Trade Dress, wall and floor coverings and finishes, accessories, supplies and equipment.

(f) At least two months before the Expiration Date, Franchisee must execute and deliver to Franchisor its then-current form of franchise agreement (with appropriate modifications to reflect the fact that it relates to a Successor Franchise) (a "Successor Agreement"), which will supersede this agreement in all respects. A Successor Agreement may differ materially in economic and other aspects from this agreement and its requirements (including a different Royalty, National Branding Contribution and other fees), but start-up terms (*e.g.*, Pre-Opening Training) will not apply and Franchisee will not be required to pay another Initial Franchise Fee. The Successor Agreement must contain a provision substantially similar to this section 2.2 granting Franchisee the right to renew its Successor Franchise for one more term of ten years beginning the day after the expiration date of the Successor Agreement, subject to conditions substantially similar to those in subparagraphs (a) through (h) of this section 2.2.

(g) At least two months before the Expiration Date, unless prohibited by the laws of the jurisdiction in which Franchisee resides or the Franchised Business is located, Franchisee and each of its Principals must sign and deliver to Franchisor its then-current form of General Release (defined in section 19.26).

(h) At least one month before the Expiration Date, Franchisee must satisfy Franchisor's then-current training requirements, including any training requirements specifically designed for Successor Franchisees.

2.3 Holdover Period. If Franchisee does not execute a Successor Agreement before the Expiration Date but continues to accept the benefits of this agreement after the expiration of the Initial Term, then at Franchisor's option, this agreement may be treated either as: (i) expired as of the Expiration Date, with Franchisee thereafter operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis (the "Holdover Period") until either party provides the other party with at least one month's written notice of that party's intention to terminate the Holdover Period (if the laws of the jurisdiction in which the Franchised Business or Franchisee is located require a longer notice period, the one-month period will be deemed modified to be the shortest notice period required by the applicable laws of the jurisdiction). In the latter case, all of Franchisee's obligations will remain in full force and effect during the Holdover Period as if this agreement had not expired, and all obligations and restrictions imposed on Franchisee upon the expiration of this agreement will be deemed to take effect upon the termination of the Holdover Period. Except as described in this paragraph, Franchisee has no right to continue to operate the Franchised Business after the expiration of the Initial Term. If Franchisee does not execute a Successor Agreement before the Expiration Date but Franchisor nevertheless permits Franchisee to renew the license granted under this agreement, then Franchisee shall pay Franchisor a renewal fee of \$1,000 per month for every month of the Holdover Period, not to exceed Franchisor's then-current initial franchise fee.

### ARTICLE 3 LOCATION OF BUSINESS

Franchisee shall lease, purchase or otherwise secure suitable premises for the operation of the Franchised Business (the "Premises"). The Premises must be located in the Territory, except that Franchisee may store inventory in warehouse space located in the protected territory of another Pet Wants Franchisee, so long as there is no exterior signage to associate the location with Franchisor, the Network, or the Operating System, and the location is not listed under any of the Marks in any directory (including online and telephone directories). Franchisee shall maintain and use a business address in the Territory and the public telephone number for the Franchised Business must be listed under that address. Franchisee shall not relocate the Premises without Franchisor's prior approval, which Franchisor has the right to grant or withhold in its Business



Judgment. Any relocation would be at Franchisee's sole cost. Franchisee shall provide Franchisor with the address of the Premises before the Opening Date.

#### ARTICLE 4 INITIAL FEE

Franchisee shall pay Franchisor a Franchisee Fee of \$48,500<sup>1</sup>. The Franchise Fee is fully earned, due and payable to Franchisor by ACH transfer when Franchisee signs this agreement, in consideration of the administrative and other expenses incurred by Franchisor in furnishing items to Franchisee as described in Article 6 and for Franchisor's lost or deferred opportunity to franchise to others. The Franchise Fee is not refundable. This Article 4 is not applicable if: (i) this agreement is a successor agreement to a prior franchise agreement or Franchisee is otherwise signing this agreement in connection with the renewal of a franchise granted under a prior franchise agreement; or (ii) Franchisee is signing this agreement in connection with a Transfer in accordance with Article 12.

#### ARTICLE 5 RECURRING FEES

##### 5.1 Royalty.

- (a) Franchisee shall pay Franchisor a monthly royalty fee of 7% of Franchisee's Gross Revenues for the preceding month, or the "Minimum Royalty" (defined in subparagraph (b) below), whichever is greater. The royalty fee is solely in consideration of Franchisee's continued right to use the Marks. All Royalties are payable on or before the fifth day of each month and are based upon Franchisee's Gross Revenues of the preceding month. Franchisee is not obligated to pay the Minimum Royalty until the fifth day of the second calendar month following the month in which Franchisee or the Designated Individual completes the initial training program required by Section 7.1 (the "Minimum Royalty Effective Date"), unless (1) Franchisee has operated a Pet Wants franchise under another franchise agreement with an effective date at least six months earlier than the Effective Date of this Agreement; or (2) Franchisee acquired the Territory from another Pet Wants franchisee.
- (b) The Minimum Royalty is: (1) \$350 a month for the first 12 months beginning on the Minimum Royalty Effective Date; and (2) \$1,000 a month for each month thereafter.
- (c) If Franchisee operates another Pet Wants Franchise under a separate franchise agreement with Franchisor, the Minimum Royalty under the other agreement will be in addition to and aggregated with the Minimum Royalty under this agreement.

##### 5.2 National Branding Contribution.

- (a) Franchisee shall contribute the greater of 2% of Franchisee's Gross Revenues for the preceding month or the Minimum National Branding Contribution to the National Branding Fund established in accordance with Article 11 (the "National Branding Contribution"). All National Branding Contributions are payable on or before the fifth day of each month and are based upon Franchisee's Gross Revenues of the preceding month. Franchisee is not obligated to pay

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<sup>1</sup> All dollar figures are in United States currency.

the Minimum National Branding Contribution until the fifth day of the second calendar month following the month in which Franchisee or the Designated Individual completes the initial training program required by Section 7.1 (the "Minimum National Branding Contribution Effective Date"), unless (1) Franchisee has operated a Pet Wants franchise under another franchise agreement with an effective date at least six months earlier than the Effective Date of this Agreement; or (2) Franchisee acquired the Territory from another Pet Wants franchisee. Franchisor has the right to increase the National Branding Contribution at any time in its Business Judgment. Any increase will be effective thirty days after Franchisee's receipt of written notice.

- (b) The Minimum National Branding Contribution is: (1) \$250 a month for the first 12 months beginning on the Minimum National Branding Contribution Effective Date; and (2) \$350 a month for each month thereafter.
- (c) If Franchisee operates another Pet Wants Franchise under a separate franchise agreement with Franchisor, the Minimum Royalty under the other agreement will be in addition to and aggregated with the Minimum Royalty under this agreement.

5.3 Technology Fee. Franchisor shall pay to Franchisor or a designated third-party a Technology Fee, on a per location basis, of \$25 per month, for software license and development fees, Internet marketing, web hosting, search engine optimization, email addresses, and other technology tools provided or developed by Franchisor.

5.4 Late Payment. Franchisee shall pay (to Franchisor or to the National Branding Fund, as the case may be) a late fee of \$100 or 10% of the amount due, whichever is greater, on any payment (including amounts due for Royalties, National Branding Contributions, Technology Fees, or for goods or services provided by the National Branding Fund, Franchisor, or any Affiliate of Franchisor) that is not received by Franchisor within five days after the due date. Franchisee shall pay to Franchisor a late fee of \$100 for any Sales Report, tax return, or other Business Record that is not received by Franchisor within five days after the due date. Any payments that are not received by Franchisor within thirty days after the due date will bear interest at the rate of 18% per annum, or the highest rate allowed by law, whichever is lower, from the date payment was due until the date payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment.

5.5 Taxes on Amounts Paid to Franchisor. All payments required to be made by Franchisee to Franchisor pursuant to this agreement shall be the gross amount determined according to the applicable paragraph, without deduction for any duties, levies, VAT, excise, sales, use, withholding, gross receipts, or other taxes (excluding, however, income taxes payable by Franchisor) that may be levied or assessed thereon by any country, state, county, or municipality in which the Franchised Business is located or operates, in which Franchisee resides, or which otherwise possesses the power to tax Franchisee or the Franchised Business. Franchisee shall remit to the appropriate taxing authorities all duties, levies, VAT, excise, sales, use, withholding, gross receipts, or other taxes levied or assessed on amounts paid by Franchisee to Franchisor which would otherwise be due from Franchisor, shall promptly deliver to Franchisor receipts of applicable governmental authorities showing that all such taxes were properly paid in compliance with applicable law, and shall indemnify and defend Franchisor and hold Franchisor harmless from and against all liability for such taxes (including interest and penalties thereon). Franchisee shall fully and promptly cooperate with Franchisor to provide such information and records as Franchisor may request in connection with any application by Franchisor to any taxing authority with respect to any tax credits.

## 5.6 Method of Payment.

(a) All payments that Franchisee is required to make under this agreement, including Royalties, Branding Fees, late fees, interest, and legal expenses, must be received by Franchisor by the due date through an electronic depository transfer account ("EDT Account") established at a banking institution approved by Franchisor. Before the Opening Date Franchisee shall establish an EDT Account and execute and deliver to Franchisor an authorization for electronic funds transfer (in a form prescribed by or acceptable to Franchisor's and Franchisee's banks) for direct debits from the EDT Account. Thereafter at all times during the Term, Franchisee shall ensure that Franchisor has access to the EDT Account for purposes of receiving electronic funds transfer payments, and Franchisee shall comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic funds transfer. Franchisee hereby authorizes Franchisor to initiate debit entries and credit correction entries to the EDT Account for payment of Royalties, National Branding Contributions, Technology Fees, legal expenses, interest, administrative fees and all other amounts payable to Franchisor or any Affiliate of Franchisor under this agreement. Franchisee shall make funds available in its EDT Account in sufficient amounts to meet its obligations as they become due. If any debit properly initiated by Franchisor from Franchisee's EDT Account is denied or charged back due to nonsufficient funds or the closing of the EDT Account, Franchisee shall pay Franchisor a \$50 charge-back fee and reimburse Franchisor for all bank and transaction charges incurred by Franchisor as the result of the charge-back. Once established, Franchisee may not close the EDT Account during the Term without Franchisor's consent.

(b) If Franchisee has not timely reported Franchisee's Gross Revenues to Franchisor for any reporting period, then Franchisor shall debit Franchisee's EDT Account an amount equal to the National Branding Contribution due plus the greater of (i) the Royalties payable by Franchisee for the last reporting period for which Franchisor received a Sales Report from Franchisee, or (ii) the Minimum Royalty for the reporting period. Once Franchisor determines Franchisee's true Gross Revenues for the reporting period, if the amounts debited are less than the Royalty Franchisee actually owes, Franchisor shall debit the EDT Account for the balance of the Royalty due on the date specified by Franchisor. If the amounts debited are greater than the Royalty Franchisee actually owes, Franchisor shall credit the excess against the amount Franchisor otherwise would debit from the EDT Account for the next reporting period for which Franchisee timely reports its Gross Revenues, without interest. Nothing in this paragraph is to be construed to waive, postpone or suspend Franchisee's obligations to submit any reports, records, or other materials required by this agreement. Franchisee acknowledges that its failure to accurately report Gross Revenues when due constitutes a breach of this agreement, notwithstanding the provisions of this paragraph.

(c) Franchisor may, after providing thirty days' notice, alter the payment period for the Royalty, National Branding Contribution, and any other required payments from monthly to weekly, biweekly, or such other period as Franchisor designates.

5.7 Application of Payments. As to Franchisee and any Affiliate of Franchisee, Franchisor has the right to: (i) apply any payments received to any past-due, current, or future indebtedness of any kind in Franchisor's Business Judgment, regardless of any instructions for the application of the payment from Franchisee or anyone else; (ii) set off from any amounts that may be owed by Franchisor, any amount owed to Franchisor or any National Branding Fund; and (iii) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any amounts owed to Franchisor. Franchisor may exercise any of these rights in connection with amounts owed to or from Franchisor, any Franchisor-Related Person, and/or any National Branding Fund.

ARTICLE 6  
DUTIES OF FRANCHISOR

6.1 Assistance by Franchisor. After the Effective Date, Franchisor, at its sole expense, shall provide the following assistance and materials to Franchisee:

- (a) if Franchisee operates a Store Franchise, Franchisor may, in its discretion, choose to approve a site selected by Franchisee in accordance with the Section 7.30;
- (b) a schedule of all equipment necessary to operate the Franchised Business;
- (c) a current set of advertising and promotional templates;
- (d) approved and readily available sources for purchasing supplies, advertising and marketing materials, computer hardware and software, and other items necessary for the operation of the Franchised Business;
- (e) periodic assistance from Franchisor's representatives via telephone or electronic mail to the extent Franchisor deems necessary; and
- (f) such other materials, information and assistance as Franchisor may from time-to-time deem necessary.

6.2 Pre-Opening Training. Before the Opening Date, Franchisor shall provide, without charge, the Pre-Opening Training described in section 7.1(a) for up to two individuals, one of which must be either Franchisee's Designated Individual (defined in section 7.10) or Franchisee if Franchisee is an individual at the time.

6.3 Operations Manual. Franchisor shall loan Franchisee, at no charge to Franchisee, one copy of Franchisor's current Operations Manual (which may consist of one or more volumes and may be provided digitally via a franchisee intranet, compact disk, or DVD) as described in Article 9.

6.4 Products, Supplies and Materials. After the Effective Date, Franchisor shall furnish Franchisee with one copy of each of the business and reporting forms for use by Franchisee in the Franchised Business. Thereafter, Franchisee may purchase additional amounts of any of the business and reporting forms from any approved supplier. At its election, Franchisor may provide the forms in a digital format. Upon request, Franchisor shall provide Franchisee with specifications for the proper preparation of the business and reporting forms, and Franchisee may purchase them from a supplier who has complied with Franchisor's supplier approval guidelines as described in section 7.7 and the Operations Manual. Since all business and reporting forms will bear the Marks, each supplier will be required to execute a license agreement setting forth the manner in which the Marks are to be imprinted, the required text on the materials, and other necessary specifications and standards for the preparation of such materials.

ARTICLE 7  
DUTIES OF FRANCHISEE

7.1 Training.

- (a) Within three months after the Effective Date and before the Opening Date, either the Designated Individual or Franchisee (if Franchisee is an individual at the time) must complete, to Franchisor's satisfaction, a training program for new Pet Wants Franchisees (the "Pre-Opening Training") at Franchisor's corporate office or other facility selected by Franchisor. The Pre-Opening Training is

mandatory—if the Designated Individual (or Franchisee if Franchisee is an individual at the time) fails to complete the Pre-Opening Training to Franchisor’s satisfaction within three months after the Effective Date, then Franchisor will have the right to terminate this agreement without further obligation to Franchisee and without refunding any money paid by Franchisee.

(b) The Designated Individual shall attend and complete, to Franchisor’s satisfaction, all refresher courses, seminars (whether in-person or online), and other training programs reasonably required by Franchisor from time-to-time. Refresher courses, seminars, and additional training programs may be held, in Franchisor’s Business Judgment, at Franchisor’s corporate headquarters, at or in conjunction with a convention or national or regional meeting site, or at any other facility or location designated by Franchisor.

(c) For all training courses, seminars and programs (including the Pre-Opening Training), Franchisor shall provide and pay for the instructors, training facilities and training materials. Franchisor has the right to charge a reasonable fee for any training it provides after the Opening Date. Franchisee shall bear the cost of all other expenses for its Designated Individual and other personnel during the training, including the costs of travel, lodging, meals and wages.

7.2 System Standards. Franchisee acknowledges and agrees that every detail of the Operating System is important, not only to Franchisee but also to Franchisor and other Pet Wants Franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all Pet Wants Franchisees, to establish and maintain a reputation for uniform, efficient, high-quality services, and to protect the goodwill of the Network and all Pet Wants Franchises. Franchisee further acknowledges and agrees that a fundamental requirement of the Operating System and this agreement is adherence by all Pet Wants Franchisees to the System Standards (defined in section 19.62). Accordingly, Franchisee agrees to comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its Business Judgment during the Term. Franchisee further agrees that System Standards prescribed from time-to-time in the Operations Manual or otherwise communicated to Franchisee in writing will constitute provisions of this agreement as if fully set forth herein. All references to this agreement will be deemed to include all System Standards as periodically modified and supplemented by Franchisor.

7.3 Authorized Products and Services. Franchisee shall offer and sell all products and services, and only those products and services, designated as “Authorized Products and Services” by Franchisor in the Operations Manual or otherwise in writing. Franchisor has the unlimited right to unilaterally add and remove products and services to or from the list of Authorized Products and Services at any time. Franchisor also has the right to designate any products or services as optional for all or any subgroup of Pet Wants Franchisees. Before Franchisee offers or sells any Authorized Products and Services, Franchisee shall comply with all applicable laws and other requirements and submit proof of compliance therewith to Franchisor.

7.4 Branded Products. Franchisee acknowledges and agrees that the Branded Products developed by Franchisor are distinctive as a result of being developed pursuant to Franchisor’s experience, are inextricably interrelated with the Marks, and are identified with and essential to the operation and uniformity of all Pet Wants Franchisees. As a result of the importance of the quality and uniformity of the Branded Products and their significance in the Operating System, it is to the mutual benefit of Franchisor, Franchisee, and all other Pet Wants Franchisees, that Franchisor closely control the production, distribution and supply of the Branded Products. Accordingly, Franchisee shall order and purchase all of its requirements of Branded Products exclusively from Franchisor, an Affiliate of Franchisor, or another supplier designated by Franchisor. The Branded Products presently consist of dog and cat food, but will also include any additional products developed or designated by Franchisor for use in the Operating System.

7.5 Pricing. Franchisor has the right to establish price ceilings, or maximum allowable prices, on the Branded Products offered and sold by Franchisee. Except as specified in the preceding sentence and in section 1.5, Franchisee has the sole and exclusive right to determine the prices at which Franchisee sells, and the other terms and conditions of sale for, the Authorized Products and Services. Franchisor may from time-to-time suggest prices to Franchisee for the sale of Authorized Products and Services, but Franchisee will not be required at any time to sell at or above the prices suggested by Franchisor.

7.6 Equipment.

(a) Franchisee, at its own expense, shall purchase and install the Communication and Information System as specified in section 7.19, and all delivery vehicles, fixtures, furnishings, signs and other equipment specified by the System Standards from time-to-time, and shall not permit the installation of any fixtures, furnishings, signs, software, or other equipment that does not conform to the System Standards.

(b) To protect the best interests of all franchisees, Franchisor has established specifications and guidelines for the acceptable appearance and use of all delivery vehicles and signage, including the color and use of the PET WANTS logo decals. Franchisee shall use the delivery vehicles solely for the operation of the Franchised Business in compliance with this agreement. Franchisee shall ensure that its delivery vehicles present a professional image in conformance with the System Standards, and shall maintain them in good repair and safe condition, which may include, without limitation, the repair or replacement of damaged, worn-out or obsolete equipment, signs and transportation vehicles. Franchisee shall modify, re-equip and refurbish its transportation vehicles at reasonable intervals as Franchisor directs, to accommodate changes in the System Standards as required of new Pet Wants Franchisees (provided that Franchisee will have a reasonable time period remaining under this agreement to amortize the costs of vehicle improvements). Franchisee shall place or display on the delivery vehicles only signs, emblems, lettering, logos, and display and marketing materials approved by Franchisor. If at any time in Franchisor's Business Judgment, the general state of repair, appearance or cleanliness of Franchisee's delivery vehicles, or any fixtures, equipment, or signs used in the Franchised Business, do not meet Franchisor's standards, Franchisor will notify Franchisee, specifying the action required to correct the deficiency. If Franchisee does not correct the deficiency within one month, Franchisor has the right (in addition to Franchisor's rights under Article 13) to prohibit Franchisee from using any substandard delivery vehicle, and the right, but not the obligation, to correct the deficiencies on Franchisee's behalf, and Franchisee shall reimburse Franchisor upon demand for all costs incurred by Franchisor to correct the deficiencies.

7.7 Supplier Approval. Franchisor has the right to require Franchisee to purchase all goods and services used in the franchised business solely from suppliers designated by Franchisor, which may include Franchisor or an affiliate. Franchisor has the right to condition its approval of any supplier upon benefits to Franchisor and/or its affiliates based upon purchases by Pet Wants franchisees. Franchisor and/or its affiliates may derive income or receive benefits as a result of Franchisee's and/or other Pet Wants franchisees' purchase of items. Franchisor has the right to require Franchisee to purchase certain goods or services exclusively from one or more designated suppliers, or to purchase cooperatively with Franchisor or other Pet Wants franchisees, in order to maintain Franchisor's quality standards or to take advantage of price discounts, benefits or other sales incentives. Franchisor and/or its affiliates have the right to receive rebates, discounts, allowances, and other payments from suppliers in respect of group purchasing programs and otherwise on account of the suppliers' dealings with Franchisee and other Pet Wants franchisees, which Franchisor is entitled to retain and use without restriction for any purpose and without accounting to Franchisee. Franchisor has the unlimited right

to change and add designated suppliers and to change the list of goods and services required to be purchased from designated suppliers at any time.

7.8 Business Operation. The Opening Date (defined in section 19.40) for Franchise that initially provides only delivery services (a "Mobile Franchise") must occur no later than three months after Franchisee's Designated Individual (or Franchisee if Franchisee is an individual at the time) completes the Pre-Opening Training. The Opening Date for a Pet Wants Store Franchise must occur no later than three months after Franchisor's approval of the location or six months after the Effective Date, whichever occurs later. At least one month before the Opening Date, the parties shall specify the Opening Date in writing. After the Opening Date, Franchisee shall maintain the Franchised Business in continuous operation during the Term. Franchisee shall not use or permit the use of the Premises for any purpose or activity other than the operation of the Franchised Business without Franchisor's prior written consent.

7.9 Management of Franchise. At all times during the Term, the Designated Individual shall devote his or her full time, energy and best efforts to the management and operation of the Franchised Business. The Franchised Business must at all times be under the direct supervision of the Designated Individual. If Franchisee owns more than one franchised business, each franchised business must have its own full-time Designated Individual or marketing employee.

7.10 Designated Individual. Before the Opening Date, Franchisee shall designate, subject to Franchisor's reasonable approval, an individual (the "Designated Individual") who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. The Designated Individual must be a Principal of Franchisee and must attend and successfully complete the Pre-Opening Training and all other training that Franchisor designates as mandatory during the Term. Franchisor shall have the right to rely upon the Designated Individual to have been given, by Franchisee, decision-making authority and responsibility regarding all aspects of the Franchised Business. If the person designated as the Designated Individual dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly designate a new Designated Individual, subject to Franchisor's reasonable approval.

7.11 Payment of Liabilities and Taxes. Franchisee shall pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such parties become due, and pay all taxes on real and personal property, leasehold improvements and fixtures and equipment, and all sales and use, income, payroll and other taxes promptly when due and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this agreement. All taxes shall be paid directly to the taxing authorities prior to the delinquent date. If Franchisee shall fail to pay any such obligations promptly as the debts to such parties become due, or if any taxes become delinquent, Franchisor, in addition to its other remedies provided in this agreement, may elect to pay any such obligation or delinquent tax on behalf of Franchisee, together with late charges, penalties and interest, if any, and Franchisee shall, upon demand, reimburse Franchisor for any sums so paid by Franchisor, together with interest at the rate of 18% per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

7.12 Records. During the Term, Franchisee shall maintain and preserve, for at least six years from the date of their preparation, full, complete and accurate books and records of account, prepared in accordance with generally accepted accounting principles, and customer files and records pertaining to the Franchised Business, all in the form and manner prescribed by Franchisor. In connection with its maintenance of its accounts and records, Franchisee, at its expense, shall:

- (a) By 5:00 p.m. Eastern Time on the fifth day of each month during the Term, submit to Franchisor a Sales Report in the form prescribed by Franchisor, certified by the Designated Individual as accurately reflecting all Gross Revenues during the preceding calendar month. Franchisor may, in its Business Judgment, require the submission of Sales Reports and such other required data or information on a weekly or biweekly basis, or at such other interval as Franchisor designates;
- (b) By the last day of each calendar month, submit to Franchisor an income statement certified by the Designated Individual as accurately reflecting the results of operations of the Franchised Business for the preceding calendar month;
- (c) Within three months after the end of each calendar year, submit to Franchisor an income statement for the most recently-ended calendar year and a balance sheet as of December 31 thereof, certified by the Designated Individual as accurately reflecting the results of operations of the Franchised Business for the most recently-ended calendar year and the financial position of the Franchised Business as of December 31 thereof. Franchisee shall pay to Franchisor a late fee of \$250 for any annual income statement that is not received by Franchisor within five days after the due date;
- (d) Submit to Franchisor signed copies of Franchisee's complete federal income tax return for the previous tax year, as filed with the Internal Revenue Service, by April 30 of each year, or, if Franchisee has received an extension of time to file and submits to Franchisor, by April 30, a signed, file-stamped copy of IRS Form 4868 or 2688, as applicable, then within fifteen days after the final due date for the return, but in no event later than October 30 of each year;
- (e) Within ten days after request, submit to Franchisor all other forms, reports, bank statements, customer files, records, tax returns, information and data that Franchisor reasonably requests;
- (f) Use only the chart of bookkeeping accounts prescribed by Franchisor in the Operations Manual or otherwise communicated to Franchisee;
- (g) Purchase, install and use such equipment and software as Franchisor may require to automate the reporting of financial information and the payment of fees by Franchisee under this agreement, including Internet or intranet reporting and pre-authorization of electronic fund transfer or bank debit; and
- (h) At all times during the Term and for a period of three years after a Transfer (defined in section 19.68) or the termination or expiration of this agreement, permit Franchisor or its designated agents at all reasonable times to examine, at Franchisor's expense and at such location as Franchisor reasonably selects, Franchisee's books and records of account, bank statements, canceled checks, customer files, federal, state and local income, sales, excise and payroll tax returns, and any other information or records pertaining to the Franchised Business (hereafter collectively referred to as Franchisee's "Business Records"). Franchisee and its Principals and employees shall fully cooperate with Franchisor's agents in their conduct of an inspection. If, as a result of any inspection, Franchisor determines that Franchisee has understated its Gross Revenues in any report to Franchisor, then Franchisee shall immediately pay Franchisor, upon demand, the Royalty payable on the amount of the understatement plus the late fee and interest imposed by section 5.4. If, as a result of any inspection, Franchisor determines that Franchisee has understated its Gross Revenues by 3% or more for any monthly period, or if an inspection is prompted by Franchisee's failure to maintain any record required to be maintained under this agreement, failure to timely submit any report or other information required by this agreement, or failure to cure a default within the applicable period specified in Article 13, then Franchisee also shall: (i) reimburse Franchisor for all costs and expenses of the inspection



(including per diem charges for Franchisor's employees, travel expenses and reasonable accounting and attorney fees) , and (ii) within two months after Franchisor's request, provide Franchisor with Franchisee's income statements for the immediately preceding two-year period, audited or reviewed (at Franchisor's option) by an independent certified public accountant. If Franchisor reasonably suspects that Franchisee has understated its Gross Revenues in any report, Franchisor may request and Franchisee promptly shall provide a copy of the complete federal income tax return for the previous tax year, as filed with the Internal Revenue Service, of each Principal of Franchisee. The foregoing remedies are in addition to any other remedies Franchisor may have under this agreement or at law or in equity. Franchisor has the right, at all times during the Term and for a period of three years after a Transfer or the termination or expiration of this agreement, to have an independent audit made of Franchisee's Business Records. The terms of this paragraph will survive any Transfer or the expiration or termination of this agreement.

#### 7.13 Indemnity and Insurance.

(a) Franchisee shall indemnify, hold harmless and defend Franchisor against and from all fines, proceedings, claims, demands or actions of any kind or nature and from anyone whomsoever arising out of or otherwise connected with Franchisee's operation of the Franchised Business (excluding, however, liabilities caused by (i) Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence).

(b) Before the Opening Date and thereafter at all times during the Term, Franchisee shall maintain in force at its sole expense insurance policies of types and in the amounts that Franchisor may designate in writing from time-to-time. The current insurance coverage requirements are attached to this agreement as Exhibit C. Franchisee shall also maintain all other insurance required by statute or rule of the jurisdiction in which the Franchised Business is located and operated, or by any lease to which Franchisee is a party. Franchisor has the right to reasonably increase the minimum coverage for any insurance required hereunder, decrease the maximum deductible, or require different or additional kinds of insurance coverage at any time, including requiring excess liability insurance, to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All required liability insurance policies must name Franchisor as an additional insured and provide that Franchisor is to receive at least thirty days' prior written notice of any modification, termination, expiration, or cancellation of the policy. Franchisee shall not open or operate the Franchised Business or provide any goods or services until Franchisee has complied with all of the requirements of this paragraph and furnished Franchisor with certificates of the required insurance coverage and copies of the insurance policies and endorsements.

(c) Before the Opening Date and thereafter annually during the Term, Franchisee shall furnish Franchisor with certificates of the required insurance coverage and copies of the insurance policies and endorsements. Franchisee shall cease operating the Franchised Business immediately if any required insurance policy lapses or expires. If Franchisee fails to maintain required insurance coverage or furnish Franchisor with satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies under this agreement, has the right, but is not obligated, to obtain the required insurance coverage on Franchisee's behalf. Franchisee shall fully cooperate with Franchisor if Franchisor obtains the insurance coverage. Franchisee shall promptly execute all forms or instruments required to obtain or maintain the insurance, and Franchisee shall allow any inspections of the Franchised Business or the Premises that are required to obtain or maintain the insurance. Franchisee shall pay Franchisor, upon request, all costs and premiums Franchisor incurs on Franchisee's behalf (whether incurred because Franchisee failed to maintain required coverage or because Franchisee

failed to furnish evidence to Franchisor of the existence of coverage) plus interest thereon at the annual rate of 18% or the highest rate allowed by law, whichever is less.

(d) The current insurance coverage requirements are for Franchisor's protection. Franchisee is advised to consult with its own insurance agents and legal counsel to determine what types and levels of insurance protection may be needed or advisable in addition to the coverages and limits required by Franchisor.

#### 7.14 Limited Liability Entity.

(a) If Franchisee is a Limited Liability Entity when it signs this agreement, it must satisfy the following requirements at the time it signs this agreement:

(1) Franchisee must be a newly organized Limited Liability Entity that has never operated or engaged in any business.

(2) Franchisee's organizational and governing documents must (i) provide that its activities are confined exclusively to operating one or more Pet Wants Franchises, (ii) prescribe a maximum of ten Principals, and (iii) prohibit the issuance or Transfer of its Ownership Interests (defined in section 19.43) other than in compliance with the terms and conditions of this agreement.

(3) Franchisee shall provide Franchisor with a Principal List, certified by the Designated Individual, containing the full legal name, home address, home telephone number, and ownership percentage of each Principal of Franchisee.

(4) Each Principal of Franchisee must execute a separate agreement, in a form prescribed by Franchisor, unconditionally guaranteeing the full payment of Franchisee's obligations under this agreement and agreeing to be jointly and severally bound by all the provisions of this agreement, including the Post-Termination Provisions.

(5) Each ownership certificate of Franchisee must bear a legend stating that the issuance and Transfer of any Ownership Interest in Franchisee are subject to the terms and conditions of this agreement. If Franchisee is a partnership or limited liability company without certificates evidencing ownership, Franchisee shall provide Franchisor with acceptable evidence that its partnership or operating agreement or other organizational documents contain provisions acceptable to Franchisor prohibiting the Transfer of any Ownership Interest in Franchisee other than in compliance with the terms and conditions of this agreement.

(6) Franchisee shall provide Franchisor with true and complete copies of its organizational and governing documents, including the resolutions of its Principals or governing body authorizing the execution of this agreement.

(7) The name of the Limited Liability Entity may not contain any of the words PET WANTS, PET, or WANTS in any order, any variation thereof, or any of the other Marks.

(b) If Franchisee is not a Limited Liability Entity when it signs this agreement, then before the Opening Date, Franchisee shall transfer all of its interest in the Franchised Business and all of its rights and obligations under this agreement to a Limited Liability Entity, comply with all of the requirements in subparagraph 7.14(a), and comply with the following additional requirements:

(1) The individual(s) who executed this agreement as Franchisee shall beneficially own a Controlling Interest in the Limited Liability Entity and shall not diminish his/her/their Ownership Interest therein, except as may be required by law.

(2) One of the individuals who executed this agreement as Franchisee shall act as the principal executive (or manager) and operating officer of the Limited Liability Entity.

(3) Franchisee shall reimburse Franchisor for actual legal costs incurred by Franchisor in approving and effecting the transfer to the Limited Liability Entity.

(c) At all times while this agreement is in effect:

(1) Franchisee shall not operate any other business or engage in any other business activities except the operation of one or more Pet Wants Franchises.

(2) Franchisee shall not cause or permit any of provision of its organizational or governing documents to be modified or restated without Franchisor's prior written approval.

(3) Within ten days after Franchisor's request or after any change in any information on the Principal List, Franchisee shall provide Franchisor with an updated Principal List.

(4) Upon request, Franchisee shall provide Franchisor with true and complete copies, certified by the Designated Individual, of Franchisee's organizational and governing documents.

(5) Each new Principal of Franchisee must execute an agreement, in a form prescribed by Franchisor, unconditionally guaranteeing the full payment of Franchisee's obligations under this agreement and agreeing to be jointly and severally bound by all the provisions of this agreement, including the Post-Termination Provisions.

(6) Franchisee acknowledges that any Limited Liability Entity through which Franchisee derives Gross Revenues or provides Authorized Products and Services is closely related to and bound by this Agreement, including its jurisdiction and arbitration clauses.

7.15 Compliance with Law. At all times during the Term, Franchisee shall comply with all laws, regulations and requirements applicable to Franchisee or the Franchised Business (including all licensing standards, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, state or local fictitious or assumed name registration requirements, wage and hour, overtime, and any other employment or labor laws), and obtain and maintain all licenses and permits required by any governmental agency or otherwise necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee shall submit documented proof of its compliance with all laws and licensing regulations within five days after Franchisor's request, unless Franchisor authorizes in writing a longer period of time for Franchisee's compliance. Franchisee agrees and acknowledges that Franchisee alone is responsible for compliance with all obligations under this paragraph, and that Franchisor has no obligation to Franchisee or anyone else with respect to the requirements of this paragraph.

7.16 Customer Dispute Resolution. Franchisee acknowledges that customer satisfaction is essential to Franchisee's success as well as the reputation and success of the Operating System and other Pet Wants Franchises. Accordingly, Franchisee shall: (i) use its best efforts to ensure the satisfaction of each of Franchisee's customers; (ii) use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt and professional manner; (iv) use its best efforts to promptly and fairly resolve customer disputes in a mutually-agreeable manner; and

(v) within one week after receiving a request from Franchisor, provide Franchisor a written summary of any customer dispute. If Franchisee fails to resolve a dispute with a customer for any reason, Franchisor, in its Business Judgment and for the sole purpose of protecting the goodwill and reputation of the Network and the Marks, has the right (but not the obligation) to investigate the matter and take whatever action Franchisor deems necessary or appropriate to resolve the dispute fairly and promptly, including the issuance of a refund on Franchisee's behalf. Within ten days after receiving notice thereof, Franchisee shall reimburse Franchisor for any money refunded to a customer on Franchisee's behalf. Nothing in this section or any other provision of this agreement is to be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

7.17 Employees.

(a) Generally. Franchisee shall hire, train and supervise the appropriate personnel necessary to conduct the Franchised Business. All such personnel are under Franchisee's responsibility and direction and are employees of Franchisee and not of Franchisor. Franchisee may enter into a leased or shared employee relationship with a third party to provide employees for the Franchised Business, so long as Franchisee retains ultimate control over the hiring, compensation, supervision, training and other terms of their employment.

(b) Control. All employees engaged by Franchisee or other individuals who provide services to the Franchised Business or to its clients will be regarded as employees of Franchisee only and there will be no relationship between Franchisor and Franchisee's employees. Franchisee shall advise each of its employees in writing, before the commencement of their employment, that they will be employed by Franchisee only and not Franchisor. The parties acknowledge and agree that Franchisor has no authority to and shall not exercise any control over the essential terms and conditions of employment of any personnel working for or hired by Franchisee. With respect to such personnel, and without limiting the generality of the preceding sentences, only Franchisee has the power, and hereby accepts the responsibility, to hire, pay, promote, discipline, fire, train, establish employment policies, provide an employee handbook, supervise and control their schedule and work conditions, determine pay rates and methods of payment, and maintain employment records. With respect to Franchisee's employees, Franchisor:

- i. shall not participate in hiring, firing, promotion, demotion, disciplinary, or scheduling decisions of Franchisee;
- ii. shall not supervise the work to be performed;
- iii. is not responsible for the determination or payment of wages;
- iv. shall not provide employment benefits (including workers' compensation, group health insurance, or retirement plans);
- v. shall not provide training;
- vi. shall not supply tools or equipment; and
- vii. shall not determine the applicability of minimum wage or overtime laws or exemptions;

*and* has no authority to do any of the foregoing.

(c) Employee Payments. Franchisee shall pay all salaries for its personnel. Franchisee is responsible for all costs and overhead associated with the conduct of the Franchise except as

otherwise specifically provided in this agreement. Franchisee is responsible for the payment of all wages, commissions, bonuses, fringe benefits, insurance premiums, payroll taxes and other items required by applicable law, if any, to all personnel working for or hired by Franchisee, whether classified as employees or independent contractors. Without prejudice to the foregoing, Franchisee shall make all statutory deductions and contributions and is solely responsible for complying—and shall comply—with all applicable laws relating to the employment of its employees, including all wage and hour laws, the classification of workers as employees or independent contractors, and the classification of employees as exempt or non-exempt under applicable minimum wage and overtime laws. Employment of Franchisee’s employees will be at Franchisee’s own risk and expense and its employees will not have any claims against Franchisor for wages, commissions, bonuses, fringe benefits, insurance premiums, social welfare contributions, or any other form of compensation (including severance compensation).

(d) Training. Franchisee shall establish a training program for all of Franchisee’s employees. The training program must meet Franchisor’s standards and training guidelines as set out in the Operations Manual and other written materials provided by Franchisor upon request. Upon request, Franchisor shall advise and assist Franchisee in connection with the development of Franchisee’s training program, but Franchisee retains all responsibility for and control over all training for its employees.

7.18 Background Review of Employees. Franchisee acknowledges and understands that Franchisee’s employees will be entering customers’ residences for the purpose of selling and providing Authorized Products and Services. Accordingly, in order to maintain high standards of quality over the services provided by Franchisee, protect the integrity and reputation of the Brand, and ensure the safety of Franchisee’s customers and others, before hiring any prospective employee, Franchisee shall conduct a background review of the prospective employee’s criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that may be required by the System Standards and shall update each employee’s background review at least every two years during their employment. Franchisee shall not hire any prospective employee for any position involving entrance to customers’ residences if the prospective employee’s background review indicates, in Franchisee’s judgment, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any crime within the past seven years. Franchisor is not liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee shall indemnify and defend Franchisor against and hold Franchisor harmless from all claims, demands, or actions arising from any act or omission of Franchisee or any employee or agent of Franchisee (including refusal to hire or discrimination claims and claims asserted by third parties for intentional torts allegedly committed by any employee or agent of Franchisee).

7.19 Communication and Information System. To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install before the Opening Date and maintain and use throughout the Term the Communication and Information System specified by the System Standards from time-to-time.

(a) As used in this agreement, the term “Communication and Information System” means: hardware (including one or more computers, a POS System, and/or other computer components); software designed for the management and operation of the Franchised Business, as well as reporting and sharing information with Franchisor; and communication systems (including telephone lines, modems, satellite, cable and other systems).

(b) The term “POS System” means a system specified by Franchisor that automates some or all of the following operations: processing and/or tracking individual sales transactions, human resource

management issues, maintaining and generating production and/or delivery schedules, vendor orders, inventory tracking, product cost analyses, and other collections of data related to the operation of the Franchised Business.

(c) Franchisee shall lease and/or purchase its Communication and Information System only from vendors that Franchisor has approved in writing pursuant to the provisions of section 7.7. Franchisee shall not install, or permit to be installed, any devices, software, or other programs not approved by Franchisor for use with the Communication and Information System.

(d) Franchisor may from time-to-time develop or authorize others to develop proprietary software programs for use in the Operating System, which Franchisee may be required to purchase and/or license, and use, in connection with the Franchised Business. Franchisee agrees that it shall execute any license, sublicense, or maintenance agreement required by Franchisor or any other approved licensor or approved vendor of such proprietary software programs.

(e) If required by Franchisor, Franchisee shall obtain and maintain a contract with a supplier that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee's Communication and Information System and to provide Franchisee with such assistance as Franchisee and Franchisee's employees may require. Franchisee acknowledges that Franchisor may be one of, or the only, approved supplier for such services, and if Franchisee obtains these services from Franchisor, then Franchisee shall pay Franchisor any fees, if any, required by Franchisor for the services. Notwithstanding Franchisor's right to provide such services, this paragraph does not obligate Franchisor to provide any such services or support for the hardware or software used in the Communication and Information System.

(f) In accordance with section 9.3, Franchisee shall upgrade and update its Communication and Information System as and when specified by Franchisor in writing.

(g) Franchisee is solely responsible for the manner in which Franchisee's Communication and Information System interfaces with other systems, including those of Franchisor and third parties, as well as any and all consequences that may arise if Franchisee's Communication and Information System is not properly operated, maintained and upgraded.

(h) Franchisee shall: (i) promptly enter, into its Communication and Information System, and maintain all information required to be entered and maintained by Franchisor; (ii) provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained; and (iii) permit Franchisor to access Franchisee's Communication and Information System at all times via modem or other means specified by Franchisor from time-to-time. Franchisee shall cooperate with Franchisor, and shall execute all documents required by Franchisor to permit access to Franchisee's Communication and Information System and data contained therein. The reporting requirements in this section are in addition to and not in lieu of the reporting requirements in section 7.12.

(i) Franchisor has the right to use any and all data collected or provided by Franchisee, downloaded from Franchisee's Communication and Information System, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor, without compensation to Franchisee and in any manner that Franchisor deems appropriate, including the disclosure or distribution thereof to other Pet Wants Franchisees or the disclosure thereof to prospective franchisees of Franchisor by inclusion in Franchisor's franchise disclosure document or otherwise.

(j) Franchisee shall establish before the Opening Date and shall maintain throughout the Term the telephone service required by section 7.20.

(k) Before the Opening Date and thereafter at all times during the Term, Franchisee shall obtain and maintain high speed cable or telephone (ADSL) Internet connection via a commercial Internet service provider that is capable of receiving and sending attached files of a size specified by Franchisor in the Operations Manual or otherwise communicated to Franchisee from time-to-time. If Franchisor provides Franchisee with an email address, Franchisee shall use the Franchisor-provided email address for all electronic communications with Franchisor and for the Franchised Business, including all email communications with clients of Franchisee. All communications to or from a Franchisor-provided email address are the property of Franchisor, and neither Franchisee nor any officer, employee, or agent of Franchisee has a right or expectation of privacy with respect to any such communications. Subject only to the provisions of section 7.31 and data protection laws, Franchisor has the otherwise unrestricted right to access, monitor, read, and use, in any manner that Franchisor deems appropriate, any communications to or from a Franchisor-provided email address. Franchisee hereby consents for Franchisor to communicate with Franchisee via any Franchisor-provided email address and any personal email address of Franchisee, or any Principal of Franchisee, provided to Franchisor. Franchisee acknowledges that any Franchisor-provided email address is provided via subscription from an Internet service provider, which may process Franchisee's data for the purpose of disclosing it to law enforcement or other governmental authorities as required by law, and Franchisee hereby irrevocably consents thereto.

(l) Franchisor shall have the right, but not the obligation, to establish a Website (as defined in section 19.70) or other electronic system providing private and secure communications (*e.g.*, an intranet) between Franchisor, Franchisee, other franchisees, and other persons and entities as determined by Franchisor, in its Business Judgment. If required by Franchisor, Franchisee shall establish and maintain access to the intranet in the manner specified by Franchisor, and shall from time-to-time execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the intranet as Franchisor may prepare.

(m) Any and all data collected or provided by Franchisee, downloaded from Franchisee's Communication and Information System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor, who has the right to use the data in any manner without compensation to Franchisee. Franchisee is hereby licensed, without additional compensation, to use such data solely for the purpose of operating the Franchised Business. This license will automatically and irrevocably expire, without additional notice or action by Franchisor, when this agreement terminates or expires.

(n) Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between applicable law and Franchisor's Privacy standards and policies, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately provide Franchisor with written notice of the conflict; and (iii) promptly and fully cooperate with Franchisor's counsel as Franchisor determines the most effective way, if any, to reconcile Franchisor's Privacy standards and policies with applicable law. Franchisee is solely responsible for identifying, interpreting and complying with all laws pertaining to Privacy. Franchisee shall neither publish nor implement a Privacy policy without Franchisor's prior written approval of the policy.

## 7.20 Telephone Service.

(a) Franchisee shall establish before the Opening Date and shall maintain throughout the Term prompt and adequate telephone service (as prescribed in writing by Franchisor) for all potential and existing customers. Franchisee shall maintain at least one dedicated telephone line for use exclusively by the Franchised Business, which will be the Designated Number and which must be answered by an employee of Franchisee or by an answering service approved by Franchisor during all business hours designated by Franchisor from time-to-time. Each telephone line must have all service features required by Franchisor from time-to-time. Franchisor has the right to require Franchisee to increase the number of telephone lines to accommodate Franchisee's call volume or to use a designated call center. All required lines must be operational and functional before the Opening Date and at all times during the Term.

(b) Before the Opening Date, Franchisee shall provide Franchisor with the Designated Number (defined in section 19.14) in writing and shall not change the Designated Number during the Term without Franchisor's prior written approval. Franchisee shall use only the Designated Number in or on all advertising (including Internet advertising), stationery, business cards, marketing and promotional materials, directory listings (including online directories) and other public materials relating to the Franchised Business. The Designated Number must be listed in all telephone directories (including paper and online directories) only under the Trade Name and a location within the Territory. All outgoing calls relating to the Franchised Business must display only the Designated Number and/or the Trade Name on the receiving party's caller identification, and Franchisee shall not block its outgoing caller identification information. As authorized by section 14.1(g), Franchisor has the option to assume, transfer, terminate or amend all Telephone Numbers and Directory Listings (defined in sections 19.64 and 19.15, respectively) upon the termination or expiration of this agreement.

I Franchisor has the right, but not the obligation, to require Franchisee to maintain and use as the Designated Number an incoming remotely-forwarded telephone number provided by a third-party vendor designated by Franchisor, in which event Franchisee shall maintain a second, local telephone line to receive incoming calls remotely-forwarded from the Designated Number and to use for outgoing calls. If Franchisor requires Franchisee to maintain a telephone number provided by a designated vendor, Franchisee shall pay the third-party provider directly or reimburse Franchisor for the cost thereof, at Franchisor's election.

7.21 Sales Standards. Franchisee acknowledges the importance of maintaining strong sales performance. Accordingly, Franchisee acknowledges and agrees that Franchisor shall monitor Franchisee's sales, and may establish periodic sales standards for Franchisee. If Franchisee does not meet or exceed such established sales standards, Franchisor may conduct a detailed review of Franchisee's business operations to determine the reasons therefore, and require reasonable changes in Franchisee's business operations to improve Franchisee's sales performance. Franchisee agrees to comply with such recommendations. The failure of Franchisee to comply with such recommendations will constitute a default under this agreement. Franchisor shall not establish any sales standards within the first year after the Opening Date.

7.22 Compliance with USA Patriot Act. Franchisee certifies that neither Franchisee nor any of its Affiliates, Principals, or employees is listed in the Annex to Executive Order 13224 ("the Annex," which may be available at <https://www.state.gov/j/ct/rls/other/des/143210.htm>). Franchisee shall not hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, or employees being listed in the Annex. Franchisee shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to



comply with the anti-terrorism laws. In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities include Franchisee’s obligations under this paragraph. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals, or employees, will constitute grounds for immediate termination of this agreement.

7.23 System Evaluations. Franchisee shall participate in and fully comply with all customer satisfaction programs Franchisor may establish from time-to-time, including the requirements to advertise and make known and available to customers all such programs and to honor the terms of all such programs. Franchisee is subject to and may be required to participate in any evaluation of standards or quality that Franchisor may conduct or sanction for all Pet Wants Franchises. Franchisee shall provide Franchisor and Franchisor’s designees with access to Franchisee’s Business Records, employees and independent contractors for this purpose.

7.24 Disclosure of Franchisee Information. Franchisee acknowledges that Franchisor may from time-to-time be required or find it necessary to disclose to third parties certain information about Franchisee and Franchisee’s Principals, including contact information such as names, addresses and telephone numbers, and other information collected by Franchisor under this agreement. Franchisee hereby consents to Franchisor’s collection, use, and disclosure of any information pertaining to the Franchised Business (including personally identifiable information of Franchisee and Franchisee’s Principals) for Franchisor’s reasonable business purposes and for any purpose described in Franchisor’s Privacy policy (as may be amended from time-to-time), subject to the limitations of this paragraph. Without limiting the generality of the foregoing sentence, Franchisee hereby consents to (i) the collection, use and disclosure of any information about Franchisee and Franchisee’s Principals (including personally identifiable information) to develop, modify and enhance the Operating System, to conduct credit checks or other personal history investigations, to develop general franchisee profiles, to comply with applicable Franchise Laws, and to otherwise comply with any applicable law; (ii) the transfer of any information (including contact information) to any third party in order for Franchisor to fulfill its obligations under this agreement or attempt to obtain any benefit for Franchisor, Franchisee or the Network as a whole; and (iii) the release to Franchisee’s landlord, lenders or prospective landlords or lenders, of any financial or operational information relating to Franchisee and/or the Franchised Business (without obligating Franchisor to do so). “Contact information” is any information about a person that can be used to uniquely identify, contact, or locate the person.

7.25 Notification of Legal Proceedings. Franchisee shall notify Franchisor in writing within three days after Franchisee’s discovery of any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, that may adversely affect the operation or financial condition of the Franchised Business or, if Franchisee is the subject thereof, that may adversely affect the goodwill or reputation of the Marks or the Network. Within five days after receipt by Franchisee, Franchisee shall provide Franchisor with a copy of any inspection report, warning, certificate, citation, or rating by any governmental agency relating to any employment, labor, health or safety law, rule, or regulation that reflects Franchisee’s noncompliance or less than full compliance with any applicable law, rule or regulation, or Franchisee’s failure to meet and maintain the highest applicable rating.

7.26 Operational Inspections by Franchisor. To ensure high quality standards and consistency within the Network, and to ensure that Franchisee is complying with this agreement and the System Standards, Franchisor or Franchisor’s agents have the right, but not the obligation, at any time during business hours and without

prior notice to Franchisee, to: (1) inspect the Premises, equipment, furniture, fixtures, displays, signs, operating materials, inventory and supplies; (2) observe the operations of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary; (3) take photographs or video recordings of the Premises; (4) interview Franchisee's personnel; (5) interview Franchisee's customers; (6) conduct written or telephonic client surveys; and (7) inspect and copy any books, records and documents relating to the operation of the Franchised Business, including employment contracts, nondisclosure and noncompetition agreements, leases, and material and information generated by or contained in the Communication and Information System. Franchisee consents to the recording by Franchisor of any telephone conversations between Franchisor and Franchisee or its representatives. Franchisee shall cooperate fully with Franchisor in connection with these inspections, observations, surveys and interviews. Franchisee shall present its customers with any evaluation forms Franchisor may periodically prescribe and ask them to participate in any surveys performed by Franchisor on Franchisee's behalf. If Franchisee for any reason cancels a visit that was scheduled by agreement with Franchisee, then Franchisee shall reimburse Franchisor for all costs and expenses incurred by Franchisor in connection with the field visit or its cancellation.

7.27 Covenants of Employees and Agents. Franchisee shall require each of its management employees (except those individuals required to execute a Nondisclosure and Noncompetition Agreement pursuant to section 15.9), at the time of the commencement of their association with Franchisee, to execute an "Employment Agreement" containing provisions:

- (a) requiring that all Confidential Information (as defined in section 10.1) that may be acquired by or imparted to the person in connection with their association with Franchisee (including the Manual, any proprietary software provided by Franchisor, and all information contained therein) be held in strict confidence and used solely for the benefit of Franchisee or Franchisor during their association with Franchisee and at all times thereafter;
- (b) prohibiting the person, during their association with Franchisee, from diverting or attempting to divert any business or customer of the Franchised Business or of any other Pet Wants Franchisee to any Competitive Business (as defined in section 19.9), direct or indirect inducement or otherwise;
- (c) prohibiting the person, during their association with Franchisee, from doing or performing, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Marks and the System; and
- (d) prohibiting the person, during their association with Franchisee and for a continuous period of one year (or the maximum period permitted or enforced by the laws of the state in which the Franchised Business is located, if such period is less than one year, but in no event less than six months) after the termination of their association with Franchisee, from operating, owning, maintaining, promoting, engaging in, or performing services for (as an employee or otherwise) a Competitive Business.

Franchisee shall provide Franchisor with executed copies of all Employment Agreements required by this section. Franchisee may not grant any person enumerated above access to any confidential aspect of the System or the Franchised Business before their execution of an Employment Agreement. All Employment Agreements required by this section must be in a form satisfactory to Franchisor and must specifically identify Franchisor as a third-party beneficiary with the independent right to enforce the agreement. Franchisee's failure to obtain the execution of all Employment Agreements required by this section and provide copies thereof to Franchisor is a material breach of this agreement.

7.28 Promotion of Franchised Business. Franchisee shall use its best efforts to diligently promote the Franchised Business and maximize its Gross Revenues, and shall expend all reasonable efforts to develop and maintain substantial interest in the Franchised Business. All such efforts must be in compliance with all federal, state, and local statutes, regulation, and ordinances. Franchisee shall at all times faithfully, honestly, and diligently perform its obligations under this agreement and shall not engage in any business or other activities that will conflict with its obligations under this agreement.

7.29 Attendance at Franchisee Meetings and Conferences. Franchisor may hold national and/or regional meetings and conferences with Franchisor's personnel and franchisees at locations designated by Franchisor, to provide additional training, exchange sales, operating and marketing ideas and methods, introduce new software, marketing programs, or promotional items, and for any other purpose determined by Franchisor. Franchisor has the right to require Franchisee or the Designated Individual (if Franchisee is not an individual) to attend these national and/or regional meetings. Franchisor has the right to charge Franchisee a reasonable fee for such meetings. Nothing in this agreement is to be construed to require Franchisor to hold, provide, sponsor, host, or organize any such meetings.

7.30 Store Requirements. Franchisee shall open a Store no later than 12 months of the Effective Date or at such earlier time as may be required pursuant to the subsections below. Before opening the Store, Franchisee shall comply with the following requirements:

(a) Site Selection and Acquisition.

(1) Franchisee shall acquire, through purchase or lease, a suitable site for the Store subject to Franchisor's approval. Franchisee is solely responsible for and assumes all costs, liabilities and expenses of locating, obtaining and developing a site within the Territory. Franchisee shall not acquire or commit to acquire a site unless and until it is approved by Franchisor. Franchisee acknowledges and agrees that neither the selection nor the approval of a site by Franchisor constitutes an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Approval of a site by Franchisor indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of evaluation. The parties acknowledge that application of criteria that have been effective with respect to other sites and Stores may not be predictive of potential for all sites and that, after approval of a site by Franchisor, demographic and economic factors, such as competition from other similar businesses, whether included in or excluded from criteria used by Franchisor, could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor is not responsible for the failure of a site approved by Franchisor to meet Franchisee's or Franchisor's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

(2) Before its execution of a purchase contract or lease for the site, Franchisee shall provide Franchisor with a copy of the proposed purchase contract or lease for Franchisor's review and approval, which will not be unreasonably withheld. Within fifteen days after Franchisor's receipt of the purchase contract or lease, Franchisor may, in its discretion, provide Franchisee with any comments or recommendations concerning the business terms. To comply with Franchisor's lease requirements for the Store, Franchisee's lease, or a rider thereto, must contain lease terms and conditions specified by Franchisor, which may include those listed in subsection

7.30(b). Franchisee shall also furnish Franchisor with a copy of the executed purchase contract or lease.

(b) Store Lease. If Franchisee will occupy the premises of the Store under a lease or sublease, Franchisee shall, before executing the lease or sublease, submit it to Franchisor for Franchisor's written approval. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of lease terms that Franchisor may reasonably require, including the following:

- (1) the use of the premises will be restricted to the operation of the Franchised Business;
- (2) the lessor's consent to Franchisee's use of the Marks (as they may be modified or replaced) and such signage as Franchisor may prescribe for the Store;
- (3) Franchisee will be prohibited from subleasing or assigning all or any part of its leasehold interest or occupancy rights, or extending the term of or renewing the lease, without Franchisor's prior written consent;
- (4) Franchisor will have the right, but not the obligation, to enter the premises or make modifications necessary to protect the Marks or the Operating System or to cure any default under the Franchise Agreement;
- (5) Franchisor will have the right, at its option, to assume Franchisee's leasehold interest, with the right to sublease, upon the termination or expiration of the lease or of the Franchise Agreement, without any assessment of additional fees, penalties, or rent acceleration;
- (6) the lessor will provide Franchisor with copies of all notices (including those related to default by Franchisee) given to Franchisee in connection with the lease; and
- (7) the lease may not be modified in a manner that could materially affect Franchisor's rights with respect to the lease, without Franchisor's prior written consent.

(c) Build-out and Opening of Store.

- (1) Before commencing any construction or build-out of the Store, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:
  - (i) Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, build-out, design and operation of the Store. If Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of the notice within FIVE DAYS after receipt thereof.
  - (ii) Franchisee shall be responsible for obtaining all zoning approvals and clearances that may be required by state or local laws, ordinances, or regulations, or that may be necessary or advisable owing to any restrictive covenants relating to the Approved Location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction or build-out based upon the preliminary plans and specifications. Franchisor's review and approval of plans will be limited to a review to assess compliance with Franchisor's design standards for Stores, including such items as Trade Dress and presentation of the Marks. Franchisor's review is not designed to

assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, the final plans may not thereafter be changed or modified without Franchisor's prior written permission. Any change made without Franchisor's prior written permission will constitute a default under this agreement and Franchisor may withhold its authorization to open the Store for business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

- (iii) Franchisee shall obtain all permits and certifications required for the lawful construction or build-out of the Store and operation of the Franchised Business and shall certify in writing to Franchisor that all such permits and certifications have been obtained.
  - (iv) Franchisee shall employ a qualified licensed general contractor, subject to Franchisor's reasonable approval, to construct or build out the Store, complete all improvements and install all required fixtures and equipment.
  - (v) Franchisee shall obtain and maintain in force, during the entire period of construction or build-out, the insurance required under the Franchise Agreement.
- (2) Franchisee shall construct or build out the Store, complete all improvements, install all required fixtures and equipment, and decorate and furnish the Store in compliance with the plans and specifications approved in writing by Franchisor, the System Standards, and all applicable ordinances, building codes, permit requirements and deed restrictions.
- (3) Opening Date. Franchisee shall complete all pre-opening requirements under this section before opening the Store, and Franchisee shall open the Store, in accordance with the requirements contained in the final plans and specifications approved in writing by Franchisor and the System Standards, no later than four months after Franchisor's approval of the location. Time is of the essence. Franchisee shall notify Franchisor of the opening date in writing at least one month before the opening date.

(d) Store Image and Operating Standards.

- (1) Franchisee shall maintain the condition, appearance, products and service of the Store consistent with the image of a Pet Wants Store. Franchisee shall maintain the Store in a high degree of cleanliness, repair, appearance and condition, and make any additions, alterations, repairs and replacements (but no others without Franchisor's written consent) for that purpose, including periodic repainting or replacement of obsolete signs, furnishings, equipment (including computer hardware and software systems), décor and merchandising as Franchisor reasonably directs.
- (2) At Franchisor's request (a "Refurbishment Request"), which may be made once during the Initial Term (in addition to any additional refurbishment required for a Successor Franchise under section 2.2(e)), Franchisee shall refurbish the Store at its own expense and made all necessary capital expenditures to maintain uniformity with any Franchisor-required modifications to the Operating System so the Franchised Business reflects Franchisor's then-current standards and specifications, including System Standards regarding interior and exterior design, size, colors, Trade Dress, wall and floor coverings and finishes,

accessories, supplies and equipment. The refurbishment may include structural changes, renovation of the interior or exterior of the Store, installation of new equipment (including upgrades to the Communication and Information System), furnishings and signs, remodeling, redecoration, and modifications to existing improvements. Franchisee shall complete the refurbishing within the time period specified by Franchisor, but if Franchisor estimates that refurbishing costs will exceed \$25,000, Franchisor shall permit Franchisee six months after the date Franchisee receives a Refurbishment Request to complete the refurbishment. Franchisor shall not require Franchisee to make capital improvements that Franchisor determines, in its Business Judgment, exceed the amount that Franchisee can reasonably amortize over the remaining Initial Term, unless Franchisor extends the term of this agreement for a period sufficient, in Franchisor's Business Judgment, to allow Franchisee to amortize the costs of the required refurbishment.

- (3) If Franchisee fails or refuses to initiate a refurbishment within two months after receipt of a Refurbishment Request, and to continue in good faith and with due diligence a bona fide program to undertake and complete any required maintenance or refurbishing, then Franchisor has the right, but is not obligated, to enter upon the premises of the Store and complete maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.
- (4) If the Store is damaged or destroyed by fire or any other casualty, Franchisee shall, within one month, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue the repairs or reconstruction until completion, in order to restore the Store to its original condition before the casualty. If, in Franchisor's Business Judgment, the damage or destruction is of a nature or to an extent that it is feasible for Franchisee to repair or reconstruct the Store in conformance with Franchisor's then-standard décor specifications without incurring substantial additional costs, then upon written notice from Franchisor, Franchisee shall repair or reconstruct the Store in conformance with Franchisor's then-standard décor specifications.
- (5) Franchisee shall make no material alterations to the Store, nor make any unapproved replacements of or material alterations to the fixtures, equipment, furniture or signs of the Store, without Franchisor's prior written approval. Franchisor has the right, in its Business Judgment and at Franchisee's sole expense, to rectify any material alterations to the Store not previously approved by Franchisor or contrary to the specifications and standards contained in the Operations Manual or otherwise communicated to Franchisee. Franchisor shall provide written notice to Franchisee and grant Franchisee a reasonable period of time to rectify and correct the alteration before Franchisor makes the correction.

(d) Training. Before Franchisee opens a Store Franchise, Franchisor may require Franchisee to send additional personnel to attend Franchisor's initial training program.

### 7.31 Data Protection.

(a) In this section 7.31, "process" and/or "processing" in relation to any data means collecting, obtaining, recording or holding the data or carrying out any operation or set of operations on the data including:

- 1) organization, adaptation or alteration;

- (2) retrieval, consultation or use;
- (3) disclosure by transmission, dissemination or otherwise making available; or
- (4) alignment, combination, blocking, erasure or destruction.

(b) Franchisee shall process any that may be collected or acquired by Franchisee, whether from clients, employees or other sources ("Franchise Data") strictly in accordance with data protection laws that may apply from time to time during the course of this agreement and, in particular:

(1) only insofar as is necessary for the purpose of performing its obligations under this agreement;

(2) in accordance with Franchisor's instructions except where to do so would infringe data protection laws or any other statutory provision that prevents Franchisee from complying with such instructions;

(3) before processing any data, inform the person to whom the data relates of (i) the purpose(s) for which any processing is to be carried out, (ii) the availability of the option to remove their personal information, and (iii) the address, telephone number and identification of Franchisee in compliance with applicable laws;

(4) obtain the approval and authorization of the person to whom the data relates for handling of their personal data;

(5) not disclose the Franchise Data to or allow access to it other than by its or Franchisor's employees and/or any third parties engaged by Franchisee to perform the obligations imposed on Franchisee by this agreement and ensure that any such employees and/or third parties execute appropriate written contractual covenants concerning the protection of the Franchise Data from unauthorized access, use or disclosure;

(6) without prejudice to any other obligations imposed upon Franchisee by this agreement, use all reasonable efforts to assist Franchisor to comply with such obligations as are imposed on the Franchisor by Data Protection Laws.

(c) Franchisor shall provide such co-operation as is reasonably required to enable Franchisee to ensure compliance with its obligations under data protection laws, including entering into such additional agreements as may be required to ensure that there are adequate safeguards for the Franchise Data and that the transfer of Franchise Data to Franchisor complies with data protection laws.

(d) Insofar as Franchisee acts as a data processor and processes any Franchise Data on its own and/or Franchisor's behalf, Franchisee shall comply with the obligations placed on a data controller by data protection laws.

(e) Without prejudice to any of Franchisee's other obligations under this agreement, Franchisor has the right to notify Franchisee from time to time of any consent (the "Consents") that Franchisor requires Franchisee to obtain from its clients or prospective clients (or other data subject) in relation to any processing of Franchise Data to be undertaken either by Franchisee or Franchisor and the manner in which the Consents are to be detailed.

(f) In order to comply with data protection laws, Franchisor may notify Franchisee from time to time of a nominated third party within who will be authorized to receive and process the Franchise Data on

Franchisor's behalf. The possibility of having Franchise Data processed by a third party must also be disclosed to the person to whom the data relates.

(g) Except where the express consent of a data subject has been obtained to the processing of personal data, Franchisee shall process only such personal data as may lawfully be processed under data protection laws in the absence of such consent.

(h) Franchisee shall indemnify Franchisor against all Claims made or brought by any person (i) arising out of or alleging any failure to comply with any provision of data protection laws in relation to any Franchise Data processed by Franchisee or Franchisee's employees or agents, whether on Franchisee's behalf or as Franchisor's agent, or (ii) arising out of Franchisor's failure or alleged failure to comply with any provision of data protection laws in relation to any Franchise Data processed by Franchisor or Franchisor's employees or agents, if such failure arises as a result of Franchisee's failure to obtain Consents or otherwise comply with Franchisee's obligations under this agreement and/or data protection laws.

(i) Franchisee consents to Franchisor's use of data relating to Franchisee and/or its business, and Franchisee shall do all such things as Franchisor may require and will use (and demonstrate to Franchisor that it has used) its best efforts to obtain, and enable Franchisor to process, data relating to Franchisee's clients including (but not limited to) Franchise Data, and Franchisee agrees that Franchisor may use and process all such data as is referred to in this section 7.31 for its own business purposes, including but not limited to marketing, monitoring the growth and performance of the Franchised Business and compliance with Franchisee's obligations, comparing such data to that of other Franchisees, advising Franchisee and other Franchisees on improving their performance and business operations, and to make all such data available to third parties selected by Franchisor, including but not limited to its affiliates.

(j) Franchisee shall comply with Franchisor's standards and policies pertaining to data processing and the privacy of information about clients or other individuals. If there is a conflict between data protection laws and Franchisor's privacy standards and policies, Franchisee shall: (i) comply with the requirements of Data Protection Laws; (ii) immediately provide Franchisor with written notice of the conflict; and (iii) promptly and fully cooperate with Franchisor's counsel as Franchisor determines the most effective way, if any, to reconcile Franchisor's privacy standards and policies with data protection laws. Except for Franchisor's obligations under this section 7.31, Franchisee is solely responsible for identifying, interpreting and complying with data protection laws. Franchisee shall neither publish nor implement a privacy policy without Franchisor's prior written approval of the policy.

## ARTICLE 8 PROPRIETARY MARKS

8.1 Use by Franchisee. Franchisee's right to use the Marks as granted in Article 1 is limited to their use in connection with the operation of the Franchised Business within the Territory and as otherwise described in this agreement and or in the Operations Manual or as may be prescribed in writing by Franchisor from time-to-time. Franchisee shall operate the Franchised Business under the trade name PET WANTS along with any geographic appellation that Franchisor may designate. Franchisee shall not use any other fictitious name, trade name, geographic appellation, or assumed name in connection with the Franchised Business without Franchisor's prior written consent.

8.2 Exclusive Property of Franchisor. Franchisee acknowledges Franchisor's right, title and interest in and to the Marks, along with the identification, schemes, standards, specifications, operating procedures, and



other concepts embodied in the Operating System. Franchisee is a “related company” within the meaning of 15 U.S.C. § 1127 and Franchisee’s use of the Marks pursuant to this agreement inures solely to the benefit of Franchisor. Except as expressly provided by this agreement, Franchisee shall acquire no right, title or interest therein, and any and all goodwill associated with the system and the Marks shall inure exclusively to Franchisor’s benefit. Upon the expiration or termination of this agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Operating System or the Marks.

8.3 Infringement by Franchisee. Franchisee acknowledges that its use of the Marks outside the scope of this agreement or after a Transfer or the expiration or termination of this agreement for any reason without Franchisor’s prior written consent is an infringement of Franchisor’s rights, title and interest in and to the Marks. Franchisee expressly covenants that during the Term and after a Transfer or the expiration or termination of this agreement, Franchisee shall not directly or indirectly commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof.

8.4 Infringement by Others. Franchisee shall promptly notify Franchisor of any use of the Marks, any other trademark, logo, or trade name in which Franchisor has or claims a proprietary interest, or any variation thereof, by anyone other than Franchisor, its representatives or agents, or other Pet Wants Franchisees. Franchisee shall notify Franchisor promptly of any litigation instituted by anyone against Franchisor or Franchisee involving the Marks. If Franchisor, in its Business Judgment, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee shall execute all documents and render all assistance reasonably necessary to carry out such defense, prosecution or settlement. Franchisee acknowledges that the nature of trademark law makes it impossible for Franchisor to guarantee or warrant the exclusivity of Franchisor’s right to use any of the Marks, and that nothing in this agreement or in any other document or promotional material provided by Franchisor to Franchisee or to any other party shall be construed to guarantee, warrant, or imply that Franchisor’s right to use any of the Marks is exclusive or superior to the rights of any other party. In the event that any party demonstrates, to Franchisor’s sole satisfaction, a superior right to use any of the Marks, Franchisee shall, upon demand by Franchisor, discontinue its use of such Mark(s) and adopt, at Franchisee’s sole cost and expense, any Mark(s), if any, selected by Franchisor to replace such discontinued Mark(s), and Franchisor shall have no liability therefor to Franchisee.

8.5 Improper Use. Franchisee shall not use any of the Marks, or any derivative or colorable variation thereof: (i) as part of the name of a Business Organization; (ii) on or as part of any uniform resource locator (“URL”), domain name, or email address; (iii) with any prefix, suffix, or other modifying words, terms, designs or symbols (including “Inc.” and “Company”); or (iv) in any modified form. Franchisee shall not register any of the Marks, or any derivative or colorable variation thereof, as a trademark or Internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in a manner that make Franchisor liable therefor or that may harm, tarnish, or impair the reputation of or goodwill associated with the Marks, the Network, or Franchisor. Franchisee shall not use any of the Marks in any advertising except with Franchisor’s prior approval in accordance with the provisions of section 11.6. If Franchisor provides Franchisee with any contracts, agreements, forms, or other documents that contain any of the Marks, Franchisee shall not alter or modify such contracts, agreements, forms, or documents without Franchisor’s prior written consent.

8.6 Non-exclusive Use. Franchisee expressly acknowledges and agrees that this license to use the Marks is non-exclusive and, subject to the restrictions of section 0, Franchisor reserves all rights not expressly granted to Franchisee in this agreement, including those described in section 0.

8.7 Use by Others. Franchisee shall not permit any third party to imprint the Marks on any products, materials, documents or supplies used in connection with the operation of the Franchised Business without first obtaining Franchisor's consent and causing the person to execute a license agreement as specifically provided in section 6.4.

8.8 Improvements Developed by Franchisee. If Franchisee or any of its Principals, Affiliates, directors, officers, or employees conceives, develops, or acquires any improvements or additions to the Operating System or the services or products offered by or the method of operation of a Pet Wants Franchise, or any advertising or promotion ideas related to a Pet Wants Franchise or the Franchised Business (collectively, "Improvements"), Franchisee shall, in each instance, promptly and fully disclose the Improvement to Franchisor without disclosure of the Improvement to others, and obtain Franchisor's written approval before using the Improvement. Any Improvement may be used by Franchisor and Pet Wants Franchisees without any obligation to Franchisee or its Principals, Affiliates, directors, officers, or employees for royalties, licensing fees, or other compensation. Franchisee shall assign to Franchisor or Franchisor's designee(s), without charge, all rights, including the right to grant sublicenses, to all Improvements. If for any reason Franchisee and not Franchisor is deemed to own any right to an Improvement, then this agreement will operate as an agreement to irrevocably transfer and assign all rights in and to the Improvement. Franchisee shall take no steps to appropriate any Improvement for itself. Franchisee shall, at Franchisor's request, execute all assignments, certificates or other instruments (and, if necessary, require its Principals, Affiliates, directors, officers, employees and independent contractors to execute such documents as well) as Franchisor may from time-to-time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend Franchisor's rights, title or interest in or to any Improvement or to otherwise carry out the provisions of this paragraph. In return, Franchisor shall authorize Franchisee to use any Improvement developed by Franchisor or another Pet Wants Franchisee that Franchisor makes part of the Operating System. As used in this paragraph, the term "Improvements" includes intellectual property and all advertising, marketing, promotional, public relations or sales concepts, plans, programs, techniques, activities, materials, or Websites proposed or developed by Franchisee for the Franchised Business, whether or not they bear the Marks.

## ARTICLE 9 OPERATIONS MANUAL

9.1 Business Operations. In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Marks, Franchisee shall conduct its operations under this agreement in accordance with Franchisor's Operations Manual (as it may be amended or modified from time-to-time).

9.2 Confidentiality. The Operations Manual will remain the sole property of Franchisor at all times; Franchisee acknowledges that it will receive the Operations Manual only on loan from Franchisor. Franchisee shall treat the Operations Manual and all information therein as confidential and proprietary, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall also ensure that its employees treat the Operations Manual and all information contained therein as confidential and proprietary. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise make the same available to any unauthorized person.

9.3 Modification. Franchisor has the right to add to or otherwise modify the Operations Manual from time-to-time to reflect changes in any of the System Standards, so long as no addition or modification alters Franchisee's fundamental status and rights under this agreement. Changes to the Operations Manual do not require Franchisee's agreement or consent. Without limiting the generality of the foregoing sentence, Franchisor has the right, during the term of this agreement, to require Franchisee to make Enhancements (defined in section 19.20) to the Communication and Information System at Franchisee's expense, and

Franchisee shall acquire (or acquire the right to use for the remainder of the Initial Term), within 120 days after receipt of written notice from Franchisor, the Enhancement specified by Franchisor and shall take all actions necessary to enable it to operate as specified by Franchisor. Any Enhancement may require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional service and support services during the Term. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance or Enhancements to the Communication and Information System or other aspects of the Franchised Business, and that any maintenance or Enhancement required by Franchisor may involve additional investment by Franchisee during the Term. Franchisee shall at all times insure that its copy of the Operations Manual is kept secure, current, and up-to-date, and in the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual maintained by Franchisor will be controlling. Upon Franchisor's request, Franchisee shall cooperate in the efficient return of all Operations Manuals that have been identified by Franchisor as obsolete.

## ARTICLE 10 CONFIDENTIAL INFORMATION

10.1 Definition. "Confidential Information" means any confidential or proprietary information or trade secrets relating to Franchisor, the Operating System, the Franchised Business, or other Pet Wants Franchises, and includes the following overlapping categories of information: (a) the business methods, techniques, specifications, standards, procedures and formats of the Operating System; (b) Franchisor's policies, procedures, information, concepts, systems and knowledge of and experience in franchise development and operation, including the information comprising the Operating System; (c) marketing programs for Pet Wants Franchises; (d) the Communication and Information System, each component thereof (including all aspects—including code, functions, menus, and screen views—of any proprietary software developed or owned by Franchisor or any Affiliate of Franchisor), and all future Enhancements thereto; (e) the financial condition, results of operations, and other financial information about Franchisor, Franchisee, the Franchised Business, and/or other Pet Wants Franchisees; and (f) all information about all past, present and prospective customers and suppliers of the Franchised Business or of any other Pet Wants Franchise, including contact, statistical, financial, and personally identifiable information, and all lists. Franchisee may acquire Confidential Information from Franchisor through the Operations Manual, through training, guidance and assistance provided by Franchisor, through the operation of the Franchised Business, or from other Pet Wants Franchisees. Confidential Information is not intended to include any information that is or subsequently becomes publicly available other than by the breach of a legal obligation; was known to Franchisee before becoming a Pet Wants Franchisee; or became known to Franchisee independently of Franchisee's relationship with Franchisor and other than through Franchisee's breach of a legal obligation.

10.2 Ownership of Confidential Information. Franchisee acknowledges and agrees that only Franchisor has the right to own and control (i) all domain names and uniform resource locators ("URLs") containing any of the Marks (or any derivative or colorable variation thereof) or relating to any Pet Wants Franchise (including the Franchised Business), and (ii) all Confidential Information (which may include trade secrets belonging to Franchisor). Franchisee's only interest in any Confidential Information or proprietary information (even if not Confidential Information) is the right to use it pursuant to this agreement.

10.3 Use of Confidential Information. Franchisee's relationship with Franchisor does not give Franchisee the right to use Confidential Information for any purpose other than the development and operation of the Franchised Business in accordance with this agreement, and the use of Confidential Information in any other business activity would constitute unfair competition. Franchisee shall: (a) not use Confidential Information in any other business or capacity; (b) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term; (c) not make unauthorized copies of any portion of the Confidential

Information; and (d) adopt and implement all reasonable procedures Franchisor prescribes from time-to-time to prevent unauthorized use or disclosure of or access to Confidential Information. Franchisee shall divulge the Confidential Information only to those employees and agents of Franchisee who must have access to it in order to operate the Franchised Business in accordance with this agreement or to provide professional services or advice to Franchisee. In connection therewith, Franchisee is fully responsible for ensuring that its employees and agents comply with this paragraph. The provisions of this paragraph will survive any Transfer or the expiration or termination of this agreement.

10.4 Remedies. Franchisee acknowledges that any failure to comply with section 10.3 will cause Franchisor irreparable injury, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, specific performance of, or any injunction against a violation of, the requirements of section 10.3.

10.5 Preservation of Confidentiality. Franchisee shall require Franchisee's Principals, directors, officers, and management employees, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all Confidential Information that may be acquired by or imparted to those persons in connection with their association with Franchisee be held in strict confidence and used solely for the benefit of Franchisee and Franchisor, at all times during their association with Franchisee and thereafter. Franchisee shall require each prospective purchaser of the Franchised Business, the license granted under this agreement, or any interest in Franchisee, before disclosing any Confidential Information to the person, to execute a confidentiality agreement in a form approved by Franchisor, requiring that all Confidential Information that may be disclosed will be held in strict confidence and used solely to evaluate the contemplated transaction. All confidentiality agreements described in this paragraph must include a specific identification of Franchisor as a third-party beneficiary with the independent right to enforce the agreement.

10.6 Rights to Material Developed by Franchisee. All instructional materials, concepts, plans, programs, activities and other materials proposed or developed by Franchisee for the provision of Authorized Products and Services must be approved by Franchisor, and may be used by Franchisor and other Pet Wants Franchises without any compensation to Franchisee. All copyrights, trademarks and other proprietary rights in and to such materials that are proposed or developed by or on behalf of Franchisee will be the sole property of Franchisor without compensation to Franchisee, and Franchisee shall execute all documents (and, if necessary, require its independent contractors to execute all documents) reasonably necessary to give effect to this provision.

10.7 Customer List. Franchisee shall prepare a Customer List (defined in section 19.12) containing all information that Franchisor may specify. Ownership of the Customer List and all information in it belongs to Franchisor at all times. Franchisee will acquire no proprietary or ownership rights to its Customer List or to service any of its customers other than the rights specifically granted under this agreement. Franchisee is permitted to use the Customer List for the purposes of this agreement but for no other purpose. Without limiting the generality of the preceding sentence, Franchisee shall not disclose or transfer its Customer List to any person except to Franchisor or as part of a Transfer that complies with Article 12. The Customer List is considered Confidential Information and Franchisee shall treat it as such at all times. Franchisee shall provide Franchisor, not more frequently than monthly, with a current Customer List in the format and by the means specified by Franchisor from time-to-time. Upon the expiration or termination of this agreement for any reason, Franchisor may notify Franchisee's customers thereof and, without compensation to Franchisee, authorize one or more other Pet Wants Franchisees or any other person to provide Authorized Products and Services to Franchisee's former customers.

ARTICLE 11  
ADVERTISING

11.1 National Branding Fund. Franchisor has the right, in its Business Judgment, to establish one or more National Branding Funds, whether regional, national and/or transnational, and to designate any geographical area as a region for establishing regional National Branding Funds. Franchisee shall contribute to the National Branding Fund as required by section 5.2. Franchisor shall maintain and administer each National Branding Fund as follows:

(a) The National Branding Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all Pet Wants Franchises in the Network or within a region, as the case may be. Franchisor is not obligated in administering the National Branding Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions or to ensure that any particular Pet Wants Franchisee benefits directly or pro rata from the placement of advertising.

(b) The National Branding Fund, all contributions to it and any earnings thereon, are to be used exclusively for Permitted Uses as described below. "Permitted Uses" means (i) the costs of maintaining, administering, researching, directing and preparing advertising or promotional activities (including the costs of preparing and conducting marketing campaigns in various media; advertising of any kind and in any medium; developing, hosting, updating and optimizing a Website as described in section 11.8(a); marketing surveys and other public relations activities; employing advertising, public relations and market research firms; product research and development; soliciting and developing Shared Referral Sources; and developing, providing and directing promotional and other marketing materials and programs for the Pet Wants Network and Pet Wants Franchises) and (ii) reasonable salaries, overhead and administrative, accounting, legal (including the defense of any Claims against Franchisor and/or Franchisor's designee regarding the management of the National Branding Fund) and other costs, if any, that Franchisor incurs in activities reasonably related to the administration, direction or function of the National Branding Fund (including the costs of enforcing the payment of National Branding Contributions, the costs of preparing or auditing financial statements, and the salaries of graphic designers, marketing, public relations and other employees attributable to National Branding Fund functions).

(c) Franchisor shall, for each of its company-owned locations (if any), contribute to the National Branding Fund on the same basis as assessments required of comparable Franchisees in the Network. Franchisor may operate a store for research and development purposes that will not constitute a company-owned location and will not be subject to the National Branding Fund.

(d) Franchisee shall contribute to the National Branding Fund by separate electronic funds transfer payable to PET WANTS NATIONAL BRANDING FUND or such other designation as Franchisor may from time-to-time prescribe. All contributions to the National Branding Fund must be maintained in an account separate from the other moneys of Franchisor and, except for Permitted Uses, will not be used to pay defray any of Franchisor's expenses. The National Branding Fund and its earnings may not otherwise inure to the benefit of Franchisor.

(e) It is anticipated that all contributions to and earnings of the National Branding Fund will be spent for advertising and promotional purposes during the taxable year within which the contributions are made. But if excess amounts remain in the National Branding Fund at the end of a taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

(f) Franchisee agrees that Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee, to the National Branding Fund, or otherwise with respect to the management, maintenance, direction, or administration of the National Branding Fund. Franchisee further agrees that Franchisor will not be liable for any act or omission, whether with respect to the National Branding Fund or otherwise, that is consistent with this agreement or other information provided to Franchisee, or that is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of their relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the National Branding Fund and all related matters are governed solely by this agreement and that neither this agreement nor the National Branding Fund are in the nature of a “trust,” “fiduciary relationship” or similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

11.2 Separate Asset. The National Branding Fund is not and will not be an asset of Franchisor.

11.3 Termination of Fund. Although Franchisor intends the National Branding Fund to be of perpetual duration, Franchisor has the right to terminate any National Branding Fund. No National Branding Fund is to be terminated, however, until all moneys therein have been expended for advertising or promotional purposes or returned to contributors on the basis of their respective contributions during the one-year period immediately preceding the termination.

11.4 Advertising Materials. In addition to the requirements of section 11.1, Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets and special promotional materials of such kind and size as Franchisor may reasonably require from time-to-time in the Operations Manual or otherwise in writing. Franchisee acknowledges that it shall be solely responsible for advertising and marketing the services offered by the Franchised Business.

11.5 Delegation of Franchisor’s Duties. Franchisor has the right to delegate and redelegate its responsibilities and duties under this Article 11 to any designee(s) of its choosing, but the right of final approval of all advertising programs must be retained by Franchisor at all times.

11.6 Approval of Advertising. All advertising by Franchisee in any medium is to be conducted in a dignified manner, completely accurate and truthful, conform to such standards and requirements as Franchisor may specify from time-to-time in writing and to all applicable laws and regulations relating to consumer advertising, and give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor, for Franchisor’s prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials, including signs, and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business. In this agreement, the word “advertising” includes all Electronic Distribution Channels (defined in section 19.18). In order to present a unified and consistent image to consumers, Franchisor has the sole and exclusive right, but not the obligation, to own and control all Electronic Distribution Channels relating to or bearing the Marks, the Operating System, the Network, or the Franchised Business, and to control other advertising, marketing and promotional activities relating to the Marks, the Operating System, the Network, or the Franchised Business that are national or international in scope.

11.7 Website. Franchisee specifically acknowledges and agrees that a Website (defined in section 19.70) is considered “advertising” under this agreement and is subject to (among other things) Franchisor’s approval in accordance with section 11.6. In connection with any Website, Franchisee agrees to the following:

(a) Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Marks, the Network, any or all of the Authorized Products and Services, Pet Wants franchised or Franchisor- or Affiliate-owned locations, and/or the offer and sale of Pet Wants Franchises. Franchisee shall use all Websites relating to the Franchised Business required by Franchisor. Franchisor shall have the sole right to control all aspects of the Website, including its design, content, functionality, links to the Websites of third parties, legal notices, and policies and terms of usage, and all the expenses thereof are Permitted Uses under section 11.1(b). Franchisor also has the right to discontinue the operation of the Website at any time in its Business Judgment.

(b) Franchisee shall not directly or indirectly establish, maintain, or operate a separate Pet Wants Website without Franchisor’s prior written consent. Any Pet Wants Website established, maintained, or operated by Franchisee must contain a link to and from Franchisor’s Website and Franchisor has the right to require modifications of the content, appearance and format of Franchisee’s Pet Wants Website. The term “Pet Wants Website” means a Website that displays any of the Marks or a significant amount of the content of which relates to the Franchised Business, Franchisor, the Network, the Operating System, or any business that offers or sells products or services that compete with any products or services offered by Pet Wants Franchises.

(c) Franchisee shall not, without Franchisor’s prior written consent, establish or permit or aid any other person to establish any link to any Website or any other electronic or computer-generated advertising or communication arrangement that Franchisor may establish.

(d) Franchisor has the right, but not the obligation, to designate one or more landing page(s) to describe Franchisee, the Franchised Business, and/or Franchisee’s location, with such landing page(s) to be located within Franchisor’s Website, or to provide Franchisee with a separate Pet Wants Website for such purposes. Franchisee shall comply with Franchisor’s policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor has the right to limit and/or discontinue the content and/or operation of such Website and landing pages.

(e) In order to maintain the goodwill in the Operating System and in the business of Franchisor and other Pet Wants Franchises, Franchisor has the right to impose conditions and standards requirements on Franchisee’s use of Electronic Distribution Channels, including any Pet Wants Website maintained by Franchisee, including the following:

(i) Franchisor is to own all rights to all domain names containing any of the Marks or relating to the Franchised Business, any Authorized Products and Services, or any business that offers or sells products or services that compete with any products or services offered by Pet Wants Franchises. Franchisee shall not register in its own name any domain name containing any of the Marks or relating to the Franchised Business or any Authorized Products and Services.

(ii) In order to maintain the common identity of the Network and the high-quality standards associated with the Operating System, Franchisee shall obtain Franchisor’s prior written approval for any domain name and for the form and content of any Pet Wants Website before Franchisee uses it on the Internet. Unless Franchisor’s prior written approval has been obtained, no element of the Marks or similar words may be used as part of the domain name or URL.

(iii) Any Pet Wants Website established or maintained by Franchisee must contain a hyperlink to Franchisor's Website and all other hyperlinks to third-party Websites must be previously approved in writing by Franchisor.

(iv) Any modifications to a Pet Wants Website established or maintained by Franchisee must first be approved in writing by Franchisor.

(v) Before establishing a Pet Wants Website, Franchisee shall obtain appropriate legal advice regarding the content and to ensure that the Website complies with all relevant legislation and regulations.

(vi) Franchisee shall fully indemnify Franchisor against all Claims arising out of any Website established or maintained by Franchisee.

(vii) Franchisee shall comply fully with its terms and conditions of business over the Internet and shall ensure that such terms and conditions of business receive Franchisor's prior written approval.

(f) Franchisee shall not participate in or register with any Internet group, Website or similar medium which has as its aim (whether stated or not) or its effect the denigration of Franchisor or the Network.

(g) Franchisee shall not open an account or profile on a social media site relating to the Franchised Business or using any of the Marks without Franchisor's prior written consent, which may be given subject to conditions, which may include the grant to Franchisor of administrator rights, and subject to Franchisee's compliance with the provisions of the Operations Manuals relating to social media sites.

(h) Franchisee shall not, without Franchisor's prior written consent, redirect Internet traffic from another domain name or URL to any Pet Wants Website established by Franchisee or any other Website containing any of the Marks or any content provided by Franchisor or relating to the Franchised Business.

(i) Franchisor makes no representations about any Website that it may provide or make available to Franchisee, including, without limitation, the Website's suitability, reliability, or availability. To the full extent permissible by applicable law, Franchisor disclaims all warranties and conditions with regard to the Website, including all implied warranties and conditions of merchantability, fitness for a particular purpose, title, non-infringement, or warranties arising by course of dealing or custom of trade. Franchisor shall not be liable for any direct, indirect, compensatory, punitive, incidental, special, or consequential damages arising out of or related to the use or performance of any Website.

(j) Franchisor shall have the right to modify the provisions of this section 11.7 as Franchisor shall solely determine is necessary or appropriate for the best interests of the Network.

11.8 Copyright to Advertising. Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the Operating



System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

11.9 Advertising Cooperative. Franchisor may, in its Business Judgment, designate any geographical area in which at least two Pet Wants Franchises are located for the purpose of establishing a local or regional marketing and advertising cooperative ("Cooperative"). Franchisee shall take appropriate steps to establish and participate in a Cooperative if required to do so by Franchisor. If a Cooperative for the geographical area in which the Franchised Business is located has already been established when Franchisee opens the Franchised Business, then Franchisee shall immediately become a member of the Cooperative under the terms of its governing documents. If a Cooperative for the geographical area in which the Franchised Business is located is established during the Term, Franchisee shall immediately become a member of the Cooperative, and take all steps necessary to become a member. In no event shall Franchisee be required to be a member of more than one Cooperative for the Franchised Business established under this agreement. The following provisions apply to each Cooperative:

(a) Each Cooperative will be organized and governed in a form and manner prescribed or approved by Franchisor in writing, and will commence operations on a date specified by Franchisor. Any disputes arising between Franchisee and other Pet Wants Franchisees in the Cooperative or the Cooperative, will be resolved in accordance with the rules and procedures in the Cooperative's governing documents.

(b) Each Cooperative will be organized for the exclusive purpose of administering local or regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.

(c) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval pursuant to the procedures in section 11.6.

(d) Each month that a Cooperative is in existence for Franchisee's geographical area, Franchisee shall contribute to the Cooperative an amount specified by Franchisor or the Cooperative (the "Cooperative Contribution"). Franchisee's Cooperative Contribution will not be credited towards and is in addition to the National Branding Contribution required by section 5.2.

(e) The members of the Cooperative will determine the amount of the Cooperative Contribution in accordance with its governing documents, but the Cooperative Contribution may not exceed 3% of Franchisee's Gross Revenues unless the members of the Cooperative, by a majority vote conducted in accordance with its rules, bylaws, or other governing documents, agree to a Cooperative Contribution in excess thereof. Franchisee shall pay its Cooperative Contribution, together with any statements or reports that Franchisor or the Cooperative (with Franchisor's prior written approval) may require, on a date each month determined by the Cooperative, but no later than the tenth day of each month.

(f) For each Pet Wants Franchise operated by Franchisor or an Affiliate of Franchisor in a geographical area for which a Cooperative has been established, Franchisor shall make a Cooperative Contribution on the same basis as assessments required of comparable franchisees that are members of the same Cooperative.

(g) Cooperatives established by Franchisor are intended to be of perpetual duration. However, Franchisor maintains the right to terminate any Cooperative. Franchisor shall use any unexpended monies from the terminated Cooperative only for Permitted Uses as defined in section 11.1(b).

11.10 Local Advertising.

(a) Minimum Local Advertising. Franchisee shall spend, each month, the greater of \$1,500.00 or 2% of its Gross Revenues from the prior month (the "Minimum Local Advertising Amount") on Local Advertising (as defined in paragraph 2 below). Local Advertising expenditures must be made directly by Franchisee. At Franchisor's request, Franchisee shall furnish Franchisor with an itemized report of Franchisee's Local Advertising expenditures for each month. Franchisee's failure to spend at least the Minimum Local Advertising Amount in a month will constitute a default of this Agreement. Franchisee will have the right to cure the default by paying to the National Branding Fund, within thirty days after notice from Franchisor, the difference between the Minimum Local Advertising Amount for the relevant period(s) less Franchisee's actual Local Advertising expenditures for the same period(s).

(b) "Local Advertising" means non-event based advertising, promotion, and public relations within the Territory, and consists only of direct costs to purchase marketing materials, promotion, out-of-pocket expenses for the cost of advertising and sales promotion (including media placement charges, advertising agency fees and expenses, search engine optimization expenses, and cash payments), and such other activities and expenses as Franchisor in its discretion may specify. Franchisor may specify the types of advertising and promotional activities and costs that do not qualify as Local Advertising, including fees to participate in farmers markets, the face value of promotional coupons, cash donations, the cost of products or services donated or provided at a discount to charitable organizations, National Branding Fees, and employee salaries.

ARTICLE 12  
TRANSFERS

12.1 Transfer by Franchisor. Franchisor has the right to transfer or assign all or any part of its rights and/or obligations under this agreement to any person or legal entity, including a subfranchisor specifically responsible for assisting Franchisee. Franchisee shall execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

12.2 Transfer by Franchisee.

(a) Franchisee understands and acknowledges that the rights and duties set forth in this agreement are personal to Franchisee, and that Franchisor has entered into this agreement in reliance upon Franchisee's business skills and financial capacity. Accordingly, no Transfer by Franchisee, its Principals and Remote Principals, or any immediate or remote successor to any part of Franchisee's interest in the Franchise granted under this agreement, is valid without Franchisor's prior written consent. Any purported or attempted Transfer, by operation of law or otherwise, without Franchisor's written consent is null and void and constitutes a material breach of this agreement, for which Franchisor may terminate this agreement without opportunity to cure. Franchisee may transfer only the entire Territory—no purported or attempted Transfer of Franchisee's right to operate the Franchised Business or use the Operating System or the Marks in less than the entire Territory will be valid.

(b) Except as provided in Article 12, Franchisor shall not unreasonably withhold its consent to a Transfer, but its consent will be subject to the satisfaction of all of the following conditions:

- (1) All of Franchisee's accrued monetary obligations to Franchisor or any of its Affiliates and all other outstanding obligations related to the Franchised Business shall have been satisfied.
- (2) The transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in Franchisee's Pet Wants Franchise shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from transferor or Franchisee pursuant to this agreement, whether arising before or after the Transfer.
- (3) Franchisee shall have executed a General Release effective as of the effective date of the Transfer.
- (4) The transferee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this agreement after the date of the assumption.
- (5) The transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business.
- (6) The transferee shall execute Franchisor's then current form of Franchise Agreement and such other ancillary agreements as Franchisor may require.
- (7) At the transferee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee or its manager shall complete the training course then in effect for franchisees.
- (8) Any right of Franchisee to any payments from the transferee resulting from the Transfer shall be subordinate to any claim or right of Franchisor against the transferee subsequent to the effective date of the Transfer, and Franchisee and the transferee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.
- (9) Either Franchisee or the transferee must pay Franchisor the Transfer Fee (defined in section 19.69) plus Franchisor's actual expenses to cover Franchisor's administrative, legal, and other expenses in connection with the Transfer. No Transfer Fee will be required if the transferee is:
  - (i) a spouse, domestic partner, parent or direct lineal descendant or sibling of Franchisee or one of its Principals; (ii) a Principal of Franchisee; or (iii) a Limited Liability Entity formed in full compliance with section 7.14(b). For purposes of clause (iii) of this subparagraph (9), all transfers of an Ownership Interest in a Business Organization Franchisee that occurred since the date the Business Organization first became a franchisee are to be aggregated to determine the ownership percentage being transferred. If the Transferee Franchisee was already in Franchisor's lead database at the time of first contact between Franchisee and the Transferee Franchisee, then Franchisor may require Franchisee to pay a lead referral fee of \$10,000.
- (10) Franchisee and transferee must acknowledge in writing that Franchisor was not involved in the negotiation of the Transfer, does not guarantee the accuracy of any information provided by Franchisee to transferee, and makes no representations regarding the transferee's likelihood of success in operating the franchise.

(11) Franchisee shall comply with the requirements of section 10.5 relating to the disclosure of confidential information to a prospective transferee.

(12) Franchisee shall comply with all laws that apply to the Transfer, including laws governing the offer and sale of franchises. Franchisee shall indemnify and defend Franchisor and its agents against and hold them harmless from any and all claims arising directly or indirectly from any alleged failure on Franchisee's part to comply with any Franchise Law or other law applicable to the Transfer.

(13) The transferee, at its own expense, must satisfy all applicable licensing requirements of the jurisdiction in which the Franchised Business is located.

(14) Franchisee shall transfer all clients and client contact information to transferee.

(15) In connection with any proposed Transfer, Franchisor has the right to communicate with any prospective transferee and to make available for inspection by any prospective transferee all or part of Franchisor's records relating to this agreement, the business operations, financial condition, contracts, and history of the Franchised Business under Franchisee's ownership, or the history of the relationship of the parties, without any liability to Franchisee or its Affiliates, directors, officers, employees, or agents. Franchisee hereby specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from any and all claims arising directly or indirectly therefrom.

(c) Notwithstanding the provisions of section 12.2(b), neither Franchisee nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this agreement, in the franchise granted hereunder, or in Franchisee (whether or not in connection with an absolute transfer of an interest in the Franchised Business). Franchisor shall not be obliged to consent to any such Transfer.

(d) Notwithstanding the provisions of section 12.2(b), Franchisor is not obligated to consent to any Transfer to a person that owns, operates, franchises, licenses, develops, consults with, manages, is involved in or employed by, or controls a Competitive Business. If Franchisor refuses to consent to a Transfer under this paragraph, the sole remedy of Franchisee will be to seek a declaratory judgment in a court of competent jurisdiction to determine whether the proposed transferee is a person that owns, operates, franchises, licenses, develops, consults with, manages, is involved in or employed by, or controls a Competitive Business.

(e) In connection with any proposed Transfer, Franchisor has the right to communicate with any prospective transferee and to make available for inspection by any prospective transferee all or any part of Franchisor's records relating to this agreement, the business operations, financial condition, contracts and history of the Franchised Business under Franchisee's ownership, or the history of the relationship of the parties, without any liability to Franchisee or its Affiliates, Principals, directors, officers, employees or agents. Franchisee hereby specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from any Claim resulting therefrom.

12.3 Franchisor's Right of First Refusal. If Franchisee or its owners shall at any time decide to sell, transfer or assign any right or interest under this agreement and/or the franchise granted pursuant hereto, Franchisee or its owners shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of one month after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee

or any of its owners, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor must be completed within two months after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided in section 12.2; provided, however, that if the sale to such purchaser is not completed within four months after the delivery of the offer to Franchisor, Franchisor shall again have the right of first refusal herein provided.

12.4 Right of Franchisee's Heirs Upon Death, Disability or Dissolution of Franchisee. A Transfer to the heirs, surviving spouse, conservators, or personal or other legal representative of Franchisee or a Principal of Franchisee (collectively, "Involuntary Transferees") upon the death, dissolution or legal disability of Franchisee or its Principal, shall not be subject to Franchisor's right of first refusal under section 12.3 or right to terminate for failure to obtain written approval under section 12.2(a), so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a Franchisee pursuant to section 12.2(b)(5) or retain an individual or entity to operate and manage the Franchised Business who is so qualified and who is approved in writing by Franchisor, and (ii) perform all other applicable acts required under section 12.2. The Transfer must be made within 180 days after the death, disability, or dissolution of Franchisee or its Principal, as the case may be. Any subsequent Transfer by any Involuntary Transferee will be subject to Franchisor's right of written approval under section 12.2 and to Franchisor's right of first refusal under section 12.3. The Transfer Fee will not be assessed in connection with a Transfer to an Involuntary Transferee under this paragraph, but Franchisor must be reimbursed for the actual legal expenses it incurs to approve and complete the Transfer.

12.5 Franchisor's Disclosure to Transferee. Franchisor has the right, without any liability to Franchisee, to make available for inspection by any intended transferee of Franchisee, all or any part of Franchisor's records relating to this agreement, the Franchised Business, or to the history of the relationship of the parties. Franchisee specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

## ARTICLE 13 TERMINATION

13.1 Events Allowing Termination. Franchisor may terminate this agreement, without refund of any moneys paid by Franchisee, if the Designated Individual (or Franchisee if Franchisee is an individual at the time) fails to commence the Pre-Opening Training within three months after the Effective Date or fails to complete the Pre-Opening Training to Franchisor's satisfaction. The occurrence of any one or more of the following events shall constitute a default by Franchisee under this agreement, for which Franchisor may elect to terminate this agreement, subject to the notice provisions of section 13.2, without prejudice to any other legal or equitable rights or remedies Franchisor may have:

- (a) Franchisee fails to pay when due any sum required to be paid by Franchisee under this agreement or any other agreement or instrument to which Franchisor and Franchisee are parties, or pursuant to any invoice for goods or services purchased by Franchisee from Franchisor, an approved vendor, the National Branding Fund, or any affiliate of Franchisor;
- (b) Franchisee fails to furnish when due any report required by this agreement;
- (c) Franchisee fails to operate the Franchised Business in compliance with the terms of this agreement, the Operations Manual or the System Standards;

- (d) Franchisee fails to perform or breaches any provision of this agreement or any other agreement or instrument to which Franchisee is a party;
- (e) Franchisee understates its Gross Revenues in any report submitted to Franchisor;
- (f) Franchisee promotes, sells or provides for compensation any Authorized Products and Services, or otherwise promotes or operates the Franchised Business, within a franchise territory licensed to another Pet Wants Franchisee (except as may be expressly permitted by this agreement or the Operations Manual), or otherwise infringes upon rights granted under franchise agreements with other Pet Wants Franchisees;
- (g) Franchisee fails: (1) to open its Mobile Franchise within three months after the Designated Individual (or Franchisee if Franchisee is an individual at the time) completes the Pre-Opening Training, (2) fails to open its Store within three months after Franchisor's approval of the location or six months after the Effective Date, whichever occurs later, or (3) after opening, fails to maintain the Franchised Business in continuous operation, or fails to devote its full time, energy and best efforts to the management and operation of the Franchised Business;
- (h) Franchisee is declared bankrupt or insolvent or Franchisee is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code (this provision may not be enforceable under federal bankruptcy law);
- (i) A receiver is appointed for Franchisee or for any part of its property, or Franchisee makes an assignment for the benefit of its creditors, if not dismissed within fifteen days;
- (j) Franchisee abandons or terminates the Franchised Business;
- (k) Franchisee fails, for a period of ten days after receipt of notification of noncompliance, to comply with any law or regulation applicable to the operation of the Franchised Business;
- (l) Any Transfer or attempted Transfer that fails to comply with the provisions of Article 12;
- (m) Franchisee knowingly maintains false books or records, or knowingly submits any false report (including information provided as part of Franchisee's application for this Franchise) to Franchisor;
- (n) The Franchised Business or Premises are seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against the Franchisee remains unsatisfied for one month (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this agreement or upon any property used in the Franchised Business that is not discharged within five days of such levy;
- (o) Any conduct or activity by Franchisee, or any Principal, director, or officer of Franchisee, that Franchisor believes may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the Operating System, the Marks, the Network, or the goodwill associated therewith, including any criminal misconduct of Franchisee, or any Principal, director, or officer of Franchisee;
- (p) Franchisee knowingly understates its Gross Revenues in any report submitted to Franchisor;
- (q) Franchisee fails to obtain and maintain in effect the general liability insurance required by Franchisor;

- (r) Franchisee knowingly promotes, sells, or provides for compensation any Authorized Products and Services, or otherwise promotes or operates the Franchised Business, within a franchise territory licensed to another Pet Wants Franchise (except as may be expressly permitted by this agreement or the Operations Manual), or otherwise knowingly infringes upon rights granted under franchise agreements with other Pet Wants Franchisees;
- (s) Franchisor makes a reasonable determination that the continued operation of the Franchised Business by Franchisee will result in immediate danger to public health or safety;
- (t) Franchisee employs any person or fails to discharge any employee that Franchisee knows or has reason to know has engaged in, been convicted of, or pled guilty or nolo contendere to any felony, fraud, elder abuse, or any crime involving moral turpitude;
- (u) Franchisee continues an unauthorized use of any of the Marks for more than three days after Franchisee receives a notice to cease from Franchisor;
- (v) Franchisee knowingly and without authorization discloses the Operations Manual to a third-party; or
- (w) Franchisee fails to maintain any license required by law to offer, provide, or sell any Authorized Products and Services or to operate the Franchised Business.

#### 13.2 Notice; Termination and Remedies.

- (a) If Franchisee fails to cure any default within thirty days after its receipt of a written notice of breach from Franchisor, Franchisor may terminate this Agreement, except that no written notice of default or opportunity to cure shall be required in the case of a default described in subsections 13.1(g) through (w) above. If Franchisee defaults on this Agreement two separate times, for each of which Franchisee was given notice and an opportunity to cure, then Franchisor may terminate this Agreement upon any subsequent default without providing notice or opportunity to cure. Termination of this Agreement shall, at Franchisor's option, be effective automatically upon the expiration of the time period specified above (or such longer period as may be required by applicable law) if Franchisee fails to cure the default within such period, or, if no notice of default is required, immediately upon Franchisee's receipt of a written notice of termination.
- (b) If Franchisee fails to cure any default within thirty days after its receipt of a written notice of breach from Franchisor, then the exclusivity of the Franchise Territory granted by section 1.4 shall be automatically suspended without further notice until the breach has been cured or this Agreement has been terminated.

13.3 Suspension of Franchise Rights During Default. In addition to and without limiting any other remedies provided in this Agreement, if Franchisor at any time has the right to terminate this Agreement, then Franchisor, in its sole and unfettered discretion, also has the right to suspend Franchisee's non-exclusive license to use the Marks and the System granted by section 1.1 until any and all breaches of this Agreement have been cured.

13.4 Franchisor's Step-in Rights. In addition to and without limiting any other remedies provided in this agreement, at law or in equity, upon Franchisee's failure to cure any default within the applicable cure period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchise Premises and exercise (or designate anyone else to exercise) complete authority with respect to the operation and administration of the Franchised Business until Franchisor determines that the default has been cured and that Franchisee is otherwise in compliance with this agreement. If Franchisor exercises such right, Franchisee shall pay Franchisor

a management fee of \$500 per day and reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with operating the Franchised Business, including the costs of personnel for supervising and staffing the Franchised Business and their travel, food and lodging expenses. All fees and expenses are payable through the EDT Account within ten days after invoice by Franchisor. If Franchisor operates the Franchised Business pursuant to this paragraph, Franchisee shall indemnify and defend Franchisor and its agents against and hold each of them harmless from all Claims that may arise out of Franchisor's (or its designee's) operation of the Franchised Business (except Claims arising solely from the gross negligence or willful misconduct of Franchisor's employees).

### 13.5 Liquidated Damages.

(a) If Franchisor terminates this agreement before the Expiration Date due to a default by Franchisee (including its abandonment of the Franchised Business), or if Franchisee terminates this agreement before the Expiration Date (which will also constitute a default under this agreement), Franchisee shall pay Franchisor, within fifteen days after the effective date of the termination and in addition to the other amounts specified in Article 5 and section 14.1(j), liquidated damages equal to the average monthly Royalty and Branding Fee payable by Franchisee during the twelve months immediately preceding the effective date of the termination, multiplied by the number of months between the effective date of the termination and the Expiration Date.

(b) Franchisor and Franchisee acknowledge and agree that it would be impracticable to precisely determine the amount of damages Franchisor will incur as a result of this agreement's early termination. Some of those damages include loss of Royalties and Branding Fees, loss of goodwill, loss of representation in the market, consumer confusion, and expenses that Franchisor will incur to recruit, train and support a new franchisee for the market (collectively, "Brand Damages"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately, and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor. Franchisor and Franchisee agree that this liquidated damages provision is a reasonable, good faith pre-estimate of those damages. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages it will incur because this agreement did not continue for the full length of the Initial Term due to Franchisee's default. Franchisee acknowledges that its payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due Franchisor under this agreement as of the effective date of the termination, and to comply strictly with the Post-Termination Provisions. Franchisee further acknowledge that this liquidated damages provision does not cover any other damages to which Franchisor might be entitled as a result of Franchisee's actions or inaction.

13.6 Liability for Default. If Franchisee fails to cure any default within the applicable time period provided in section 13.2, Franchisee shall pay Franchisor all damages, costs and expenses incurred by Franchisor as a result of the default, including reasonable attorney and accounting fees. This provision applies regardless of whether or not Franchisor exercises its right to terminate this agreement and will survive the expiration or termination of this agreement.



ARTICLE 14  
OBLIGATIONS UPON TERMINATION

14.1 Franchisee's Obligations. Upon the termination or expiration of this agreement for any reason, Franchisee, at its own expense and in addition to its obligations under Article 15, shall take each and every action listed in the subparagraphs below:

(a) Franchisee shall immediately and permanently cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Pet Wants Franchisee.

(b) Except as may be authorized under another franchise agreement in effect between Franchisee and Franchisor, Franchisee shall immediately and permanently cease all use of the Marks and any derivative or confusingly similar variation thereof. Without limiting the generality of the preceding sentence, Franchisee's obligations under this paragraph include permanently discontinuing all Internet advertising (including, by way of example, Facebook, LinkedIn, Twitter, Google, and pay-per-click programs) containing any of the Marks or any derivative or confusingly similar variation thereof.

(c) Franchisee shall take such action as may be necessary to remove all of the Marks from all listings containing any of the Marks or relating to the Franchised Business on or with every directory (including online directories), Website, web log and social media platform, and shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after the termination or expiration of this agreement.

(d) Except as may be authorized under another franchise agreement in effect between Franchisee and Franchisor, Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, all Confidential Information and all equipment, materials, confidential methods, procedures, or techniques associated with the Operating System or that display the Marks or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor. Without limiting the generality of the preceding sentence, Franchisee's obligations under this paragraph include permanently removing or obscuring from the exterior of all motor vehicles owned or controlled by Franchisee or its employees or used in the operation of the Franchised Business.

(e) Franchisee shall, at its own expense, promptly make all modifications and alterations, including removal of all distinctive physical and structural features associated with the Marks and Trade Dress of Pet Wants Franchises necessary to distinguish Franchisee's vehicles and Premises from its former appearance and from those of other Pet Wants Franchises in order to prevent any possibility that the public will associate or confuse them with Franchisor or Pet Wants Franchises and to prevent the operation of the Franchised Business or any Competitive Business on the Premises. If Franchisee fails or refuses to comply with the requirements of this section, Franchisor will have the right to enter the Premises, without being guilty of trespass or any other tort or crime, for the purposes of making or causing to be made such changes as may be required at the expense of Franchisee.

(f) Franchisee shall promptly turn over to Franchisor all advertisements, marketing materials, Operations Manuals, customer and other related files including Customer Lists and agreements with customers, instructions, correspondence, financial, and other business records and materials, including brochures, agreements, disclosure statements and any materials relating to the business operated hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property).

(g) Franchisee shall promptly notify Franchisee's telephone service providers and all listing agencies of the termination or expiration of Franchisee's right to use the Telephone Numbers (defined in section 19.64) and Directory Listings (defined in section 19.15) and authorize the transfer of the Telephone Numbers and Directory Listings to Franchisor or its designee. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to all Telephone Numbers and Directory Listings, and Franchisee hereby authorizes Franchisor, and appoints Franchisor and any officer designated by Franchisor, as Franchisee's attorney-in-fact, to direct the telephone service providers and listing agencies to transfer the Telephone Numbers and Directory Listings to Franchisor or Franchisor's designee if Franchisee fails or refuses to do so. Franchisee hereby authorizes each telephone service provider and listing agency to accept such direction or this agreement as conclusive evidence of Franchisor's exclusive rights in the Telephone Numbers and Directory Listings and Franchisor's authority to direct their transfer.

(h) At Franchisor's option, Franchisee shall cancel or assign to Franchisor or Franchisor's designee all of Franchisee's right, title and interest in and to any and all Websites, web pages, listings, banners, URLs, advertisements or any other services and links related to Franchisee's business or use of Franchisor's trademarks, service marks or other logos, on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines or other similar services.

(i) Franchisee shall promptly delete all proprietary software and data relating to the Franchised Business from all computers owned or controlled by Franchisee or its Principals or employees.

(j) Franchisee shall immediately pay all sums due and owing to Franchisor and provide Franchisor with a final accounting of Franchisee's Gross Revenues. Upon termination due to Franchisee's default, such sums will include actual damages, costs and expenses, and reasonable attorney fees incurred by Franchisor as a result of the default.

(k) Franchisee shall take all necessary action to cancel any fictitious or assumed name or equivalent registration that contains the trademark PET WANTS or any of the other Marks, and furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within one month after the termination or expiration of this agreement.

(l) If any of the insurance policies required by section 7.13 and Exhibit C is a "claims made" policy, Franchisee shall obtain and maintain in effect tail coverage for the general liability insurance required by section 7.13, to extend the period in which claims may be asserted for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located, and shall furnish Franchisor with a certificate of insurance evidencing compliance with this obligation within one month after the termination or expiration of this agreement.

14.2 Power of Attorney. Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee's obligations under this Article 14. Franchisee agrees to promptly execute, acknowledge and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Article 14 shall survive the expiration, termination or cancellation of this agreement.

ARTICLE 15  
RESTRICTIVE COVENANTS

15.1 Reasons for Restrictions. Franchisee understands and acknowledges that the Marks, the Operating System, the training and assistance provided by Franchisor, the knowledge of Franchisor's methods, operations and services, and the contacts and experience acquired by Franchisee during the Term, are of considerable value and would not be acquired except through the implementation of this agreement. Franchisee further acknowledges that Franchisor has devoted substantial time and expense in the development of the Operating System. As a result, Franchisee agrees that Franchisor has a proprietary interest in the Confidential Information, which the parties acknowledge is a trade secret owned by Franchisor subject to a restricted license to Franchisee for use during the Term in accordance with the terms and conditions of this agreement and the Operations Manual. Franchisee agrees that competition by persons associated with Franchisee (including family members of Franchisee or its Principals) or with the Franchised Business could seriously jeopardize Franchisor and the entire Network because Franchisee has received an advantage through the knowledge of the day-to-day operations and the Confidential Information related to the Operating System. Accordingly, Franchisee acknowledges and agrees that all of the restrictive covenants in sections 15.2 and 15.3 are reasonable both in time and in scope of geographic area and that the geographic and temporal restrictions on the ability of Franchisee and its Principals to compete with Franchisor and other Pet Wants Franchisees are reasonably necessary to protect Franchisor's business interests in the relevant markets. Franchisee also acknowledges and agrees that Franchisee and each of its Principals have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of those covenants.

15.2 Covenants During Term. During the Term, Franchisee, either for itself or through, on behalf of, or in conjunction with any other person (including the spouse or children of Franchisee or any of its Principals), shall not directly or indirectly:

- (a) take any action injurious or prejudicial to the goodwill associated with the Marks and the Operating System;
- (b) divert or attempt to divert any business or customer of the Franchised Business or of any other Pet Wants Franchise to any competitor, by direct or indirect inducement or otherwise;
- (c) aid, assist, or provide financing, goods or services to, any competitor of the Franchised Business, of Franchisor, or of any other Pet Wants Franchise;
- (d) develop, operate, engage in, or acquire or maintain any interest as a Principal, investor, director, officer, employee, manager, consultant, independent contractor, representative, or agent in or of any Competitive Business; or
- (e) promote, sell, or provide for compensation any Authorized Products and Services, or otherwise promote or operate the Franchised Business, within the protected territory of another Pet Wants Franchise (except as may be expressly permitted by this agreement or the Operations Manual), or otherwise infringe upon rights granted under franchise agreements with other Pet Wants Franchisees.

Subparagraphs (a) through (e) of this section 15.2 are severable and contain different but overlapping restrictions that are to be enforced simultaneously whenever permitted by applicable law. The restrictions in this section 15.2 have no geographic limitation.

### 15.3 Covenants After Term.

(a) Franchisee shall not, for a continuous and uninterrupted period of two years beginning upon the expiration or termination of this agreement (regardless of the cause for termination), directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person (including the spouse or children of Franchisee or any of its Principals):

(1) develop, operate, engage in, or acquire or maintain any interest as a Principal, investor, director, officer, employee, manager, consultant, independent contractor, representative, or agent in or of, any Competitive Business that is located or operates in the Territory or within 15 miles of the geographical boundaries of the Territory, or in or within 15 miles of any other Pet Wants Franchisee's protected territory; or

(2) solicit, contact, or communicate with or attempt to solicit, contact, or communicate with, for the purpose of promoting or soliciting referrals for a Competitive Business, any Shared Referral Source (defined in section 19.58) with which Franchisee or any representative or agent of Franchisee had any contact during the Term; or

(3) solicit, contact, or communicate with or attempt to solicit, contact, or communicate with, any person who was a customer of the Franchised Business at any time or any relative thereof, for the purpose of promoting, offering, selling, or providing Authorized Products or Services or other products or services that had been offered by the Franchised Business.

(b) The parties agree that the full extent of the damages that Franchisor will incur if Franchisee fails to comply with its obligations under this section 15.3 is difficult to ascertain, but the parties nevertheless desire certainty in this matter. Accordingly, if Franchisee breaches or fail to comply with any of the provisions of subparagraph 15.3(a), Franchisee shall pay Franchisor, as liquidated damages and not as a penalty, a royalty equal to 7% of the gross amount of all income, sales, salary, wages, fees, dividends, distributions, and other compensation received or earned by Franchisee, or any spouse, child, parent, or sibling of Franchisee or of any principal of Franchisee, or to which any of those parties becomes entitled, as the result of the breach or noncompliance. The parties further agree that the royalty required by this paragraph is reasonable in light of the damages that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have, including equitable remedies, attorneys' fees, and costs.

(c) Subparagraphs (a)(1), (a)(2), (a)(3) and (b) of this section 15.3 are severable and contain different but overlapping restrictions that shall be enforced simultaneously whenever permitted by applicable law. If any paragraph shall be held to be invalid or unenforceable in any respect, Franchisor and Franchisee agree that such provision shall be modified to the extent necessary to permit its enforcement, and the remaining provision shall be unaffected thereby. Any time period referred to in this section 15.3 shall be stayed during any violation or breach of this section. The provisions of this section 15.3 will survive any Transfer or the expiration or termination of this agreement.

15.4 Exclusion for Publicly-Traded Company. Nothing in section 15.2 or 15.3 prohibits any person from owning an interest of 1% or less in a publicly-traded company engaged in a Competitive Business.

15.5 Independent Covenants; Severability. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this agreement. If all or any portion of a covenant in this Article 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenants

subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Article 15.

15.6 Reduction of Covenants by Franchisor. Franchisor has the right, in its Business Judgment, to reduce the scope of any covenant in section 15.2 or 15.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of section 18.1.

15.7 Claims Against Franchisor No Defense. The existence of any Claims it may have against Franchisor, whether or not arising from this agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Article 15.

15.8 Injunctive Relief. Franchisee acknowledges that Franchisee's violation of the terms of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 15.

15.9 Nondisclosure and Noncompetition Agreements. Franchisee shall provide Franchisor with an executed "Nondisclosure and Noncompetition Agreement" containing covenants similar in substance to those in this Article 15 (including covenants applicable upon the termination of a person's relationship with Franchisee) from each of the Principals, officers, and directors of Franchisee and the Principals, officers, directors, and trustees of any non-individual Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of those capacities after the Effective Date, Franchisee shall require and obtain a Nondisclosure and Noncompetition Agreement from them and promptly provide Franchisor with an executed copy of it. Franchisee shall not grant any person in any of the foregoing capacities access to any confidential aspect of the Operating System or the Franchised Business before they execute a Nondisclosure and Noncompetition Agreement. All Nondisclosure and Noncompetition Agreements required by this paragraph must be in a form satisfactory to Franchisor, including the specific identification of Franchisor as a third-party beneficiary with the independent right to enforce it. Franchisee's failure to obtain the execution of the Nondisclosure and Noncompetition Agreements required by this paragraph and provide them to Franchisor will be a material breach of this agreement.

## ARTICLE 16 DISPUTE RESOLUTION

16.1 Injunctive Relief. Notwithstanding the provisions of section 16.2 requiring the arbitration of all Disputes, Franchisor expressly reserves the right to seek temporary and permanent injunctions and orders of specific performance, without bond, from a court of competent jurisdiction, to enforce the provisions of this agreement relating to: (a) Franchisee's use of the Marks; (b) Franchisee's obligations upon the termination or expiration of this agreement; (c) Franchisee's obligations under section 15.2 or 15.3; (d) a Transfer or attempted Transfer in violation of Article 12; or (e) as necessary to prohibit any act or omission by Franchisee or its agents: (i) that would constitute a violation of any applicable law or regulation; (ii) that is dishonest or misleading to Franchisor and/or other Pet Wants Franchisees; or (iii) that, in Franchisor's reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the Operating System, or the Marks.

16.2 Arbitration.

(a) Except as otherwise provided in this Article 16, Disputes (defined in section 19.16) between the parties, whether or not arising out of or related to this agreement, shall be submitted to a panel of three arbitrators as provided in this paragraph. Each Dispute shall be arbitrated on an individual basis and shall not be consolidated in any arbitration action with the claim of any other franchisee. The arbitration proceeding shall be administered by the American Arbitration Association (AAA) in accordance with the Federal Arbitration Act and the then prevailing Commercial Arbitration Rules of the AAA. The arbitrators shall neither have nor exercise any power to act as *amiable compositeur* or *ex aequo et bono*; or to award special, indirect, consequential, or punitive damages. The award shall be in writing and shall be accompanied by a reasoned opinion. Within thirty days after receipt of the award (which shall not be binding if either party requests a new hearing as provided herein), either party, by notifying the AAA and the other party, may appeal the decision of the initial arbitration panel by requesting a hearing de novo before a second panel of three arbitrators, constituted in accordance with the Commercial Arbitration Rules of the AAA. If an appeal is timely requested, the initial award shall be stayed and may not be confirmed unless the appeal is dismissed without an award by the second panel. None of the arbitrators who served on the original panel shall serve on the second panel. The second panel shall conduct a hearing de novo and may adopt the initial award as its own, modify the initial award, or substitute its own award for the initial award. The award of the panel tribunal shall be binding upon both Franchisor and Franchisee upon the confirmation of the award by a court of competent jurisdiction. Each party shall bear its own costs and expenses in connection with the arbitration, including travel expenses, out-of-pocket expenses such as copying and telephone charges, court costs, witness fees, and attorney and accounting fees. The administrative fees and arbitrators' fees shall be allocated equally between the parties. The arbitration proceedings shall take place in Hamilton County, Ohio. Any demand for arbitration must be made before the statute of limitations applicable to such a claim has run.

(b) A party shall not have the right to appeal an award under subparagraph (a) of this section unless the party: (i) fully cooperated in the exchange of information and discovery as ordered by the arbitration panel in the initial arbitration; (ii) attended all evidentiary hearings after due notice in the initial arbitration; and (iii) paid all administrative fees, arbitrators' compensation, and other charges assessed or allocated to the party by the AAA in the initial arbitration.

16.3 **Exception to Arbitration.** Notwithstanding the provisions of section 16.2 requiring the arbitration of all Disputes, if the amount in controversy in any Dispute exceeds \$100,000 in the aggregate, Franchisor shall have the right to have the matter adjudicated in either the Common Pleas Court of Hamilton County, Ohio or the United States District Court for the Southern District of Ohio, in lieu of arbitration. If an arbitration demand has already been filed in connection with such a Dispute, the respondent has the right to remove the matter to such court.

16.4 **WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.**

16.5 **Punitive Damages.** The parties agree to waive, to the fullest extent permitted by law, the right to or claim of any multiple, punitive, or exemplary damages against the other and agree that, in the event of a Dispute, each will be limited to the recovery of actual damages sustained by it.

16.6 **LIMITATION OF CLAIMS.** Except for:

(a) Claims arising from the underpayment, nonpayment, or overpayment of Royalties or National Branding Contributions;

(b) Claims based upon or arising from indemnification obligations, either under this Agreement, at law, or in equity; and

(c) Claims for injunctive relief, including, by way of example, claims seeking injunctive relief relating to use of the Marks or other intellectual property, obligations upon the termination or expiration of this agreement, obligations under Articles 9, 10 or 15, or a Transfer or attempted Transfer in violation of Article 12,

**ALL CLAIMS, DISPUTES, OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES SHALL BE BARRED UNLESS AN ARBITRATION OR LEGAL PROCEEDING IS COMMENCED AT THE EARLIER OF: (1) THE DATE WHEN INSTITUTION OF LEGAL OR EQUITABLE PROCEEDINGS BASED ON SUCH CLAIMS WOULD BE BARRED BY APPLICABLE STATUTE OF LIMITATIONS; OR (2) ONE YEAR AFTER THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIMS.**

16.7 Jurisdiction and Venue. Subject to the provisions of section 16.2 relating to the arbitration of Disputes, each party hereby irrevocably agrees that all lawsuits between the parties and/or their Affiliates shall be litigated only in courts sitting in Hamilton County, Ohio. Each party agrees that the following courts have personal jurisdiction over it in all lawsuits between the parties and/or their Affiliates, irrevocably submits to the jurisdiction of these courts, and irrevocably waives any defense based upon lack of personal jurisdiction in any lawsuit filed in these courts: (a) all courts included within the state court system of the State of Ohio; and (b) all courts of the United States of America sitting within the State of Ohio, including all United States District Courts within the State of Ohio. Each party agrees that venue shall be proper in any of the following courts in all lawsuits between the parties and/or their Affiliates and irrevocably waives any right to transfer or change the venue in any lawsuit filed in these courts: (a) the state court of the county where Franchisor has its principal place of business (presently Hamilton County, Ohio); and (b) the United States District Court for the Southern District of Ohio, Western Division. If any of these courts are abolished, venue shall be proper in the state or federal court in Ohio that most closely approximates the subject matter jurisdiction of the abolished court as well as any of these courts that are not abolished. All lawsuits filed by either party or its Affiliate against the other or its Affiliate (whether or not in breach of the arbitration provisions of this agreement) must be filed exclusively in one of these courts, except that claims for injunctive relief may be brought where the defendant is located. These exclusive choice of jurisdiction and venue provisions shall not restrict the ability of the parties to confirm or enforce arbitration awards in any appropriate jurisdiction. In all lawsuits between the parties and/or their Affiliates, Franchisee and its Affiliates consent to be served with process outside the State of Ohio in the same manner that service may be made within the State of Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. Franchisee and its Affiliates hereby waive any defense they may have based upon insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits, but shall be available in addition to any other method of service allowed by law.

ARTICLE 17  
RELATIONSHIP OF PARTIES; INDEMNIFICATION

It is understood and agreed that nothing in this agreement shall create a partnership, employment or agency relationship between Franchisor and Franchisee, or authorize Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Franchisee. Franchisor shall not be liable to any third party for any act or omission of Franchisee in any of its operations hereunder (including any Claim against Franchisee for negligent hiring, sexual harassment,

or employment discrimination) or any Claim or judgment arising therefor against Franchisee. Franchisee shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities or obligations arising directly or indirectly from, as a result of or in connection with Franchisee's operation of the Franchised Business, and shall pay all costs (including attorney and accounting fees) incurred by Franchisor in defending against and/or responding to them. FRANCHISEE SHALL DISPLAY PROMINENTLY AT ITS PLACE OF BUSINESS, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY FRANCHISEE.

## ARTICLE 18 MISCELLANEOUS TERMS

18.1 Nature of Agreement. This agreement and its exhibits constitute the entire agreement between the parties and supersedes any prior agreements, arrangement and understandings between them. This agreement may not be modified or amended except by a written instrument signed by each of the parties. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercises thereof or the exercise of any other right, power or remedy. Nothing in this agreement or any related agreement entered into concurrently herewith is intended to disclaim any representation in the franchise disclosure document provided to Franchisee prior to Franchisee's purchase of the Franchise.

18.2 Effect of Agreement; Assignment. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This agreement shall not be assigned by Franchisee without first complying with the provisions of section 12.2.

18.3 Construction. This agreement was accepted and executed by Franchisor in Ohio. Except to the extent governed by the U.S. Trademark Act of 1946, the Federal Arbitration Act, the laws of the State of Ohio (without reference to Ohio conflict of laws principles) govern all aspects of this agreement, excluding any law regulating the sale of franchises or business opportunities, or governing the relationship between a franchisor and a franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this section; provided, however, that if any of the covenants contained in Article 15 would not be enforceable under the laws of Ohio and the Franchised Business is located outside of Ohio, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Ohio law shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules or regulations. If any provision of this agreement relating to termination, nonrenewal or assignment of the franchise or choice of law, jurisdiction or venue is inconsistent with any applicable state franchise investment law, rules or regulations, such applicable state law shall apply. Any addendum to this agreement required by the regulatory authorities of any state for the purpose of disclosing salient provision of such state's law is hereby made a part of this agreement.

18.4 Headings. The headings in this agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this agreement.

18.5 Notices. All payments shall be made to the addresses listed below. All notices, requests, demands and other communications hereunder shall be in writing, shall be addressed as provided in this section, shall be made by personal delivery, by electronic mail, by certified mail, postage prepaid, return receipt requested, or by overnight delivery service with proof of delivery, and shall be effective upon receipt or refusal thereof or, if



unclaimed, forty-eight hours after deposit in the United States mail or with such overnight delivery service, as the case may be.

(a) Address of Franchisor:  
  
Pet Wants Franchise System, LLC  
4755 Lake Forest Drive, Suite 100  
Cincinnati, Ohio 45242

or to such other persons or address as Franchisor may from time-to-time furnish to Franchisee;

(b) Address of Franchisee:  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

or to such other persons or address as Franchisee may from time-to-time furnish to Franchisor.

18.6 Severability.

(a) If any provision of this agreement, in whole or in part (or the application of any provision to a specific situation), is held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any law applicable to this agreement, the invalidity is to be limited to the specific provision or portion in question or to the specific situation, and this agreement is to be construed and applied in such manner as to minimize such invalidity. All other provisions of this agreement will otherwise remain in full force and effect.

(b) If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction any provision of this agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisor shall have the unlimited right to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisor agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this agreement, as though it were separately articulated in and made a part of this agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

18.7 Counterparts. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18.8 Survival of Post-Termination Provisions. All Post-Termination Provisions of this agreement will survive the termination or expiration of this agreement or the Franchise granted under this agreement, regardless of whether the provisions specifically state so.

18.9 No Third-Party Beneficiaries. Nothing in this agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity not a party hereto.

18.10 Interpretation. The following rules of interpretation apply throughout this agreement.

- (a) If there is an inconsistency between the terms of this agreement and the Operations Manual, the terms of this agreement will control.
- (b) The singular includes the plural and vice versa, and the masculine includes the feminine or neuter and vice versa, wherever and whenever the context may require.
- (c) The words “includes” and “including” will be construed to include the words “without limitation.”
- (d) The word “day” means a calendar day unless the context specifically indicates otherwise.

18.11 Exercise of Business Judgment. In this agreement, the phrase “Business Judgment” means that Franchisor has the wholly unrestricted right to make decisions and take (or refrain from taking) actions even if a particular decision/action may have negative consequences for Franchisee, another Pet Wants Franchisee, or a group of Pet Wants Franchisees. In exercising its discretion, Franchisor will use its judgment based on its assessment of the interests it considers appropriate and is not required to consider Franchisee’s individual interests or the interests of any other Pet Wants Franchisee. Franchisor, Franchisee, and all other Pet Wants Franchisees have a collective interest in working within a franchise system with the flexibility to adjust to changing business conditions, including the competitive environment, regulatory developments, and emerging business opportunities. The exercise of Business Judgment is critical to Franchisor’s role as the franchisor of the Network and to Franchisor’s goals for the continuing improvement of the Operating System. Therefore the ultimate decision-making responsibility for the Network must be vested in Franchisor. So long as Franchisor acts in compliance with the requirements of this agreement, it has no liability for the exercise of its discretion in accordance with the provisions of this agreement. This definition is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

18.12 “Franchisee” Defined. The term “Franchisee” means the person licensed to operate a Pet Wants Franchise under this agreement and includes, in addition to the person or persons identified as “Franchisee” on Exhibit A and all persons who succeed to the interest of the original Franchisee or any Principal of Franchisee by permitted transfer or operation of law. All Principals of a Business Organization that executes this agreement as Franchisee must, by separate agreement, personally guarantee all of Franchisee’s obligations to Franchisor. If two or more individuals are the Franchisee under this agreement, their liability to Franchisor is joint and several.

## ARTICLE 19 DEFINITIONS

To simplify this agreement and make it easier to read and understand, certain terms have been defined below and will be capitalized throughout the agreement. Capitalized words that are not defined below are defined in the section where they first appear.

19.1 “Affiliate” means a person that controls, is controlled by, or is under common control with another person. As to Franchisee, it includes an owner of any interest in Franchisee or the Franchised Business, any employee or agent of Franchisee, and any person controlled by any of the foregoing.

19.2 “Anti-Terrorism Laws” means all present and future laws, ordinances, regulations, policies, orders, treaties, lists and other requirements of any national, state, or local government or any agency thereof.

19.3 “Authorized Products and Services” are the goods and services that Franchisee is required to offer and sell (currently including dog and cat food and delivery services), as more specifically described in the Operations Manual or otherwise communicated in writing to Franchisee. Franchisor has the right to add or remove products and services from the Authorized Products and Services in its Business Judgment, and to designate some Authorized Products and Services as optional. Authorized Products and Services include Branded Products and pet grooming services.

19.4 “Branded Products” means one or more lines of premium-quality pet food, treats, or supplies developed and manufactured by Franchisor, an Affiliate of Franchisor, or a supplier designated by Franchisor, and any additional products developed or designated by Franchisor for use in the Operating System.

19.5 “Business Organization” means a corporation, limited liability company, limited liability partnership, limited company, partnership of any kind, joint venture, unincorporated association, or other organization formed or operated for a commercial purpose.

19.6 “Business Records” is defined in section 7.12(h).

19.7 “Claims” means debts, claims (including tort claims), demands, damages (including actual, consequential, punitive, or exemplary), fines, losses, liabilities, rights, actions, causes of action, expenses, judgments, awards, suits, and costs reasonably incurred in the defense of any of the foregoing, including the reasonable fees of accountants and expert witnesses, legal expenses, costs of investigation and proof of facts, court costs and fees, other litigation expenses, and travel and living expenses related to any of the foregoing.

19.8 “Communication and Information System” means the computer and communications system described in section 7.19 that Franchisee is required to purchase and use in the operation of the Franchised Business.

19.9 “Competitive Business” means a business (i) that offers or sells any of the Authorized Products and Services; or (ii) that offers or sells products or services similar to those offered as part of the Operating System; or (iii) in which Confidential Information could be used to the disadvantage of Franchisor, Franchisee, or another Pet Wants Franchise; or (iv) that offers or sells products or services that are competitive with any products or services offered by Pet Wants Franchises; or (v) that franchises or licenses others to do any of the foregoing.

19.10 “Confidential Information” is defined in section 10.1.

19.11 “Controlling Interest” means the direct or indirect ownership (legal or beneficial) or control of more than 50% of the equity, profits, or voting control of a Business Organization.

19.12 “Customer List” means all information about all past, present and prospective customers of the Franchised Business, including contact, purchasing, statistical, financial and personally identifiable information.

19.13 “Designated Individual” means an individual designated by Franchisee under section 7.10, who will be responsible for the general oversight and day-to-day management of the operations of the Franchised Business on behalf of Franchisee.

19.14 “Designated Number” means the telephone number for the Franchised Business used in or on all advertising (including Internet advertising), stationery, business cards, marketing and promotional materials, directory listings (including online directories) and other public materials relating to the Franchised Business.

19.15 “Directory Listings” means any regular, classified, online or other telephone directory listings associated with any of the Marks or the Franchised Business.

19.16 “Dispute” means a claim, dispute, disagreement, or controversy between Franchisee or any of its Affiliates or Principals and Franchisor or its Affiliates pertaining to: the formation, execution, breach, interpretation, validity or enforceability of all or any part of this agreement, the Operations Manual, or any other agreement between Franchisor and Franchisee that is related to this agreement; the offer or sale of the Franchised Business to Franchisee; the relationship between Franchisor and Franchisee; or any specification, standard or operating procedure relating to the establishment or operation of the Franchised Business.

19.17 “Effective Date” means the date this agreement becomes effective and is defined on the signature page.

19.18 “Electronic Distribution Channels” include the Internet, World Wide Web, Websites (including any Website established or maintained by Franchisor or Franchisee), URLs, domain names, e-mail addresses, mobile applications, Internet listings, banners, advertisements, pop-up ads, pay-per-click programs, and other services, pages, or links on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, social media, web logs (or “blogs”), and similar services.

19.19 “Embargoed Person” means any person subject to economic or trade restrictions or sanctions (including targeted foreign countries and regimes, terrorists, narcotics traffickers, persons engaged in activities related to the proliferation of weapons of mass destruction, and other threats to national security, foreign policy, or the economy) based on foreign policy or national security goals under any law, regulation, policy, executive order, treaty, list, or other requirement (including Anti-Terrorism Laws), with the result that a direct or indirect investment in a Pet Wants Franchise by the person is prohibited by law.

19.20 “Enhancement” means any modification, upgrade, update, enhancement or replacement of all or any part of the Communication and Information System.

19.21 “Expiration Date” means the day before the tenth anniversary of the Effective Date, and is the last day of the Initial Term.

19.22 “Franchised Business” means the Pet Wants Franchise that Franchisee is licensed to operate under this agreement.

19.23 “Franchise Fee” means the one-time fee Franchisee is required to pay Franchisor under Article 4.

19.24 “Franchise Law” means a statute, regulation or rule that (i) regulates the sale of franchises, franchise investments, or business opportunities; (ii) regulates the relationship between a franchisor and a franchisee or between a business opportunity seller and purchaser; or (iii) requires the delivery, filing, or registration of a pre-sale disclosure document in connection with the offer and/or sale of a franchise or business opportunity.

19.25 “Franchisor-Related Persons” means Franchisor and each and all of the following, whether past, current, or future: persons acting through, in concert with, or as Affiliates of Franchisor or of any of the foregoing; Principals, officers, directors, agents, attorneys, accountants and employees of Franchisor or any of the foregoing; and predecessors, successors, and assigns of Franchisor or any of the foregoing.

19.26 “General Release” is a release, in the form prescribed by Franchisor at the time the release is to be delivered, of any and all claims, liabilities and obligations of any nature, including those existing as of, and/or arising before, the date of the release, however arising, whether known or unknown, whether against Franchisor and/or any or all of the Franchisor-Related Persons, the National Branding Fund, or any other branding, marketing, or advertising fund, and whether by Franchisee, any Principal of Franchisee, and/or any Affiliate of any of the foregoing.

19.27 “Good Standing” means that Franchisee and each of its Principals and Affiliates are not in default of any obligation to Franchisor or any of its Affiliates, whether arising under this agreement or any other agreement, the Operations Manual, the System Standards, or any negotiable instrument (collectively, the “Obligations”). Franchisee is not in Good Standing if Franchisee has been in default of any Obligation and the default is incurable by nature or part of a series of repeated defaults defined in this agreement.

19.28 “Gross Revenues” means all income (cash, credit, and all other consideration) recognized on a cash basis by Franchisee, an Affiliate or Principal of Franchisee, or any spouse or child of Franchisee or its Principal: (i) in connection with the operation of the Franchised Business or any Competitive Business; (ii) from the sale of any Authorized Products or Services (as that term may be modified from time-to-time by Franchisor in accordance with this agreement); or (iii) from the sale of any goods or services under, using, or in connection with the Marks. “Gross Revenues” does not include value-added, sales, use, excise, or other taxes that are separately stated and that Franchisee is required by law to collect and does collect from customers and pays to any governmental taxing authority.

19.29 “Improvements” is defined in section 8.8.

19.30 “Initial Term” means a period of ten years beginning on the Effective Date and ending at 24:00 hours on the Expiration Date.

19.31 “Holdover Period” means the period following the Expiration Date during which this agreement continues to be effective in accordance with section 2.3.

19.32 “Involuntary Transferees” are defined in section 12.4.

19.33 “Legacy Customer” means a Pet Wants customer who takes delivery of Authorized Products and Services at a location outside the protected territory of the Pet Wants Franchise providing the Authorized Products and Services, if the first delivery to the customer occurred when the customer’s delivery location was not located in the protected territory of any Pet Wants Franchise, but the customer’s delivery location subsequently becomes part of the protected territory of a Pet Wants Franchise other than the Franchise providing the Authorized Products and Services to the customer.

19.34 “Limited Liability Entity” means a Business Organization for which the laws of the jurisdiction in which the organization was formed provide “limited liability” for the Principals of the organization, in that their liability for the organization’s debts is limited to the amount of their *capital investment* in the organization (*i.e.*, the consideration each paid or agreed to pay to the organization in exchange for his or her ownership interest in the organization).

19.35 “Marks” means the business styles, trademarks, trade names, Trade Dress, logos and other commercial symbols used or adopted by Franchisor or its Affiliates to identify the products and services offered under the Operating System, including the PET WANTS mark, associated logos, and the goodwill associated therewith. The term “Marks” does not include trademarks, trade names, Trade Dress, and other commercial symbols used to identify the products and services offered by franchisees of another system (even if they are Competitive Businesses) acquired by Franchisor or its Affiliate.

19.36 “Month”, whether or not capitalised, unless the context indicates otherwise means the period beginning on a given numerical day of one month and ending at 24:00 hours on the preceding numerical day of the following month of the Gregorian calendar, without regard to the number of days in either month. The parties acknowledge that a “month” may be 28, 29, 30 or 31 days. For example, the period from January 14 through February 13 and the period from February 14 through March 13 would each be considered a month. A “month” that begins on January 30 or 31 ends at 24:00 hours on the last day of the next calendar month.

19.37 “National Branding Contribution” means the recurring fee Franchisee is required to pay under section 5.2 to a National Branding Fund established under section 11.1.

19.38 “National Branding Fund” means a national and/or regional branding, marketing, or advertising fund established under section 11.1 for the purposes described in that section.

19.39 “Network” means the network of Pet Wants Franchises established by Franchisor.

19.40 “Opening Date” means the date the Franchised Business first offers and is ready to provide Authorized Products and Services to the general public. The Opening Date will be documented on a written form provided by Franchisor and signed by both Franchisor and Franchisee.

19.41 “Operating System” means the distinctive business methods and features of the Network that have been developed by Franchisor for the operation of Pet Wants Franchises, including the Marks, the System Standards, and Franchisor’s distinctive business format, which includes distinctive standards, methods, procedures, and specifications developed by Franchisor for the promotion and provision of services, distinctive advertising, specially-designed business forms for efficient business operation, Operations Manual, Trade Dress, and training courses, all of which may be supplemented, modified, or withdrawn by Franchisor from time-to-time.

19.42 “Operations Manual” means the proprietary and confidential documentation, binders, folders, books, documents, files, CD-ROMs or materials in any form or medium whatsoever, within which are documented the Operating System, the manner of use of the Marks, the System Standards, processes, procedures, trade secrets, instructions or any other information relating to the operation of a Pet Wants Franchise.

19.43 “Ownership Interest” means a share of capital stock in a corporation, a partnership interest in a partnership, a membership interest in a limited liability company, or a right to a share of the revenues, profits, or assets of any other Business Organization (other than the right to receive Royalties under this agreement or any other franchise agreement).

19.44 “Person”, whether or not capitalized, includes a corporation, limited liability company, partnership of any kind, joint venture, unincorporated association, estate, trust, charitable organization, government, governmental body and agency, commission, and any other entity and organization, as well as an individual.

19.45 “Pet Wants Franchise” or “Franchise” is a business operating under a license granted by Franchisor that offers Authorized Products and Services using the Marks and Operating System. A Pet Wants Franchise may be a Pet Wants Mobile Franchise or a Pet Wants Store Franchise.

19.46 “Pet Wants Franchisee” is a person who owns and operates a Pet Wants Franchise.

19.47 “Pet Wants Mobile Franchise” or “Mobile Franchise” means a Pet Wants Franchise that operates only a pet food delivery service and does not operate a permanent retail location. A Mobile Franchise must open a Store Franchise within 12 months of opening.

19.48 “Pet Wants Store Franchise” or “Store Franchise” means a Pet Wants Franchise that operates a fixed retail location in addition to a delivery service.

19.49 “Pet Wants Website” is defined in section 11.7(b).

19.50 “POS System” means the point-of-sale system described in section 7.19(b) that Franchisee is required to purchase and use in the operation of the Franchised Business.

19.51 “Post-Termination Provisions” are those obligations in this agreement that are intended by their nature to survive the expiration, transfer, repurchase or termination of this agreement for any reason. Post-Termination Provisions include the confidentiality, noncompetition, indemnification, de-identification, interpretation and dispute resolution provisions.

19.52 “Premises” is defined in Article 3.

19.53 “Pre-Opening Training” means the initial training program for new Pet Wants Franchisees or their Designated Individuals as described in section 7.1(a).

19.54 “Principal” means a legal or beneficial owner of an Ownership Interest in a Business Organization.

19.55 “Principal List” means a list, certified by the Designated Individual, containing the full legal name, home address, home telephone number, and Ownership Interest of each Principal of Franchisee if it is a Business Organization.

19.56 “Privacy” is defined in section 7.19(n).

19.57 “Royalty” means the recurring fee that Franchisee is required to pay Franchisor under section 5.1 in consideration of Franchisee’s continued right to use the Marks.

19.58 “Shared Referral Source” means:

(a) (i) a person or organization that, because of its purpose or the nature of its business, frequently encounters opportunities to recommend, to its customers, clients, patients, members, or to the general public, providers of goods and services similar to those offered by a Pet Wants Franchise; or

(ii) a location or venue that, because of its purpose or features, attracts potential customers of a Pet Wants Franchise;

(b) and, though it may be physically located within one franchisee’s territory, typically serves a geographic area that is larger than a single franchise territory.

Examples of Shared Referral Sources (by way of illustration and not limitation) are veterinary clinics, dog or cat breeders, pet groomers, animal shelters, dog parks, flea markets, street fairs and fundraising events.

19.59 “Special Account” means a special customer (which may be, but is not limited to, a national or regional customer, other large business, or government agency) designated as such by Franchisor from time-to-time in its Business Judgment. A Special Account will typically (though not necessarily) be a customer whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Pet Wants Franchise or the trading area of a single Franchisor-owned or Affiliate-owned business.

19.60 “Store” means a retail pet food and supply store operated by a Pet Wants Franchisee.

19.61 “Successor Franchise” is a Pet Wants Franchise that Franchisee may be granted under section 2.2 upon Franchisee’s exercise of its option to renew the license granted under this agreement, as a successor to the Franchised Business, for an additional ten-year term following the expiration of this agreement.

19.62 “System Standards” means the uniform plans, specifications, standards, operating procedures and rules prescribed by Franchisor for the construction, development and operation of the Franchised Business and other Pet Wants Franchises, as periodically supplemented, modified or withdrawn by Franchisor, in its Business Judgment, via the Operations Manual or otherwise communicated to Franchisee in writing. The System Standards constitute provisions of this agreement as if fully reproduced in this agreement.

19.63 “Technology Fee” means the monthly fee Franchisee may be required to pay Franchisor under section 5.3 for Internet marketing, Website hosting, search engine optimization, email addresses, software license or development fees, and other technology tools provided or developed by Franchisor.

19.64 “Telephone Numbers” means all telephone numbers (including land, wireless, “dial-around” and toll-free numbers) that Franchisee or any Principal of Franchisee has the right to use, and that (i) are or were at any time identified, listed, advertised, promoted, or published anywhere in conjunction with any of the Marks or as a telephone number used by the Franchised Business, or (ii) that were otherwise used in connection with the operation of the Franchised Business at any time.

19.65 “Term” means the Initial Term and Holdover Period, if any.

19.66 “Territory” means the geographic area for which Franchisee is granted limited rights of exclusivity under section 1.4. The Territory is described in Exhibit B.

19.67 “Trade Dress” means the Store design, layout, color and patterns, décor, interior decorations, image and other features that are or become components of the look and feel of the Store.

19.68 “Transfer” means (i) any voluntary or involuntary, direct or indirect assignment, sale, gift, exchange, pledge, hypothecation, or other transfer of this agreement, of Franchisee, of the Franchised Business, of an Ownership Interest in Franchisee, or of any interest in any of the foregoing, and (ii) any other event that may create an Ownership Interest in Franchisee or change the legal or beneficial title to any Ownership Interest in Franchisee, including a merger or consolidation of Franchisee, the issuance of additional Ownership Interests in Franchisee, a transfer in a divorce, insolvency, corporate dissolution proceeding, or otherwise by operation of law, and a transfer by will, declaration of or transfer in trust, or under the laws of intestate succession.

19.69 “Transfer Fee” means the fee imposed by section 12.2(b)(9) as a condition to a Transfer by Franchisee. The Transfer Fee is \$15,000 or 10% of all consideration of any kind payable to Franchisee in connection with the Transfer, whichever is greater, plus Franchisor’s actual legal, administrative, and other expenses incurred in connection with the transfer.

19.70 “Website” means an interactive electronic document, series of symbols or otherwise, that is contained in a network of computers and/or other devices linked by communications software, and includes Internet and World Wide Web home pages.

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The parties are signing this agreement on the dates written below, the latest of which shall be the "Effective Date" of this agreement.

PET WANTS FRANCHISE SYSTEM, LLC

BUSINESS ORGANIZATION FRANCHISEE:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISE AGREEMENT  
EXHIBIT A

IDENTIFICATION OF FRANCHISEE(S)

<b>INDIVIDUAL FRANCHISEE:</b>		
Name: _____	Date of Birth: _____	
Home Address: _____		
City: _____	State: _____	ZIP Code: _____
Home Telephone: _____		
Name: _____	Date of Birth: _____	
Home Address: _____		
City: _____	State: _____	ZIP Code: _____
Home Telephone: _____		
<b>ORGANIZATION FRANCHISEE:</b>		
Name of Organization: _____		
Type of Organization: _____		
Address: _____		
City: _____	State: _____	ZIP Code: _____
Telephone: _____	EIN: _____	
Date of Organization: _____	State of Organization: _____	
Registered Agent: _____		
Address of Agent: _____		
City: _____	State: _____	ZIP Code: _____
<b>OFFICERS:</b>		
President: _____	Vice President: _____	
Treasurer: _____	Secretary: _____	
<b>PRINCIPALS:</b>		
Name: _____	% Ownership: _____	
Home Address: _____		
City: _____	State: _____	ZIP Code: _____
Home Telephone: _____		

Name: _____	% Ownership: _____
Home Address: _____	
City: _____	State: _____ ZIP Code: _____
Home Telephone: _____	
Name: _____	% Ownership: _____
Home Address: _____	
City: _____	State: _____ ZIP Code: _____
Home Telephone: _____	
Name: _____	% Ownership: _____
Home Address: _____	
City: _____	State: _____ ZIP Code: _____
Home Telephone: _____	

EACH OF THE UNDERSIGNED INDIVIDUAL FRANCHISEES, OR EACH OF THE UNDERSIGNED PRINCIPALS OF A BUSINESS ORGANIZATION FRANCHISEE, HEREBY CERTIFIES THAT THE FOREGOING INFORMATION IS ACCURATE AND COMPLETE TO THE BEST OF HIS OR HER KNOWLEDGE AND AGREES TO NOTIFY FRANCHISOR PROMPTLY OF ANY CHANGE IN ANY SUCH INFORMATION DURING THE TERM OF THE FRANCHISE AGREEMENT TO WHICH THIS EXHIBIT IS ATTACHED.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISE AGREEMENT  
EXHIBIT B

TERRITORY

Franchise No. \_\_\_\_\_

The Territory described in section 1.2 of the Franchise Agreement to which this Exhibit B is attached shall consist of the following postal codes located in the State of \_\_\_\_\_:


This Exhibit B is to be attached to, incorporated in and made a part of the Franchise Agreement between Franchisor and Franchisee. Franchisor and Franchisee agree that the total population of the Territory is approximately \_\_\_\_\_.

The parties are signing this Exhibit B on the dates below.

PET WANTS FRANCHISE SYSTEM, LLC

BUSINESS ORGANIZATION FRANCHISEE:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISE AGREEMENT  
EXHIBIT C  
REQUIRED INSURANCE

At all times during the Term, Franchisee shall maintain in full force, at its sole expense, the following minimum insurance coverages:

All-risk insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business, for their full replacement cost.

Commercial general liability insurance on an occurrence basis covering claims for bodily and personal injury, death, property damage, product liability, and contractual liability with a minimum per occurrence limit of \$1,000,000 and a minimum general aggregate limit of \$2,000,000 per policy year.

Automobile liability insurance covering owned, hired, and non-owned vehicles with a minimum combined single limit for each accident of \$1,000,000;

Worker's compensation insurance that complies with the statutory requirements of the jurisdiction in which the Franchised Business is located and employers' liability insurance with a minimum limit of \$100,000 or, if greater, the statutory minimum limit if required by applicable law.

Employment Practices Liability Insurance with a \$500,000 minimum limit covering defense costs and damages (whether paid pursuant to judgment or settlement) for claims of sexual harassment, discrimination and wrongful termination.

A first-party and third-party Fidelity Bond (or Employee Dishonesty Insurance) with a minimum limit of \$25,000 per incident. The policy must not contain a Conviction Clause.

2. Each insurance carrier providing coverage to Franchisee must have an A.M. Best rating of "A" or higher.
3. All policies must name PET WANTS FRANCHISE SYSTEM, LLC as an additional insured. All policies must provide that Franchisor is to receive at least THIRTY DAYS' prior written notice of any modification, termination, expiration or cancellation of the policy.
4. Franchisee shall provide Franchisor with certificates of the required insurance coverage along with copies of the required insurance endorsements each year.
5. All policies must have a deductible of not more than \$1,000 (except for Workers' Compensation Insurance). Coverage requirements and limits of liability are subject to change due to inflation, changes in standards of liability, higher damage awards, or other relevant changes in insurance marketplace conditions, the legal environment, and other circumstances.

**EXHIBIT B**

**RIGHT OF FIRST REFUSAL**

FOR FRANCHISE LOCATION NO. \_\_\_\_\_

This Agreement is dated \_\_\_\_\_ (the “Effective Date”) between PET WANTS FRANCHISE SYSTEM, LLC (“Franchisor”), an Ohio corporation, and \_\_\_\_\_ (“you”).

Pursuant to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), Franchisor licensed You to operate an estate and household liquidation and moving management business (a “Franchise”) using the trademark PET WANTS within the territory described in Section 1.2 of the Franchise Agreement, and to use an operating manual, operating and marketing methods, and certain other service marks, trade names and logos developed and owned by Franchisor.

You intend to purchase an additional Franchise within one year after the Effective Date of this agreement.

Therefore, Franchisor and You agree as follows:

1. Grant of Right of First Refusal. Franchisor hereby grants you a right of first refusal (the “Right of First Refusal”) to purchase a Franchise for the Territory described in Section 3 upon the terms and conditions contained in this agreement.
2. Right of First Refusal Fee. In consideration of the Right of First Refusal granted to you by Franchisor, you agree to pay Franchisor a non-refundable fee (the “Right of First Refusal Fee”) of \$10,000.00. Franchisor will subtract this amount from the initial franchise fee you must pay in order to exercise this Right of First Refusal. If you do not exercise this Right of First Refusal before it expires, Franchisor will keep the Right of First Refusal Fee.
3. Territory. This Right of First Refusal and the Franchise you will purchase by exercising this Right of First Refusal have a territory delineated by the postal codes listed below (the “Territory”):


You and Franchisor agree that the total population of the Territory is approximately \_\_\_\_\_.

4. Exercise of Right of First Refusal. If a bona fide prospective franchisee selects a franchise territory that includes all or any part of the Territory described in Section 3 above, Franchisor will notify you by email, ordinary mail, or overnight delivery (the “Notice”). You can exercise this Right of First Refusal only as follows:
  - (a) Franchisor must receive your signed Intent to Exercise Right of First Refusal (a copy of which is attached to this agreement) by 17:00 hours Eastern Time on the seventh day after you receive the Notice;

and

(b) Franchisor must receive the balance of the then current franchise fee for the Territory size described in Section 3 above (determined in accordance with Franchisor's then current pricing policy less the amount of the Right of First Refusal Fee already paid) and a signed copy of our then-current franchise agreement and all ancillary agreements by the later of either (i) 17:00 Eastern Time on the seventh day after you receive your Notice or, (ii) if you have not previously received a copy of our then-current franchise disclosure document, 17:00 hours Eastern Time on the sixteenth day after you receive a copy of our then-current franchise disclosure document.

A "bona fide prospective franchisee" is one who has shown a definite interest, as determined by Franchisor in our sole discretion, in all or any part of the Territory.

5. Failure to Exercise Right of First Refusal. If Franchisor does not receive your signed Intent to Exercise Right of First Refusal and the Deposit within seven days after You received the Notice, then your Right of First Refusal will automatically terminate at the end of the fifth business day and Franchisor will have the right to offer and sell a Franchise anywhere in the Territory to the bona fide prospective franchisee or to any other party, without your consent and without any further notice, obligation or liability to you. If Franchisor does not receive the balance of the franchise fee within sixteen days after You received the then current Franchise Disclosure Document (but in no event will you have less than five business days after You receive the Notice to pay the balance), then your Right of First Refusal will automatically terminate at the end of the sixteenth day and Franchisor will have the right to: offer or sell another Franchise anywhere in the Territory to the bona fide prospective franchisee or to any other party, without your consent and without any further notice, obligation or liability to You.

6. Sale of Territory to Third Party. You hereby agree that, if Franchisor grants a Franchise within the Territory to any third party at any time after You decline or fail to exercise the Right of First Refusal, or at any time after the expiration of the Right of First Refusal, You will immediately cease to operate or promote your Franchise anywhere in that franchisee's territory and, within sixteen (16) days after you received notice thereof, You will remove all advertising and promotional materials from that franchisee's territory.

7. Breach of Franchise Agreement. You cannot exercise the Right of First Refusal at any time after the occurrence of an Event Allowing Termination, as that term is defined in Section 13.1 of your Franchise Agreement, unless the Event Allowing Termination was cured within the applicable time period, if any, provided in Section 13.2 of your Franchise Agreement.

8. Expiration. This Right of First Refusal will automatically expire one (1) year after the Effective Date of this agreement.

9. Separate Records. By signing this agreement, you acknowledge Franchisor's need to compile and maintain accurate sales records for each Franchise in our franchise system. For this reason, you agree to maintain separate sales records for each Franchise that you own. You may consolidate your royalty fees you owe for all your Pet Wants Franchises and you may consolidate your branding fees you owe for all of your Pet Wants Franchises by sending a single monthly payment in satisfaction of all the royalty fees and by sending a single monthly payment for all branding fees, but You must submit separate sales reports for each Pet Wants Franchise that you own.

10. Arbitration. Any claim or dispute between us must be settled by arbitration in accordance with Article 16 of the Franchise Agreement, the terms of which are incorporated herein by this reference.

11. Entire Agreement. By signing this agreement, You understand and agree that this agreement and any schedules and exhibits attached hereto constitute the entire agreement between us with respect to the Right of First Refusal, and that any and all discussions, negotiations, commitments or understandings relating to the Right of First Refusal which occurred before the Effective Date of this agreement are hereby superseded and merged herein.

12. Binding Effect. This Agreement will be binding upon and will inure to the benefit of you and Franchisor, and our respective representatives, heirs, successors and assigns.

13. Construction. This Agreement was accepted by Franchisor in Cincinnati, Ohio, and for all purposes will be governed by and construed in accordance with the laws of the State of Ohio.

14. Jurisdiction. By signing this agreement, you irrevocably agree that, subject to Franchisor's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or in connection with this agreement must be litigated in courts having situs within Hamilton County, Ohio. You consent and agree that the following courts will have personal jurisdiction over you in all lawsuits relating to or arising out of this agreement, and you hereby submit to the jurisdiction of the following courts and irrevocably waive any defense you may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of Ohio; and (b) all courts of the United States of America sitting within the State of Ohio, including, without limitation, all United States District Courts within the State of Ohio. You consent and agree that venue will be proper in any of the following courts in all lawsuits relating to or arising out of this agreement and you irrevocably waive any right you may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business (presently Hamilton County, Ohio); and (b) the United States District Court for the Southern District of Ohio, Western Division. In the event that any of these courts are abolished, you agree that venue will be proper in the state or federal court in Ohio that most closely approximates the subject matter jurisdiction of the abolished court as well as any of these courts that are not so abolished. Any and all lawsuits that You may file against Franchisor (whether in breach of the arbitration provisions of this agreement or not) relating to or arising out of this agreement must be filed in one of these courts. Any and all lawsuits filed by Franchisor against you may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this agreement, you consent and agree that you may be served with process outside the State of Ohio in the same manner of service that may be made within the State of Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. You waive any defense you may have of insufficiency of service of process relating to such service. This method of service will not be the exclusive method of service available in such lawsuits and will be available in addition to any other method of service allowed by law.

15. Headings. The section headings in this agreement are for reference purposes only and are not intended to affect the meaning or interpretation of any provision of this agreement.

16. Assignment. You may not assign this agreement or the Right of First Refusal to any other party (even if you sell your Franchise) without Franchisor's prior written consent, which Franchisor may withhold for any reason. Franchisor may only assign this agreement to a party who agrees to assume all of Franchisor's obligations to its franchisees in connection with a merger or a sale of substantially all of Franchisor's assets.



17. Severability. If any provision of this agreement, in whole or in part (or the application of any provision to a specific situation), is held to be invalid or unenforceable by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, such invalidity will be limited to such specific provision or portion thereof (or to such situation), and this agreement will be construed and applied in such manner as to minimize such unenforceability. All other provisions of this agreement will otherwise remain in full force and effect.

18. Notices. All notices, demands and other communications between you and Franchisor must be in writing, must be addressed as provided in this Section 18, must be made by either (i) personal delivery, (ii) certified mail, postage prepaid, return receipt requested, (iii) email, or (iv) overnight delivery service with proof of delivery, and will be effective upon receipt or refusal thereof. All notices, demands and other communications must be addressed as follows:

(a) if to Franchisor:

Pet Wants Franchise System, LLC  
4755 Lake Forest Drive, Suite 100  
Cincinnati, Ohio, 45242

or to such other person or address as Franchisor may from time to time furnish to You in writing;

(b) if to you:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or to such other person or address as You may from time to time furnish to Franchisor in writing.

You and Franchisor are signing this agreement on the Effective Date identified in the first paragraph.

PET WANTS FRANCHISE SYSTEM, LLC

YOU:

By: \_\_\_\_\_

\_\_\_\_\_

Signature

## INTENT TO EXERCISE RIGHT OF FIRST REFUSAL

Pet Wants Franchise System, LLC

4755 Lake Foret Drive, Suite 100

Cincinnati, Ohio 45242

RE: EXERCISE OF RIGHT OF FIRST REFUSAL FOR FRANCHISE LOCATION NO. \_\_\_\_\_

In response to your Notice that a bona fide prospective franchisee has selected a territory, all or a portion of which is subject to my Right of First Refusal dated \_\_\_\_\_, I hereby elect as follows:

- I decline to exercise my Right of First Refusal. By doing so, I acknowledge that: (i) I relinquish any and all rights to such portion of the Right of First Refusal Territory as you may subsequently grant to such bona fide prospective franchisee; (ii) you may grant a franchise within the Right of First Refusal Territory immediately upon your receipt of, and in reliance upon, this election; (iii) I must immediately cease to operate or market my franchised business in any area which becomes part of another franchisee's territory; and (iv) I must remove all advertising and marketing materials from such area within sixteen (16) days after being notified thereof.
- I intend to exercise my Right of First Refusal. I understand and acknowledge that my Right of First Refusal can only be exercised by your receipt of:
- (a) this Intent to Exercise Right of First Refusal, signed and dated by me, by 17:00 hours Eastern Time on the seventh day after I received your Notice; and
- (b) the entire Franchise Fee and a signed copy of your then-current franchise agreement and ancillary agreements by the later of either (i) 17:00 hours Eastern Time on the seventh day after I received your Notice or, (ii) if I have not previously received a copy of your then-current franchise disclosure document, 17:00 hours Eastern Time on the sixteenth day after I received a copy of your then-current franchise disclosure document.

Date: \_\_\_\_\_

\_\_\_\_\_

*Signature*

NOTE: Must be signed by the person, or by an authorized officer on behalf of the entity, in whose name the RIGHT OF FIRST REFUSAL was granted

**IRREVOCABLE POWER OF ATTORNEY**

[Business Entity Franchisee]

THIS POWER OF ATTORNEY is executed by \_\_\_\_\_ (the "Business Entity Franchisee") and by each of the undersigned owners of the Business Entity Franchisee ("Owners") in favor of **PET WANTS FRANCHISE SYSTEM, LLC**, an Ohio limited liability company ("Franchisor"). The Business Entity Franchisee and the Owners are collectively referred to as the "Principals" throughout this instrument.

**PREAMBLE:**

Franchisor does business under, and licenses independently-owned franchisees to use, the name PET WANTS.

Franchisor owns and has applied to register the trademark PET WANTS with the United States Patent and Trademark Office (Serial No. 86586467).

Under a Franchise Agreement dated \_\_\_\_\_, Franchisor granted the Business Entity Franchisee the limited right to operate a pet food and delivery service business (a "Pet Wants Franchise") using Franchisor's Marks (defined in the last paragraph of this instrument) and unique business format.

The Business Entity Franchisee's use of Franchisor's Marks under the Franchise Agreement is conditioned upon, among other things, the execution of this Power of Attorney by all the Principals.

Each of the Principals acknowledges that Franchisor has the right and the obligation to control the use of its trademarks, and that the purpose of this Power of Attorney is to protect Franchisor's rights in its Marks.

THEREFORE, to induce Franchisor's execution of the Franchise Agreement and as additional consideration for the rights granted to the Business Entity Franchisee thereunder, each Principal does hereby irrevocably constitute and appoint Franchisor as its true and lawful attorney-in-fact and agent, in the Principal's individual name, place and stead, to do or cause to be done all things, and to execute, acknowledge, certify, deliver, accept, record and file all agreements, certificates, instruments and documents, as may be necessary or advisable for the purpose of transferring to Franchisor, or to any person or entity designated by Franchisor in its sole and unfettered discretion, all of the Principal's rights and interest in, title to, and control over:

Each of the following telephone numbers, each of which is or has been used in connection with the Pet Wants Franchise operated by the Principal:

		;
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All other telephone numbers that, at any time after the date this Power of Attorney is executed, have been used in connection with a Pet Wants Franchise operated by the Principal;

All Yellow Pages, White Pages, online directories, and other business listings that display or contain any of the telephone numbers listed or described in paragraphs 0 or 0 above;

All web sites, web pages, social media pages, web logs, banners, URLs, domain names, advertisements (including pay-per-click and Google keyword search programs and similar advertising programs), and other services and hyperlinks that (i) contain or display any of Franchisor's Marks, or (ii) use any of Franchisor's Marks as search keywords or metatags, or (iii) promote or relate to any Pet Wants Franchise, or (iv) link to or from Franchisor's web site or any other web site or web page owned, established, or controlled by Franchisor or its other franchisees; and

All comments or postings by the Principal on any web site, web page, social media site, web log, forum, or discussion group, if the comment or posting contains or references any of Franchisor's Marks or a hyperlink to or from Franchisor's web site or any other web site or web page owned, established, or controlled by Franchisor or its other franchisees.

Each Principal hereby grants Franchisor full power and authority to transfer, modify, cancel or remove any service, listing, link, registration or posting described above and to execute and deliver on the Principal's behalf any Transfer of Service Agreement and all other transfer documentation required by any telephone service provider, Internet service provider, electronic mail service, domain registrar, online directory, communication provider, search engine, regulatory agency or other provider of services, or any other party.

Each Principal further grants Franchisor full power and authority to cancel, revoke and remove any trade name, assumed name, fictitious name, business name, trademark or equivalent registration filed in the name of the Principal with the Secretary of State, Attorney General, Department of Commerce, or other agency or office of any state, or filed with the clerk or recorder of any county of any state, if the registration includes the name PET WANTS or either of the words PET or WANTS or any of Franchisor's other Marks, and to execute and deliver on the Principal's behalf any cancellation, termination or modification request and all other documentation required by any such state or county office or any other party.

Each Principal further grants Franchisor full power and authority to do and perform any and all acts and things that, in Franchisor's sole and unfettered discretion, are necessary or advisable to be done in order to carry out the purposes of this Power of Attorney, as fully to all intents and purposes as the Principal might or could itself do, hereby ratifying and affirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney, and regardless of whether a Principal has designated any other person to act as its attorney-in-fact or agent, no one dealing with Franchisor is required to ascertain the Franchisor's authority, see to the performance of the agency, or be responsible in any way for the proper application of funds or property paid or delivered to Franchisor or for the proper exercise of the authority granted to Franchisor hereunder. Anyone dealing with Franchisor shall be fully protected in acting and relying on Franchisor's certification that this Power of Attorney has not been revoked and is in full force and effect as of the date of such certification, and no Principal shall take any action against anyone who acts in reliance on such a certification or a copy of this Power of Attorney. Any instrument or document executed by Franchisor on behalf of any Principal will be deemed to include such a certification by Franchisor, whether or not expressed. This paragraph will survive the expiration of this Power of Attorney.

This Power of Attorney will expire on the twelfth anniversary of the date of the Franchise Agreement (indicated in paragraph 0 of the Preamble above). The expiration of this Power of Attorney will not affect the validity of any act of Franchisor that occurred before the date of expiration.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. This Power of Attorney is a durable Power of Attorney and shall not be affected by the disability of any Principal or the lapse of time. The death of a Principal shall not revoke the power, authority or acts and actions of Franchisor who, without knowledge of the Principal's death, continues to act in good faith under this Power of Attorney, and any such actions so taken shall inure to the benefit of and be binding upon the Principal's heirs, successors, personal representatives and assigns. This Power of Attorney is delivered in the State of Ohio and the laws of the State of Ohio govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

As used in this instrument, the term "Franchisor's Marks" means Franchisor's PET WANTS trademark and other trademarks owned by Franchisor. Throughout this instrument the singular includes the plural and vice versa and the masculine includes the feminine or neuter and vice versa, wherever and whenever the context may require.

\_\_\_\_\_  
[Print Name of Business Entity Franchisee]

PET WANTS FRANCHISE SYSTEM, LLC, Franchisor

\_\_\_\_\_  
*Signature of Officer, Member or Partner*

By: \_\_\_\_\_

Title:  
\_\_\_\_\_

Title:  
\_\_\_\_\_

Date:  
\_\_\_\_\_

Date:  
\_\_\_\_\_

**EXECUTION OF THIS INSTRUMENT BY THE BUSINESS ENTITY FRANCHISEE MUST BE NOTARIZED**

STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me, a Notary Public in and for said county and state, personally appeared \_\_\_\_\_, known to me or proven to me by satisfactory evidence to be the person whose name is subscribed to the foregoing instrument as \_\_\_\_\_ [Title] of the Business entity Franchisee named therein, and acknowledged the signing thereof to be his/her voluntary act and deed for the uses and purposes described therein.

\_\_\_\_\_  
NOTARY PUBLIC

**INDIVIDUAL OWNERS OF THE BUSINESS ENTITY FRANCHISEE**

_____ Signature	_____ Signature
Date: _____	Date: _____
_____ Signature	_____ Signature
Date: _____	Date: _____

**PERSONAL GUARANTY**

In consideration of, and as an inducement to, the execution by PET WANTS FRANCHISE SYSTEM, LLC, an Ohio limited liability company ("Franchisor") of a franchise agreement effective on or about \_\_\_\_\_ (the "Agreement") between Franchisor and \_\_\_\_\_ ("Franchisee"), each of the undersigned Personal Guarantors hereby personally and unconditionally, jointly and severally:

guarantees to Franchisor and the Franchisor-Related Persons and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement;

agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity, and post-termination provisions) as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

agrees to be personally bound by, and personally liable for, each past, current and future obligation of Franchisee to Franchisor and the Franchisor-Related Persons and each of their successors and assigns.

Each of the Personal Guarantors intends that the guarantees and other obligations in this Guaranty be unqualifiedly general and without limitation in scope, nature and effect. Franchisor and the Franchisor-Related Persons, and each of their successors and assigns, need not bring suit first against any one or all of the Personal Guarantors in order to enforce this Guaranty, and may enforce this Guaranty against any or all of the Personal Guarantors as they choose in their sole and absolute discretion.

Each of the Personal Guarantors waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices (including, but not limited to, acceptance and notice of acceptance, notice of any contracts or commitments, notice of the creation or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof, notice of any defaults, disputes or controversies between Franchisor and Franchisee or otherwise, and any settlement, compromise or adjustment thereof); any right the Personal Guarantor may have to require that an action be brought against Franchisor, Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the Personal Guarantors consents and agrees that:

his or her direct and immediate liability under this Guaranty is joint and several;

he or she will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses to do so punctually;

his or her liability under this Guaranty is not contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against Franchisee or any other person;

his or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor or any other person may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

the liabilities and obligations of the Personal Guarantors, whether under this Guaranty or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;

capitalized terms not defined in this Guaranty are used as defined in the Agreement; and

the provisions of Article 16 of the Agreement are incorporated in and will apply to this Guaranty as if fully set forth herein and will apply to any dispute involving Franchisor, the Franchisor-Related Persons, any National Branding Fund, or any of their successors and assigns, on one side, and any of the Personal Guarantors on the other side.

In connection with this Guaranty and Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Personal Guarantors and (b) not requiring the payment of a full transfer fee in connection with any related transfer from the Personal Guarantors to Franchisee, each of the Personal Guarantors hereby grants a General Release (as defined in the Agreement) of any and all claims, liabilities and obligations, of any nature whatsoever, however arising, known or unknown, against Franchisor, the Franchisor-Related Persons, any Brand Development Fund, and each of their successors and assigns.

In this Guaranty, the term "Franchisor-Related Persons" means Franchisor and each and all of the following, whether past, current, or future: persons acting through, in concert with, or as affiliates of Franchisor or of any of the foregoing; Principals, officers, directors, agents, attorneys, accountants, and employees of Franchisor or any of the foregoing; and predecessors, successors, or assigns of Franchisor or any of the foregoing. The word "person" includes individuals, corporations, limited liability companies, partnerships of any kind, unincorporated associations, joint ventures, governments, governmental bodies or agencies, commissions, estates, trusts, charitable organizations, and all other entities and organizations of any kind.

The undersigned are signing this Guaranty on the dates below.

**PERSONAL GUARANTOR**

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Personally and Individually (Signature)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

HOME ADDRESS

HOME ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: \_\_\_\_\_%

IN FRANCHISEE: \_\_\_\_\_%

**EXHIBIT E**

**NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This agreement is between Pet Wants Franchise System, LLC ("Franchisor"), an Ohio limited liability company, \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_ and \_\_\_\_\_ (each individually a "Covenantor" and collectively "Covenantors").

RECITALS:

A. Pursuant to a Franchise Agreement dated evenly herewith or to an Assignment Agreement assigning the Franchise Agreement from Covenantor(s) to Franchisee, Pet Wants Franchise System, LLC licensed Franchisee to operate a business that sells pet food and supplies and pet grooming services, using Franchisor's unique franchise system and Franchisor's trade name and service mark PET WANTS® and other proprietary marks.

B. Each Covenantor is an owner, director, or officer of Franchisee.

C. Franchisor has expended substantial amounts of time and money in developing the Marks and Franchisor's distinctive franchise system, including, without limitation, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, and procedures for the efficient operation of a Franchise, all of which Covenantor acknowledges to be confidential and proprietary information.

D. In connection with the operation of the Franchised Business, Covenantors will individually and collectively have access to such confidential and proprietary information.

E. As a condition precedent to granting the Franchise to Franchisee, and in order to prevent Covenantors from competing unfairly with Franchisor, Franchisee, and other Pet Wants franchisees, all owners, directors, officers, and managers of Franchisee must agree to the covenants contained herein.

THEREFORE, each Covenantor hereby agrees as follows:

1. Confidentiality. Each Covenantor acknowledges the proprietary and confidential nature of Franchisor's Operations Manual, unique sales and marketing methods, pricing techniques, promotional materials, new product/service development, financial information, customer or referral lists, procedures for the efficient operation of a Pet Wants Franchise, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise in particular that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee have identified or may identify as proprietary and confidential information ("Trade Secrets"). Each Covenantor shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, partnership, association or entity.

2. Intellectual Property. Each Covenantor acknowledges Franchisor's right, title, and interest in and to the service mark PET WANTS®, Franchisor's logo, and certain other proprietary service marks, logos, symbols, and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the "Marks"). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly covenants that he or she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof.



3. Covenants During Term of Franchise Agreement. Each Covenantor agrees that, so long as the Franchise Agreement is in effect, he or she shall not, either directly or indirectly, for him or herself or through, on behalf of, or in conjunction with, any other person (including a spouse, child, parent, or sibling of a Covenantor) (each of which is a "Covered Person" for purposes of this agreement):

(a) divert or attempt to divert any business or client of the Franchised Business or of any other Pet Wants Franchisee to a Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the Operating System;

(b) aid, assist, provide goods or services to (whether as an employee or independent contractor), or loan money to any Competitive Business;

(c) own, maintain, engage in, operate, or have any interest in a Competitive Business, except as may be authorized under another franchise agreement in effect between Franchisee (or Covenantor) and Franchisor;

(d) promote, sell, or provide for compensation any Permitted Products or Services, or otherwise operate the Franchised Business, within a protected territory licensed to another Pet Wants Franchisee (except as may be expressly permitted by the Franchise Agreement or the Manual), or otherwise infringe upon rights granted under franchise agreements between Franchisor and other Pet Wants Franchisees; or

(e) take any action injurious or prejudicial to the Operating System.

4. Covenants After Termination of Franchise Agreement.

(a) Each Covenantor agrees that he or she shall not, for a continuous and uninterrupted period commencing upon the earlier of:

(i) the expiration of the Franchise Agreement,

(ii) the termination (regardless of the cause) of the Franchise Agreement, or

(iii) the termination of Covenantor's relationship with Franchisee (as defined in section 4(d)) for any reason,

and ending on the second anniversary thereof (the "Restrictive Period"), directly or indirectly, for him/herself or through, on behalf of, or in conjunction with a Covered Person:

(1) except as may be authorized under another franchise agreement in effect between Franchisee (or Covenantor) and Franchisor (including a successor agreement upon the renewal of the Franchise granted under the Franchise Agreement), own, maintain, operate, engage in, or have any interest in a Competitive Business that is or is intended to be located, or that operates, in or within 15 miles of the geographical boundaries of Franchisee's Territory; or

(2) except as may be authorized under another franchise agreement in effect between Franchisee (or Covenantor) and Franchisor (including a successor agreement upon the renewal of the Franchise granted under the Franchise Agreement), own, maintain, operate, engage in, or have any interest in a Competitive Business that is or is intended to be located, or that operates, in or within 15 miles of the geographical boundaries of any other Pet Wants Franchisee's protected territory; or

(3) be employed by, or be engaged on a self-employed basis in, a Competitive Business that is or is intended to be located, or that operates, in or within 15 miles of the geographical boundaries of Franchisee's Territory; or

(4) be employed by, or be engaged on a self-employed basis in, a Competitive Business that is or is intended to be located, or that operates, in or within 15 miles of the geographical boundaries of any other Pet Wants Franchisee's protected territory; or

(5) divert or attempt to divert any business or client of the Franchised Business to a Competitive Business or, for the benefit of a Competitive Business, have any commercial dealings with anyone who was a client of or received services from the Franchised Business at any time during the one-year period prior to the beginning of the Restrictive Period; or

(6) except as may be authorized under another franchise agreement in effect between Franchisee (or Covenantor) and Franchisor (including a successor agreement upon the renewal of the Franchise granted under the Franchise Agreement), promote, sell, procure, provide or solicit referrals for, or offer to sell, procure, provide or solicit referrals for any Permitted Products or Services or any other products or services that are offered in the Franchised Business, from any Shared Referral Sources or in or within 15 miles of the geographical boundaries of Franchisee's or any other Pet Wants Franchisee's Territory; or

(7) sell, assign or otherwise transfer any of the assets used in the Franchised Business (including the title or right to possession of the Franchise Premises), or transfer any Ownership Interest in Franchisee, to a third party which, in either case, would enable the third party to directly or indirectly carry on business activities that, if carried on by a Covered Person, would be a breach of this section 4(a).

(b) This section 4 will not apply to the beneficial ownership by Covenantor of less than 1% of the outstanding equity securities of any company that is registered under the Securities and Exchange Act of 1934.

(c) The time period referred to in subparagraph 4(a) will be stayed during any violation or breach of the terms thereof. The covenants in this section 4 will survive the expiration, termination, or transfer of this agreement.

(d) If Covenantor is an Owner of Franchisee, "the termination of Covenantor's relationship with Franchisee" occurs upon a Transfer of Covenantor's entire Ownership Interest in Franchisee. If Covenantor is an officer, director or manager of Franchisee, "the termination of Covenantor's relationship with Franchisee" occurs upon Covenantor's termination or resignation as officer, director or manager. If Covenantor has more than one relationship with Franchisee (e.g., Covenantor is both a Principal and an officer of Franchisee), "the termination of Covenantor's relationship with Franchisee" occurs upon the termination of Covenantor's last relationship with Franchisee.

5. The parties agree that the full extent of the damages that Franchisor will incur if a Covenantor fails to comply with their obligations under section 3 or 4 is difficult to ascertain, but the parties nevertheless desire certainty in this matter. Accordingly, if a Covenantor breaches or fails to comply with any of the provisions of section 3 or 4, they shall pay Franchisor, as liquidated damages and not as a penalty, a royalty equal to 15% of the gross amount of all income, sales, salary, wages, fees, dividends, distributions, and other compensation received or earned by Covenantor or any Covered Person, or to which any of those parties becomes entitled, as the result of the breach or noncompliance. The parties further agree that the royalty required by this paragraph is reasonable in light of the damages that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have, including equitable remedies, attorneys' fees, and costs.

6. Definition of Competitive Business. "Competitive Business" means a business (i) that offers, provides or sells any of the Permitted Products or Services; or (ii) that offers, provides or sells any products or services similar to those offered as part of the Pet Wants franchise system; or (iii) in which Trade Secrets could be used to the disadvantage of Franchisor, Franchisee, or another Pet Wants Franchisee; or (iv) that offers, provides or sells products or services that are otherwise competitive with or may be considered an alternative to any products or services offered by Pet Wants Franchises; or (v) that franchises or licenses others to do any of the foregoing. Services that are "otherwise competitive with or may be considered an alternative" to services

offered by Pet Wants Franchises include services that offer or provide alternatives to pet food and supplies or pet grooming services or other Permitted Products or Services.

7. Reasonableness of Covenants. Each Covenantor acknowledges and agrees that the geographic and temporal restrictions imposed by sections 3 and 4 on his or her ability to compete with Franchisor, Franchisee and other Pet Wants Franchisees are reasonable and necessary to protect Franchisor's and Franchisee's business interests in the relevant markets. Each Covenantor also acknowledges and agrees that he/she has sufficient resources, business experience, and opportunities to earn an adequate living while complying with the terms of those restrictions.

8. Reduction of Covenants by Franchisor. Each Covenantor acknowledges and agrees that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant in sections 1 through 4, or any portion thereof, without Franchisee's or either Covenantor's consent, effective immediately upon receipt by Covenantor of written notice, and Covenantor shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of section 12.

9. Injunctive Relief. Each Covenantor acknowledges that his/her violation of any of the covenants contained in this agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this agreement. This remedy will be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

10. Severability. Each of the covenants in this agreement contain different but overlapping restrictions that are to be enforced simultaneously whenever permitted by applicable laws and construed as severable and independent of any other covenant or provision of this agreement. If all or any portion of a covenant contained herein is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which either Franchisee or Franchisor is a party, each Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this agreement, and the remaining provisions of this agreement will be unaffected thereby.

11. No Waiver. No failure of one party to exercise any power reserved to it under this agreement, or to insist upon strict compliance by another party with any provision of this agreement, and no custom or practice of the parties in variance with the terms of this agreement, constitutes a waiver of a party's right to demand exact compliance with the terms of this agreement. A waiver by one party of any breach or nonperformance by another party is not binding unless in writing and executed by the party sought to be charged, and does not affect or impair the non-breaching party's right with respect to any subsequent breach or nonperformance of the same or of a different nature; nor does any delay, waiver, forbearance, or omission of one party to exercise any power or right arising out of any breach or nonperformance by another party of any provision of this agreement, affect or impair the non-breaching party's rights, nor shall such constitute a waiver by the non-breaching party of any right under this agreement or of the right to declare any subsequent breach or default.

12. Modification. Except as provided in section 8, this agreement may be modified or amended only by a written instrument signed by all of the parties.

13. Assignment. This agreement may not be assigned by any party without the prior written consent of the other parties, except that Franchisor may, without the other parties' consent, assign this agreement to an affiliate or pursuant to a corporate reorganization, merger, acquisition, sale of all or substantially all of its assets to which this agreement relates, or other business combination transaction. No assignment will be effective unless the assignee agrees in writing to assume all rights and obligations under this agreement.

14. Governing Law. The laws of the State of Ohio will govern all aspects of this agreement.

15. Jurisdiction. Franchisor may enforce the terms of this agreement in an action filed in any state or federal court located in the State of Ohio in the judicial district in which Franchisor has its principal place of

business (presently Hamilton County, Ohio), and Franchisee and each Covenantor hereby irrevocably consent to the exercise of personal jurisdiction by any such court and irrevocably waive all defenses based upon lack of personal jurisdiction, improper venue, or inconvenient forum for purposes of carrying out this provision.

16. Construction. In this agreement, the words "include," "includes" and "including" are to be construed to include the words "without limitation", and the word "person" includes corporations, limited liability companies, partnerships of any kind, joint ventures, unincorporated associations, estates, trusts, charitable organizations, governments, governmental bodies and agencies, commissions, and all other entities and organizations, as well as individuals. Capitalized terms used but not defined in this agreement are used as defined in the Franchise Agreement.

17. Counterparts; Electronic Signatures. This agreement may be executed in two or more counterparts, each of which will be an original, but all of which together constitute one and the same instrument. The parties agree that this agreement may be electronically signed and that an electronic or facsimile signature, including a photocopied, faxed or electronically reproduced (such as PDF) copy of a handwritten signature, is binding for all purposes to the same extent as an original handwritten signature with regard to this agreement or any amendment hereto.

The parties are signing this agreement as of the dates below.

PET WANTS FRANCHISE SYSTEM, LLC, Franchisor:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Covenantor

Date: \_\_\_\_\_

\_\_\_\_\_

Covenantor

## EXHIBIT F

### GENERAL RELEASE LANGUAGE

Release – General Provisions. Franchisee and each of the Principals of Franchisee, and all Affiliates of any of them, on their own behalf and on behalf of their respective successors, assigns, and anyone claiming through or under them (collectively referred to as the “Releasing Parties”), hereby waive, release, acquit, and forever discharge each and all of the Franchisor-Related Persons of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, liabilities, claims, demands, damages, losses or expenses, of any nature whatsoever, known or unknown, fixed or contingent, which they have, or may hereafter have, against the Franchisor-Related Persons, individually or collectively, including all matters, causes or things whatsoever, that were or have been, or could have in any way been alleged in any pleadings filed in any suit or arbitration (the “Claims”).

Without limiting the generality of paragraph 1, the Releasing Parties intend this release, as it pertains to Claims by them or to anyone claiming through or under them, to cover, encompass, relinquish, and extinguish all Claims against the Franchisor-Related Persons, including all Claims arising from any misrepresentation in or omission from any disclosure document received by Franchisee or any of the Affiliates or Principals of Franchisee, or from any securities, franchise, business opportunity, antitrust, consumer protection, or unfair or deceptive trade practices law or regulation.

The Releasing Parties expressly acknowledge and agree that the Claims each of them is releasing include any and all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, accrued or contingent, intentional or unintentional, and liquidated or unliquidated. The Releasing Parties specifically waive the protection afforded by any statute or law in any jurisdiction, the purpose, substance, or effect of which is to provide that a general release does not extend to claims, material or otherwise, which do not exist or which the person giving the release does not know or suspect to exist at the time of executing the release. The Releasing Parties intend for this release to be as broad as is permitted by law and unqualifiedly general in scope and effect, and that any Claims against any of the Franchisor-Related Persons are hereby forever canceled and forgiven.

Risk of Mistake. The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by them, and it is their intention to forever settle, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document, finally and forever, and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action that exist, or might have existed, on the date of this release. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this release as the Releasing Parties, in their independent judgment, believe necessary or appropriate. The Releasing Parties have not relied on any statement, promise, or representation, whether of fact or law, or lack of disclosure of any fact or law, by the Franchisor-Related Persons or anyone else, not expressly set forth herein, in executing this document and the related releases.

No Assignment or Transfer of Interest. The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons, all Claims having been fully and finally extinguished, and the Releasing Parties shall forever indemnify and hold the Franchisor-Related Persons harmless from any liability, claims, demands, damages, losses, costs, expenses or legal fees incurred by any of the Franchisor-Related Persons as a result of any person asserting any interest in any of the Claims or any voluntary,

involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer, or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons as a condition precedent to recovery against the Releasing Parties under this indemnity.

Legal expenses. If the Releasing Parties, or any person acting for or on behalf of, the Releasing Parties or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit or other legal or equitable proceeding arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against all or any of the Franchisor-Related Persons any of the Claims released hereunder, the Releasing Parties shall pay all legal expenses and other costs incurred by any of the Franchisor-Related Persons in defending or otherwise responding to said suit or assertion, directly to the Franchisor-Related Persons incurring such costs.

Date of Releases; Joint and Several Liability. The releases granted hereunder will be deemed effective as to each of the Releasing Parties as of the date this document is signed by each of the Releasing Parties. The liabilities and obligations of each of the Releasing Parties (and any other person providing releases to the Franchisor-Related Persons) will be joint and several.

Defined Terms. Capitalized words that are not defined in this document are used as defined in the franchise agreement between Franchisee and Franchisor.

## EXHIBIT G

### FRANCHISEE ACKNOWLEDGMENT STATEMENT

As you are aware, you have or are preparing to enter into a Franchise Agreement with PET WANTS FRANCHISE SYSTEM, LLC ("Franchisor") for the operation of a PET WANTS franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you, either verbally or in writing, that Franchisor did not authorize and that may be untrue, inaccurate, or misleading. Please read each of the following questions carefully and provide honest and complete responses to each question.

1. Did you receive a copy of Franchisor's Franchise Disclosure Document at least 14 days before you signed the Franchise Agreement or the Deposit Remittance Form or paid any money for the franchise?

YES  NO

2. Did you read the franchise contracts and their exhibits?

YES  NO

3. Did you understand everything in the franchise contracts and their exhibits?

YES  NO

If "No," what parts of the franchise contracts or their exhibits do you NOT understand? (Attach additional pages if necessary.)

---

4. Have you discussed your purchase of a PET WANTS franchise with an attorney, accountant, or other professional advisor?

YES  NO

5. If you answered "No" to Question 4, do you understand that you may consult with an attorney, accountant, or other professional advisor?

YES  NO

Do you understand the risks of investing in and operating a PET WANTS franchise?

YES  NO

Do you understand that the success or failure of your PET WANTS franchise will depend in large part upon your skills and abilities, the number of hours you are willing to work, competition from other businesses, interest rates, the general state of the economy, inflation, labor and supply costs, and other general economic and business factors?

YES  NO

8. Do you understand that you are responsible for investigating and complying with any and all laws, regulations, and licensing requirements that may apply in your territory?

YES  NO

NOTE: QUESTIONS 9 THROUGH 14 DO NOT APPLY TO ANY INFORMATION YOU WERE GIVEN DIRECTLY BY A PET WANTS FRANCHISEE.

Has any employee of Franchisor or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding:

9. . . . the actual revenue or profits of a PET WANTS franchise tis contrary to or different from that disclosed in the Franchise Disclosure Document?

YES  NO

. 10. . . . the amount of money you can earn operating a PET WANTS franchise tis contrary to or different from that disclosed in the Franchise Disclosure Document?

YES  NO

. 11. . . . the amount of sales revenue your PET WANTS franchise will or may generate tis contrary to or different from that disclosed in the Franchise Disclosure Document?

YES  NO

. 12. . . . your initial investment to open a PET WANTS franchise or the costs you may incur in operating a PET WANTS franchise, that is contrary to or different from the information in the Franchise Disclosure Document?

YES  NO

13. . . . the advertising, marketing, training, support services, or assistance that Franchisor will provide you that is contrary to or different from the information in the Franchise Disclosure Document?

YES  NO

14. . . . any other aspect of a PET WANTS franchise that is contrary to or different from the information in the Franchise Disclosure Document?

YES  NO

If you answered "Yes" to any of Questions 9 through 14, please provide a full explanation of your answer in the following space (attach additional pages if necessary, and refer to them in the space below). If you answered "No" to every Question 9 through 14, please leave the following space blank.

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You understand that your answers are important to us and that we will rely on them in entering into the Franchise Agreement with you.



By signing below, you represent that you have responded truthfully to the above questions.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

[SIGNATURE PAGE TO FRANCHISEE ACKNOWLEDGMENT STATEMENT]

## EXHIBIT H

### ASSIGNMENT AGREEMENT<sup>1</sup>

This assignment agreement, executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by PET WANTS FRANCHISE SYSTEM, LLC, an Ohio limited liability company (“Franchisor”), \_\_\_\_\_, an individual resident of the State of \_\_\_\_\_ (“Assignor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ corporation [or limited liability company](“Assignee”);

#### WITNESSETH:

WHEREAS, Franchisor and Assignor entered into a franchise agreement on \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), pursuant to which Franchisor licensed Assignor to operate a pet food and delivery service business using Franchisor’s trademark and trade names PET WANTS and Franchisor’s business format;

WHEREAS, Assignor owns \_\_\_\_% of the issued and outstanding stock [or ownership units] of Assignee;

WHEREAS, Assignor desires to assign, transfer, and delegate to Assignee all of Assignor’s rights and obligations under the Franchise Agreement; and

WHEREAS, Assignee desires to assume all of Assignor’s rights and obligations under the Franchise Agreement;

THEREFORE the parties agree as follows:

1. Assignment. Assignor assigns, conveys, and transfers to Assignee all of Assignor’s rights, title, and interest in and to the Franchise Agreement and the franchise granted therein. Assignee assumes and undertakes to perform all of Assignor’s obligations and liabilities under the Franchise Agreement and agrees to comply with and be bound by all the terms and conditions thereof.
2. Consent of Franchisor. Franchisor consents to the assignment, in accordance with the terms contained herein, to Assignee of Assignor’s interest in the Franchise Agreement and the franchise granted therein.
3. Guaranty by Assignor. The assignment to Assignee of Assignor’s interest in the Franchise Agreement shall not relieve Assignor from any liability or obligation contained therein. Assignor specifically guarantees to Franchisor the prompt payment of all royalty and other fees required to be paid by the Franchisee under the Franchise Agreement, and the performance of all the provisions of the Franchise Agreement for and during the term thereof (including any renewals or extensions thereof). Assignor acknowledges that he/she shall continue to be bound by all covenants, obligations, and commitments of the Franchisee contained in the Franchise Agreement including, without limitation, those covenants contained in Article 15 of the Franchise Agreement.
4. Representations of Assignee. In order to induce Franchisor to consent to the assignment by Assignor, Assignee represents as follows:
  - (a) The assumption of Assignor’s obligations under the Franchise Agreement and the execution of this Assignment Agreement have been duly authorized and approved by Assignee’s Board of Directors [or Managing Member]; and

---

<sup>1</sup> This Assignment Agreement is required only if you sign your franchise agreement individually rather than in the name of a business entity.

(b) Assignor is the owner of \_\_\_\_\_% of the issued and outstanding capital stock [or ownership units] of Assignee.

5. Release. By execution of this agreement, Assignor and Assignee, their respective members, shareholders, directors, agents, and employees, hereby release Franchisor, its members, directors, officers, employees, affiliates, agents, successors and assigns (the "Released Parties"), from any and all debts, claims, demands, damages, losses, liabilities, actions, causes of action, awards, and suits of any kind, known or unknown, that they may now have against the Released Parties up to and including the final date of execution of this agreement.

IN WITNESS WHEREOF, the parties executed this Assignment Agreement, or caused it to be executed by their duly authorized agent, as of the date first set forth above.

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

ASSIGNOR(S)

\_\_\_\_\_  
[Individual(s)]

\_\_\_\_\_  
[Individual(s)]

ASSIGNEE

\_\_\_\_\_  
*Print Corporation or Company Name*

\_\_\_\_\_  
President [or Managing Member]

AGENTS FOR SERVICE OF PROCESS

EXHIBIT I

*California*

Commissioner of Financial Protection & Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834

*Hawaii*

Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813

*Illinois*

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

*Indiana*

Administrative Office of the Secretary of State  
201 State House  
Indianapolis, IN 46204

*Maryland*

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

*Minnesota*

Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198

*New York*

Secretary of State  
99 Washington Avenue  
Albany, NY 12231  
518-473-2492

*North Carolina*

North Carolina Secretary of State  
300 N. Salisbury Street  
Raleigh, NC 27603-5909

*North Dakota*

Securities Commissioner  
5th Floor, 600 East Boulevard  
Bismarck, ND 58505-0510

*Ohio*

Jeffrey D. Siehl  
4755 Lake Forest Dr., Suite 100  
Cincinnati, Ohio 45242

*Rhode Island*

Department of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI. 02910

*South Dakota*

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501

*Virginia*

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219

*Washington*

Washington Department of Financial Institutions  
Securities Division  
150 Israel Road  
Tumwater, WA 98501

*Wisconsin*

Commissioner of Securities  
101 East Wilson Street  
Madison, WI 53703

*California*

Department of Financial Protection & Innovation  
2101 Arena Blvd.  
Sacramento, California 95834  
(866) 275-2677

*Connecticut*

Securities & Business Investments Division  
Department of Banking  
260 Constitution Plaza  
Hartford, CT 06103-1800  
(860) 2<sup>40</sup>-8230

*Florida*

Dept. of Agriculture and Consumer Services  
Division of Consumer Services  
227 N. Burrough Street  
City Centre Building, 7th Floor  
Tallahassee, FL 32301  
(904) 922-2770

*Georgia*

Office of Consumer Affairs  
2 Martin Luther King Jr. Dr., Suite 356  
Atlanta, GA 30334  
(404) 656-1762

*Hawaii*

Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street  
Honolulu, HI 96813  
(808) 586-2722

*Illinois*

Office of the Attorney General  
Franchise Division  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

*Indiana*

Indiana Securities Division  
302 West Washington Street  
Room E111  
Indianapolis, IN 46204  
(317) 232-6681

*Kentucky*

Office of the Attorney General  
Consumer Protection Division  
P.O. Box 2000  
Frankfort, KY 40602-2000  
(502) 573-2200

*Maryland*

Office of the Attorney General  
Securities Division  
200 Saint Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

*Michigan*

Department of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
670 Law Building  
Lansing, MI 48913  
(517) 373-7117

*Minnesota*

Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198  
(651) 539-1638

*Nebraska*

Dept. of Banking & Finance  
1230 O Street, Suite 400  
Commerce Court  
Lincoln, NE 68508  
(402) 471-3445

*New York*

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St., 21st Fl  
New York, NY 10005  
(212) 416-8285

*North Carolina*

Department of the Secretary of State  
Securities Division  
300 N. Salisbury Street  
Raleigh, NC 27603-5909  
(919) 733-3924

*North Dakota*

North Dakota Securities Department  
State Capitol, Fifth Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-4712

*Oregon*

Oregon Secretary of State  
Corporation Division  
255 Capitol Street, Northeast  
Salem, OR 97310  
(503) 986-2200

*Rhode Island*

Department of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI. 02910  
(401) 222-3048

*South Carolina*

Secretary of State  
1205 Pendleton Street  
525 Edger Brown Building  
Columbia, SC 29201  
(803) 734-1958

*South Dakota*

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

*Texas*

Secretary of State  
Statutory Document Section  
P.O. Box 13563  
Austin, TX 78711  
(513) 475-1769

*Utah*

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
P.O. Box 45804  
Salt Lake City, UT 84145-0804  
(801) 530-6601

*Virginia*

State Corporation Commission  
Division of Securities & Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

*Washington*

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

*Wisconsin*

Department of Financial Institutions  
Division of Securities  
345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 266-1064



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

Exhibit K

**Pet Wants Franchise System, LLC**

Financial Statements

December 31, 2023, 2022 and 2021

with Independent Auditors' Report

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Pet Wants Franchise System, LLC  
Cincinnati, Ohio

### **Opinion**

We have audited the accompanying financial statements of Pet Wants Franchise System, LLC (an Ohio limited liability company), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations and members' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the 2023, 2022, and 2021, and financial statements referred to above present fairly, in all material respects, the financial position of Pet Wants Franchise System, LLC as of December 31, 2023, 2022, and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
March 28, 2024

Pet Wants Franchise System, LLC  
Balance Sheets  
December 31, 2023, 2022 and 2021

	2023	2022	2021
<b>Assets</b>			
Current assets:			
Cash	\$ 824,608	743,021	662,999
Restricted cash	24,146	42,865	22,362
Accounts receivable	322,685	280,663	219,902
Inventory	8,734	34,752	27,332
Note receivable, current portion	-	-	2,130
Other receivable	-	44,418	-
	1,180,173	1,145,719	934,725
Property and equipment:			
Furniture, fixtures and equipment	69,256	69,256	69,256
Computer equipment	14,516	14,516	14,516
Leasehold improvements	20,845	20,845	13,549
	104,617	104,617	97,321
Accumulated depreciation	(93,631)	(62,848)	(18,782)
	10,986	41,769	78,539
Other assets:			
Deposits	7,200	7,200	7,200
Note receivable, net of current portion	-	-	1,105
Franchise contract asset	125,087	104,268	100,283
Operating right-of-use assets	21,384	170,999	-
	153,671	282,467	108,588
	\$ 1,344,830	1,469,955	1,121,852
<b>Liabilities and members' equity</b>			
Current liabilities:			
Accounts payable	\$ 61,650	96,272	76,564
Accrued expenses	212,349	157,993	103,515
Unearned franchise fees	208,500	-	38,567
Operating lease liabilities, current portion	21,733	131,463	-
	504,232	385,728	218,646
Long-term liabilities:			
Franchise contract liability	718,003	730,554	743,867
Operating lease liabilities, less current portion	-	40,887	-
	718,003	771,441	743,867
	1,222,235	1,157,169	962,513
Members' equity	122,595	312,786	159,339
	\$ 1,344,830	1,469,955	1,121,852

See accompanying notes to the financial statements.

Pet Wants Franchise System, LLC  
Statements of Operations and Members' Equity  
Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Revenue:			
Revenue from franchise agreements	\$ 2,937,705	2,356,980	2,858,107
National Branding Fund revenue	890,757	711,234	477,702
	3,828,462	3,068,214	3,335,809
Expenses:			
Advertising & marketing	376,882	313,171	279,616
Bank & payroll fees	8,301	9,993	11,770
Computer expenses	52,860	45,561	49,601
Depreciation	1,705	9,438	2,286
Dues & subscriptions	4,561	1,561	592
Employee-related expenses	68,337	87,896	4,139
Insurance	10,312	7,527	5,094
Leased employees expenses	1,344,541	999,794	1,112,426
Licenses	36,282	24,926	44,310
National Branding Fund expenses	882,465	662,791	362,021
Office & supplies	12,844	8,124	11,489
Postage	9,680	7,539	6,342
Professional fees	318,193	252,590	351,360
Rent	109,008	104,410	103,833
Repairs & maintenance	455	389	81
Sales related expenses	409,893	361,361	363,758
Telephone	7,878	9,258	15,582
Training & meetings	81,640	48,115	26,871
Total expenses	3,735,837	2,954,444	2,751,171
Income from operations	92,625	113,770	584,638
Other income (expense):			
Interest income	4,028	81	6,337
Interest expense	-	(3,560)	(6,282)
Other income	-	44,418	-
Paycheck Protection Program loan forgiveness	-	-	201,052
Loss on disposal of property and equipment	-	-	(16,697)
State and local taxes	(1,844)	(1,262)	4,865
Total other income	2,184	39,677	189,275
Net income	\$ 94,809	153,447	773,913
Members' equity (deficit), beginning	312,786	159,339	(614,574)
Distributions	(285,000)	-	-
Members' equity, ending	\$ 122,595	312,786	159,339

See accompanying notes to the financial statements.

Pet Wants Franchise System, LLC  
 Statements of Cash Flows  
 Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Net income	\$ 94,809	153,447	773,913
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation	30,783	44,066	5,172
Loss on disposal of property and equipment	-	-	16,697
Paycheck Protection Program loan forgiveness	-	-	(201,052)
Non-cash lease expense	(1,002)	1,351	-
Net change in assets and liabilities:			
Accounts receivable	(42,022)	(60,761)	(126,578)
Inventory	26,018	(7,420)	(21,944)
Deposits	-	-	(7,200)
Other receivable	44,418	(44,418)	-
Franchise contract asset	(20,819)	(3,985)	(32,010)
Accounts payable	(34,622)	19,708	12,392
Accrued expenses	54,356	54,478	(33,437)
Franchise contract liability	(12,551)	(13,313)	197,200
Unearned revenue	208,500	(38,567)	(83,433)
Net cash provided by operating activities	<u>347,868</u>	<u>104,586</u>	<u>499,720</u>
Cash flows from investing activities			
Payments received on note receivable	-	3,235	2,190
Property and equipment purchased	-	(7,296)	(69,256)
Net cash used by investing activities	<u>-</u>	<u>(4,061)</u>	<u>(67,066)</u>
Cash flows from financing activities			
Distributions	(285,000)	-	-
Net cash used by financing activities	<u>(285,000)</u>	<u>-</u>	<u>-</u>
Change in cash and restricted cash	62,868	100,525	432,654
Cash and restricted cash at beginning of year	<u>785,886</u>	<u>685,361</u>	<u>252,707</u>
Cash and restricted cash at end of year	\$ <u><u>848,754</u></u>	<u><u>785,886</u></u>	<u><u>685,361</u></u>
Supplementary information:			
Cash paid for interest	\$ <u>-</u>	<u>3,560</u>	<u>6,282</u>
Cash and restricted cash:			
Cash	\$ 824,608	743,021	662,999
Restricted cash	<u>24,146</u>	<u>42,865</u>	<u>22,362</u>
Total cash and restricted cash	\$ <u><u>848,754</u></u>	<u><u>785,886</u></u>	<u><u>685,361</u></u>

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### **Business activity**

Pet Wants Franchise System, LLC (the Company), is a limited liability company organized under the laws of the State of Ohio on March 1, 2015. The Company was organized to promote, sell, and support franchises operating under the trade name of Pet Wants™. The Company's franchisees operate a retail and/or home delivery business that sells pet food and supplies and pet grooming services. The Company provides distinctive methods and procedures for business operations, specially designed business forms, instructional manuals, training courses, marketing systems, and specially designed procedures for promotion and rendering of services.

As of December 31, 2023, 2022 and 2021, the Company had 146, 138, and 138 franchises, respectively, operating in North America.

### **Adoption of a new accounting standard**

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, on January 1, 2023. Topic 326 modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements.

### **Accounts receivable and allowance for credit losses**

Accounts receivable are uncollateralized customer obligations due under normal trade terms. The Company does not assess interest on past-due accounts. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. Management has reviewed the Company's accounts receivable and determined that expected credit losses are not material.

### **Property and equipment**

Property and equipment is recorded at cost. The cost of fixed assets is depreciated over the estimated useful lives of the related assets which range from five to fifteen years. Depreciation is computed on the straight-line method for financial reporting. Maintenance and repairs costs are charged to operations when incurred.

### **Revenue recognition**

The Company derives its revenues primarily from the sale of franchises and related royalty and technology fee income. The Company charges a franchise fee of \$42,500 for a mobile unit or a store (\$38,500 for a mobile unit and \$48,500 for a store prior to April 2022). Starting in April 2022, the franchisee transitions from a mobile unit to a store within 12 months of opening for business. The Company requires a \$5,000 nonrefundable deposit, and the balance of the franchise fee must be paid in full prior to commencement of the training program. No financing is offered, and the entire fee is nonrefundable once the franchisee begins the upfront training. Franchisees are then required to pay continuing monthly royalties of the greater of \$300 or 7% of their gross revenue (which covers continued

use of the Company's brand and service marks and ongoing services). Franchise agreements have a 10-year term and can be renewed for two additional 10-year terms at no cost.

The Company's performance obligations under the franchise agreement consist of providing a license of the brand's intellectual property, a schedule of equipment necessary to operate the franchised business, initial training, advertising and promotional templates, a list of approved resources and vendors, periodic assistance as needed, and other materials and information deemed necessary.

The Company has identified its initial training program as a separate and distinct element of its contract satisfied at a point in time because upon completion, the franchisee has full knowledge of the Company's proprietary methods. Further, most of the Company's direct costs are associated with the recruiting and training of franchisees. The Company calculated the upfront revenue in reference to the total transaction price over the term of the initial franchise agreement and an allocation to the specific performance obligations based on their relative stand-alone values. Based on this calculation, the Company recognizes upfront revenue of 81% of the franchise fee for a mobile unit and 75% of the franchise fee for a store. The contract liability resulting from the income deferral is amortized on a straight-line basis over the remaining nine years of the contract. Selling expenses paid when the franchise agreement is executed are recorded as a franchise contract asset and are amortized over the life of the agreement, consistent with the recognition of the deferred revenue.

The following table summarizes the assets and liabilities related to revenue from contracts with customers at December 31, 2023, 2022 and 2021 and January 1, 2021:

	December 31, <u>2023</u>	December 31, <u>2022</u>	December 31, <u>2021</u>	January 1, <u>2021</u>
Accounts receivable	\$ <u>293,421</u>	<u>280,605</u>	<u>219,352</u>	<u>93,324</u>
Contract liabilities	\$ <u>718,003</u>	<u>730,554</u>	<u>743,867</u>	<u>546,667</u>
Contract assets	\$ <u>125,087</u>	<u>104,268</u>	<u>100,283</u>	<u>68,273</u>

Revenue presented in the accompanying financial statements includes the following as of December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue recognized at a point in time:			
Franchise fee income	\$ 715,125	400,913	1,391,304
National Branding Fund	212,725	114,429	1,679
Product income (loss)	217,175	147,745	38,133
Other	<u>35,548</u>	<u>43,304</u>	<u>48,123</u>
	<u>1,180,573</u>	<u>706,391</u>	<u>1,479,239</u>
Revenue recognized over time:			
Franchise fee income	179,676	128,900	94,995
Royalty income	1,790,181	1,636,118	1,285,552
National Branding Fund income	<u>678,032</u>	<u>596,805</u>	<u>476,023</u>
	<u>2,647,889</u>	<u>2,361,823</u>	<u>1,856,570</u>
	<u>\$ 3,828,462</u>	<u>3,068,214</u>	<u>3,335,809</u>

In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination. Royalties are recognized as franchise sales are made and technology fees are recognized as revenue when earned.

#### **Income tax status**

The Company has elected, with the consent of its members, to be taxed as a partnership under provisions of the Internal Revenue Code. Therefore, the Company will generally not pay federal and state income taxes on its taxable income. Instead, the members are liable for individual federal income taxes on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

#### **Advertising expense**

Advertising costs are expensed as incurred.

#### **Leased employees**

The Company has contracted with a related party that leases employees. This firm has hired all the employees of the Company and is responsible for the payroll function including payroll taxes, benefits, and retirement.

#### **National branding fund**

The Company administers a national branding fund (NBF) on behalf of its franchisees. Each franchisee is required to contribute to the NBF, which is used to develop advertising and marketing materials and promote the Company's service marks and the franchisees' services on a local, regional, and national basis. All sums paid by franchisees to the NBF are maintained in an account separate from other moneys of the Franchisor. These funds are shown as restricted cash on the balance sheets as of December 31, 2023, 2022 and 2021.



The Company is deemed to be the principal in relation to the NBF and as such, advertising fund contributions and expenditures, including an allocation of depreciation expense, are reported on a gross basis in the statements of operations and cash flows.

### **Concentrations of credit risk**

The Company maintains cash in bank deposit accounts at financial institutions where the balances, at times, may exceed federally insured limits. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company has not experienced any losses and management believes it is not exposed to any significant credit risk of loss in cash.

There were no accounts receivable concentrations at December 31, 2023, 2022 and 2021. There were no revenue concentrations for the years ending December 31, 2023, 2022 and 2021.

### **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 amounts reported. Actual results may differ from those estimates.

### **Leases**

The Company considers an arrangement a lease if, at inception, the arrangement transfers the right to control the use of an identified asset for a period of time in exchange for consideration. Under leasing standards, control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the balance sheets.

The lease term reflects the noncancellable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. The Company uses the risk-free rate for a period of time similar to the lease term, determined at the lease commencement date, in determining the present value of lease payments. The risk-free rate is used as the information necessary to determine the rate implicit in the lease and the Company's incremental borrowing rate is not readily available. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Short-term leases are less than one year without purchase or renewal options that are reasonably certain to be exercised and are recognized on a straight-line basis over the lease term. The right-of-use asset is tested for impairment in accordance with ASC 360.

### **Reclassifications**

Certain amounts in the 2022 and 2021 financial statements have been reclassified to conform with the 2023 presentation.

### **Subsequent events**

The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 28, 2024, the date on which the financial statements were available to be issued.

**2. NOTE RECEIVABLE:**

In 2019, the Company executed an unsecured promissory note from a franchisee in the amount of \$7,500. The note required 44 monthly payments at 5% interest. At December 31, 2021, the outstanding balance on the note was \$3,235. The note was collected in full in 2022.

**3. PAYCHECK PROTECTION PROGRAM LOAN:**

In 2020, the related party from which the Company leases its employees, Queen City Payroll Services, Inc. (QCPS), was granted a loan from PNC Bank in the aggregate amount of \$1,187,795 under the Small Business Administration's Paycheck Protection Program (PPP). QCPS used the loan proceeds to cover payroll costs for all of its clients. When the Consolidated Appropriations Act of 2021 was enacted on December 27, 2020, allowing payroll costs covered by PPP loan proceeds to be deducted, QCPS then allocated its PPP loan to its clients (based on actual expenses incurred during the eligible period), so the payroll expenses could be deducted by the companies who actually incurred the costs. The Company's share of the PPP loan was \$200,150. The Company used its share of the loan proceeds for qualifying expenses under the PPP. During 2021, the outstanding balance of the loan plus accrued interest of \$902 was forgiven and was recognized as other income in the 2021 statement of operations.

**4. OPERATING LEASE AGREEMENTS:**

The Company rents office space from a related party under a lease agreement that originally expired April 30, 2024. The lease was revised during 2023 and now expires February 29, 2024. The Company also leased a retail store front from an unrelated party under a lease agreement that expired in November 2023. Variable lease costs, such as the Company's proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance that are not included in the lease liability, are recognized in the period in which they are incurred. Short-term lease cost represents the Company's cost with respect to leases with a duration of 12 months or less and is not reflected on the Company's balance sheet. The Company has no leases with variable costs or short-term leases at December 31, 2023.

Subsequent to year end, the Company entered into an operating lease agreement with a related party for office space requiring escalating monthly rent and expiring in May 2028.

Total operating lease expense to the related party for the years ended December 31, 2023 and 2022 is \$126,941 and \$121,029, respectively. Total operating lease expense to the unrelated party for the year ended December 31, 2023 and 2022 is \$10,742 and \$11,510, respectively.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term	0.17 years	1.31 years
Weighted-average discount rate	0.87%	0.87%

Prior to adoption of ASC 842, the Company's total rent expense to the related party was \$121,294 for the year ended December 31, 2021. Total rent expense paid to the unrelated party was \$940 for the year ended December 31, 2021.

The following is an analysis of maturities of lease liabilities as of December 31, 2023:

Total lease payments, current	\$	21,741
Less imputed interest		<u>(8)</u>
Total operating lease liabilities	\$	<u>21,733</u>

The following summarizes the supplemental cash flow information for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating cash flows from operating lease	\$ <u>138,684</u>	<u>131,189</u>
Amortization of the right-of-use asset	\$ 149,615	130,528
Less change in lease liabilities	<u>(150,617)</u>	<u>(129,177)</u>
Non-cash portion of lease expense	\$ <u>(1,002)</u>	<u>1,351</u>

#### 5. RELATED PARTY TRANSACTIONS:

The Company leases office facilities from a related party under an agreement as disclosed in Note 4.

The Company shares their phone service, utilities, office supplies, and copier with other related parties that are owned by their shareholder. Each month the company that pays an expense will bill the other entities for their portions. The reimbursements for such costs have been recorded in the specific expense categories. In addition, the Company contracts with a related party for its leased employees.

During 2023, 2022 and 2021, the Company incurred leased employee wages and related expenses from a related party of \$1,846,271, \$1,470,078, and \$1,289,696, respectively. During 2023, 2022 and 2021, the Company also paid marketing expenses of \$317,630, \$251,073, and \$313,156, respectively, to related parties.

During the 2023, 2022 and 2021, a related party made pet food purchases from the Company totaling \$253,824, \$304,192, and \$332,267, respectively.

Amounts due from related parties in accounts receivable totaled \$4,880, \$58 and \$550 at December 31, 2023, 2022 and 2021, respectively.

Amounts due to related parties in accounts payable totaled \$212 at December 31, 2023. There were no amounts due to related parties at December 31, 2022 and 2021.



# EXHIBIT L

PET WANTS FRANCHISE SYSTEM, LLC  
FRANCHISEE LIST  
December 31, 2023

As of the above date, there are a total of 150 franchises of a type substantially similar to those offered in this disclosure document, 146 of which are operational. The names, addresses, and telephone numbers are listed below.

## ALABAMA

Kathy Summers  
4004 Isabel Way East  
Mobile, AL 36693  
(251) 597-9949

Julie Bell<sup>2</sup>  
5950 Laramie Lane  
Roseville, CA 95747  
(530) 400-2528

(941) 228-4694

Nicolas Geraine & Loralyn Shore<sup>5</sup>  
2565 SW 22nd Avenue,  
Apartment 201  
Delray Beach, FL 33445  
(561) 506-0461

## ARIZONA

Anna Baum  
2027 East 7th Ave.  
Mesa, AZ 85204  
(480) 329-2088

Peter Gregg  
18953 Lancashire Way  
San Diego, CA 92128  
(858) 880-6166

Kelly Johnson  
148 Coral Drive  
Fort Myers, FL 33905  
(239) 246-5132

## CALIFORNIA

Othman Omar Fadeel<sup>1</sup>  
376 Trabuco Cyn Way  
Brea, CA 92821  
(714) 606-1291

Michael Rincon  
1245 Windson Dr.  
Visalia CA 93274  
(661) 447-3354

Nick Saam and Hannah Kim<sup>6</sup>  
1355 Roberts Road  
Fruit Cove, FL 32259  
(904) 401-3429

Jesse Chuang  
5533 Veronese Drive  
Chino Hills, CA 91709  
(626) 488-7869

## COLORADO

Stuart Brown  
3401 Arapahoe Avenue, Unit 315  
Boulder, CO 80303  
(720) 545-3496

Tonya Garcia & Frank Zollars  
14708 Amelia View Drive  
Jacksonville, FL 32226  
(306) 632-3497

Shannon Weel  
110 Wild Rose  
Lake Forest, CA 92630  
(949) 292-2428

Chris Rome  
7019 West Warren Avenue  
Lakewood, CO 80227  
(303) 819-4494

Constance L. Lynn  
247 Scripps Ranch Road  
Kissimmee, FL 34759  
(614) 570-8404

Kristine and Kevin Ford  
74 Cantata Drive  
Mission Viejo, CA 92692  
(949) 456-5121

## DELAWARE

Timothy Chad Miller  
17663 Gate Drive, Unit 3  
Lewes, DE 19956  
(302) 462-6503

Susan Simpson  
120 North 12th Street  
Lantana, FL 33462  
(561) 346-7991

Christine Anuskiewicz  
1975 Mohawk Drive  
Pleasant Hill, CA 94523  
(415) 494-9384

## FLORIDA

Annaleah Prevatt<sup>3</sup>  
6416 Second Avenue NE  
Bradenton, FL 34208  
(707) 4<sup>90</sup>-8794

Caonex Abreu  
9910 West Calusa Cl. Drive  
Miami, FL 33186  
(713) 992-4705

Anna Marie Valadez  
6932 Harvest Lane  
Riverside, California 92506  
(951) 415-7456

Cynthia Grich & Brenda Phaneuf<sup>4</sup>  
5602 33rd Lane E  
Bradenton, FL 34203

Javier Suarez, II  
2247 Beacon Landing Circle  
Orlando, FL 32824  
(407) 489-5245

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<sup>1</sup> Owns 2 Territories

<sup>2</sup> Owns 2 Territories

<sup>3</sup> Owns 2 Territories

<sup>4</sup> Owns 2 Territories

<sup>5</sup> Owns 2 Territories

<sup>6</sup> Owns 2 Territories

# EXHIBIT L

PET WANTS FRANCHISE SYSTEM, LLC  
FRANCHISEE LIST  
December 31, 2023

As of the above date, there are a total of 150 franchises of a type substantially similar to those offered in this disclosure document, 146 of which are operational. The names, addresses, and telephone numbers are listed below.

Gabriel and Daiane Andrade <sup>7</sup> 7901 4th Street North, Suite 300 St. Petersburg, FL 33702 (832) 803-6137	Valerie Steinmetz 1447 Bradley Street Twin Falls, ID 83301 (615) 727-4496	(859) 240-6666  Melissa Mautz 373 Preston Avenue Lexington, KY 40502 (606) 316-9363
<b>GEORGIA</b> Eduardo Ventura & Josue Ventura <sup>8</sup> 609 Victoria Heights Dr. Dallas, GA 30132 (404) 902-1554	<b>ILLINOIS</b> Jennifer Tortoriello <sup>10</sup> 26W544 MacArthur Ave. Carol Stream, IL 60188 (630) 430-8993	Lindsey Whalen 1122 Powerhouse Lane, #103 Louisville, KY 40242 (859) 322-6385
Benjamin King 3961 Stonebriar Lane Duluth, GA 30097 (678) 896-6540	Ewa Swiencinska and Charles Ryan 3612 North Keeler Chicago, IL 60641 (312) 497-2702	Richard Smith 1923 Bonnycastle Avenue Louisville, KY 40205 (502) 500-8796
Susan and Robert Scherer 1340 Anchor Bay Drive Greensboro, GA 30642 (678) 938-2587	Randa and Matthew Clark <sup>11</sup> 10 Hillside Drive Lake Barrington, IL 60010 (847) 858-0873	<b>LOUISIANA</b> Patricia Benit-Laing 621 Pelican Avenue New Orleans, LA 70114 (504) 858-7013
Adam and Heather Turnage <sup>9</sup> 197 Jasper Drive Palmetto, GA 30268 (770) 676-4658	Jaclynn Berna 6416 Halsey Dr. Woodridge, IL 60517 (586) 601-8581	<b>MARYLAND</b> Jeffrey and Michele Jenkins 37 East Main Street Frostburg, MD 21532 (240) 920-5176
Sergio De La Torre 460 Hembree Road Roswell, GA 30076 (505) 688-0622	<b>INDIANA</b> Gregory A. Hering 9128 Ernst Road Fort Wayne, IN 46809 (260) 494-2670	Anita Terzic-Kostadinova 412 Christopher Avenue, Apartment C Gaithersburg, MD 20879 (4676) 816-3273
Frankie Hopper 220 West Spalding Drive Sandy Springs, GA 30328 (404) 822-4650	Kristine and Jeffrey McKinney 13403 Uhl Lane NW Palmyra, IN 47164 (812) 267-6442	<b>MASSACHUSETTS</b> Rosaline Hansen <sup>13</sup> 267 Central Avenue Dedham, MA 2026 (860) 299-5998
<b>IDAHO</b> Travis Hyde 3339 Butte Road Emmett, ID 83617 (208) 617-9922	<b>KENTUCKY</b> Lisa Kelly, Susan Cramer <sup>12</sup> 118 Strathmore Fort Thomas, KY 41075	

<sup>7</sup> Owns 3 Territories

<sup>8</sup> Owns 2 Territories

<sup>9</sup> Owns 2 Territories

<sup>10</sup> Owns 2 Territories

<sup>11</sup> Owns 2 Territories

<sup>12</sup> Owns 2 Territories

<sup>13</sup> Owns 3 Territories

PET WANTS FRANCHISE SYSTEM, LLC  
 FRANCHISEE LIST  
 December 31, 2023

As of the above date, there are a total of 150 franchises of a type substantially similar to those offered in this disclosure document, 146 of which are operational. The names, addresses, and telephone numbers are listed below.

**MICHIGAN**

Areej Alnaraie  
 10545 Whitby Court  
 Clarkston, MI 48348  
 (248) 866-0121

Marion Cumo, Jr.  
 9694 Klais Road  
 Clarkston, MI 48348  
 (248) 941-5591

**MINNESOTA**

Tim Chapman  
 490 Liberty Heights Drive  
 Chaska, MN 55318  
 (763) 412-0155

Jennifer Cheesman and Michael  
 Nicholson  
 6483 Hearthstone Ave S  
 Cottage Grove, MN 55016  
 (612) 22-3067

**KANSAS**

Scott and Gina Turner<sup>14</sup>  
 605 SW US Highway 40, Suite 276  
 Blue Springs, KS 64014  
 (970) 319-0551

**MISSOURI**

Scott and Gina Turner  
 605 SW US Highway 40, Suite 276  
 Blue Springs, MO 64014  
 (970) 319-0551

Frederick Harris  
 11342 E. Battlefield St.  
 Springfield, MO 65804  
 (417) 210-8574

**NEBRASKA**

Troy Post<sup>15</sup>  
 505 White Cap Bay  
 Lincoln, NE 68527  
 (531) 500-5133

**NEW HAMPSHIRE**

Cheryl Lumbruno  
 266 A Lafayette Road  
 Portsmouth, NH 3801  
 (603) 238-7082

**NEW JERSEY**

Pamela Brascetta  
 77 Pebble Beach Dr.  
 Egg Harbor Township, NJ 08234  
 (215) 301-8231

Jonathan Javins & John Denelsbeck  
 67 South Orange Ave.  
 South Orange, NJ 07079  
 (973) 762-4300

**NORTH CAROLINA**

Carmen Larreynaga and Brenda  
 Jarvis<sup>16</sup>  
 305 West Park Avenue  
 Charlotte, NC 28203  
 (818) 999-1952

Hallie & Tyler Eby  
 27 Heron Point Way  
 Garner, NC 27529  
 (919) 906-8813

Robin Walton  
 3329 Providence Hills Dr.  
 Matthews, NC 28105  
 (704) 998-1797

Ronald Whidby<sup>17</sup>  
 9017 Winged Thistle Court  
 Raleigh, NC 27617  
 (919) 293-0043

Ben Morman, Ryan Morman, Kim  
 Rode  
 108 S. Kerr Avenue, Suite C  
 Wilmington, NC 28403  
 (910) 286-1724

**OHIO**

William Hammond<sup>18</sup>  
 1966 N. Highgate Court  
 Beavercreek, OH 45432  
 (614) 302-7885

Adam Intihar<sup>19</sup>  
 1813 Hopkins Avenue  
 Cincinnati, OH 45212  
 (216) 406-1070

Marty, Joseph, Laurie and Joseph  
 Sanfillipo  
 7064 Cleves Warsaw Pk  
 Cincinnati, OH 45233  
 (513) 498-2886

Michelle Hobbs  
 1813 Pleasant Street  
 Cincinnati, OH 45202  
 (513) 721-8096

Marc Drapp<sup>20</sup>  
 8364 Courtier Lane  
 Cleves, Ohio 45002  
 (513) 315-3194

Stephanie Barber  
 1060 Eastlake Drive  
 East Lake, OH 44095  
 (219) 796-7173

<sup>14</sup> Owns 2 Territories

<sup>15</sup> Owns 3 Territories

<sup>16</sup> Owns 3 Territories

<sup>17</sup> Owns 3 Territories

<sup>18</sup> Owns 3 Territories

<sup>19</sup> Owns 2 Territories

<sup>20</sup> Owns 3 Territories

# EXHIBIT L

PET WANTS FRANCHISE SYSTEM, LLC  
FRANCHISEE LIST  
December 31, 2023

As of the above date, there are a total of 150 franchises of a type substantially similar to those offered in this disclosure document, 146 of which are operational. The names, addresses, and telephone numbers are listed below.

Gregory and Paula Beherns  
630 E. Main Street  
Eaton, OH 45320  
(5113) 543-9197

Danielle Christine Moats<sup>21</sup>  
4590 Turney Road  
Madison, OH 44057  
(832) 795-3349

Todd DiCillo  
1657 Byron Dr.  
Mayfield Heights, OH 44124  
(440) 220-0352

SICSA Pet Adoption Center  
Attention: Nora L. Vondrell  
8172 Washington Church Road  
Washington Township, OH 45458  
(937) 729-6505

## OKLAHOMA

Nancy Eberle  
1601 NW 196th Street  
Edmond, OK 73012  
(405) 820-3513

## OREGON

Maren Hildum<sup>22</sup>  
14730 SW Bonanza Court  
Beaverton, OR 97007  
(503) 547-5584

Jill Bixby and Frank Lemos  
17971 South Redland Road  
Oregon City, OR 97045  
(503) 349-2206

Ryan Oller & Jennifer Hope<sup>23</sup>  
32882 SW Keys Crest Drive  
Scappoose, OR 97056  
(206) 854-5129

## PENNSYLVANIA

Amy Manganella  
305 Huntington Drive  
Mountville, PA 17554  
(717) 314-5875

Amber and Michael Sutfin<sup>24</sup>  
486 Sage Drive  
Pittsburgh, PA 15243  
(412) 925-4542

## RHODE ISLAND

Heather and Dean Thomas  
66 Robert Gray Avenue  
Tiverton, RI 02878  
(401) 297-8467

## SOUTH CAROLINA

Max Zugan  
323 East Avenue  
Bluffron, SC 29910  
(843) 310-2456

Jeremy and Emily Johnson  
704 North Shore Drive  
Charleston, SC 29412  
(843) 327-7790

Kelly Byrd  
2020 Curry Lane  
Clover, SC 29710  
(980) 297-3531

Bree Cox  
212 Griffith Hill Way  
Greer, SC 29651  
(864) 213-9374

Channing and Ellen Delaplane  
112 North Myrtle Dr.  
Surfside Beach, SC 29575  
(843) 582-8500

Rob & Denise Kelly  
438 Buchanan Ridge Rd.  
Taylors, SC 29687  
(864) 404-6799

## SOUTH DAKOTA

Melissa Brandner  
27543 468th Avenue  
Lennox, SD 57039  
(605) 212-8214

## TENNESSEE

Trey and Taylor Cahill  
1152 Watauga Road  
Cookeville, TN 38506  
(260) 927-7063

Maria Moore  
130 Gatone Drive  
Hendersonville, TN 37075  
(615) 822-3346

Sharon Hodge  
1600 McGavock Street,  
Apartment 431  
Nashville, TN 37203  
(443) 827-0181

Paula Malone  
169 Cherokee Ridge Dr.  
Ocoee, TN 37361  
(432) 298-5631

## TEXAS

Teresa Chisum and Kimberly Mauzy  
159 Lakeview Drive  
Aledo, TX 76008  
(817) 307-5342

Alex Kombogiannis  
103 Princes Court  
Austin, TX 78738

<sup>21</sup> Owns 3 Territories

<sup>22</sup> Owns 2 Territories

<sup>23</sup> Owns 2 Territories

<sup>24</sup> Owns 3 Territories



PET WANTS FRANCHISE SYSTEM, LLC  
 FRANCHISEE LIST  
 December 31, 2023

As of the above date, there are a total of 150 franchises of a type substantially similar to those offered in this disclosure document, 146 of which are operational. The names, addresses, and telephone numbers are listed below.

(512) 838-6765  
 Mike Caley<sup>25</sup>  
 1421 Teasley Lane  
 Celina, TX 75009  
 (214) 907-4877

Sharmeen Jilla  
 5719 Twin Brooks Dr.  
 Dallas, TX 75252  
 (469) 214-2101

Anoosh Rakhshandeh  
 9208 Trenton Avenue  
 Lubbock, TX 79424  
 (806) 300-3800

Andrew Bazner  
 210 Oak Bay St., #802  
 Rockport, TX 78382  
 (757) 819-3787

**UTAH**

Brian and Bridget Nelson<sup>26</sup>  
 2225 East Village Crest Drive  
 Draper, UT 84020  
 (775) 224-0922

Patrick Banning<sup>27</sup>  
 2557 South 1000 West  
 Nibley, UT 84321  
 (435) 890-3655

Todd Call<sup>28</sup>  
 4888 S 2675 W  
 Roy, UT 84067  
 (801) 425-8701

Kassitty & Preston Knight  
 1126 North 5200 West  
 West Point, UT 84015  
 (435) 632-7188

**VIRGINIA**

Ian McGowan & Laura McGowan  
 6117 14th Street N  
 Arlington, VA 22205  
 (703) 973-9954

Carla and Matthew Mangone<sup>29</sup>  
 13229 Pleasant Glen Court  
 Oak Hill, VA 20171  
 (703) 582-7615

**WASHINGTON**

Johnny Sanner  
 18116 73rd Avenue West  
 Edmonds, WA 98026  
 (425) 248-9831

Susan Hughes  
 17631 69th Place W  
 Edmonds, WA 98026  
 (425) 870-2020

Ryan Oller & Jennifer Hope<sup>30</sup>  
 32882 SW Keys Crest Drive  
 Scappoose, OR 97056  
 (206) 854-5129

**WISCONSIN**

Patrick Vieau  
 1844 Westline Road  
 Green Bay, WI 54313  
 (920) 660-5901

As of the above date, we have entered into 4 franchise agreements for franchisees that are not yet operational. Their names, addresses, and telephone numbers are listed below.

Kimberly Noel & Daniel Lee  
 15 Glen Cannon Trail  
 Newnan, GA 30265  
 (980) 250-2297

Gerald Luzynski<sup>31</sup>  
 32828 Greenwood  
 Chesterfield, Michigan 48047  
 (586) 295-6371

Dominique Tarpey  
 415 Chapel Heights Rd.  
 Sewell, New Jersey 08080  
 (303) 868-9266

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<sup>25</sup> Owns 2 Territories

<sup>26</sup> Owns 2 Territories

<sup>27</sup> Owns 2 Territories

<sup>28</sup> Owns 2 Territories

<sup>29</sup> Owns 2 Territories

<sup>30</sup> Owns 2 Territories

<sup>31</sup> Owns 2 Territories

## EXHIBIT M

### PET WANTS FRANCHISE SYSTEM, LLC FRANCHISEES WHO HAVE LEFT THE SYSTEM

Below are the names, city and state and business (or, if unknown, home) telephone numbers of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, not renewed, or transferred within the last fiscal year, or who has not communicated with us within 10 weeks of the issuance date of the disclosure document. If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Bruce LaMarche  
Whittier, California 90605  
(562) 556-9232

Justin Putt  
Noblesville, Indiana 46062  
(256) 698-5345

Jeff Wilson  
McKenzie, Tennessee 38201  
(615) 727-4496

Katrina Rigali-Trump<sup>1</sup>  
Oldsmar, Florida 34677  
(727) 452-8317

Kristen Quesada  
Burnt Hills, New York 12027  
(518) 878-9206

Nick Anderson  
Frisco, Texas 75036  
(580) 399-9130

Luis Cuellar<sup>2</sup>  
Weston, Florida 33366  
(786) 393-2013

Jason Darrow  
Ashland, Oregon 97520  
(541) 499-2469

Stephen Minton<sup>5</sup>  
Houston, Texas 77009  
(903) 261-6285

Peggy Maclin  
Avon, Indiana 46123  
(317) 674-6153

Julie Houser<sup>4</sup>  
Portland, Oregon 97266  
(319) 321-2160

Colleen Markwood<sup>3</sup>  
Noblesville, Indiana 46062  
(317) 414-1661

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<sup>1</sup> Owned 2 Territories

<sup>2</sup> Owned 3 Territories

<sup>3</sup> Owned 2 Territories

<sup>4</sup> Sold Territory

<sup>5</sup> Owned 2 Territories



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## EXHIBIT O

### ADDITIONAL DISCLOSURES FOR THE MULTISTATE FRANCHISE DISCLOSURE DOCUMENT OF PET WANTS FRANCHISE SYSTEM, LLC

The following are additional disclosures required by certain state franchise laws. A particular state's disclosures only apply if you are covered by that state's franchise law.

#### CALIFORNIA

The following additional disclosures are required by the California Franchise Relations Act:

We will comply with all appropriate laws governing any direct financing offered by us to you, including, if applicable, the California Finance Lenders Law.

California law may require an interest rate lower than 18%, in which case the interest rate will be the highest rate allowed by law.

The maximum rate of interest permitted in California may fluctuate below 10%.

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 that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 7.27 of the Franchise Agreement and the Nondisclosure and Noncompetition Agreement for the owners and managers of the franchise contain no-poach/nonsolicitation provisions. These provisions may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in Hamilton County, Ohio with the costs being borne equally between the parties. 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.

California Business and Professions Code Sections 20000 through 22243 provide rights to the franchisee concerning the choice of forum for disputes between the franchisee and the franchisor. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral condition, which required that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

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

Any provision in the franchise agreement shortening the time in which you may bring a claim against the franchisor for violations of the California Franchise Investment Law are not enforceable.

The following URL address is for the franchisor's website: [www.petwants.com](http://www.petwants.com)

THE FRANCHISOR'S 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](http://www.dfpi.ca.gov).

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

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

## **CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the California Franchise Relations Act:

1. Section 16.2 is amended by the addition of the following sentences:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning the arbitration of disputes between the franchisee and franchisor. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

2. Section 18.3 is amended by the addition of the following sentences:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning the choice of which state’s law governs your franchise agreement. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

3. Section 16.7 is amended by the addition of the following sentences:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning the choice of forum for disputes between the franchisee and the franchisor. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

4. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

5. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

6. Section 16.6 is amended by the addition of the following sentences:

“California Corporations Code Sections 31303 and 31304 provide certain statutes of limitations for certain claims under the California Franchise Investment Law. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

7. Section 16.5 is amended by the addition of the following sentences:

“The franchise agreement contains a provision requiring you to agree to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.”

8. Subsections 7.27(b), (d) and (e) are deleted.

9. Section 3 and Section 4 of the Nondisclosure and Noncompetition Agreement are deleted.

10. Section 18.12 is deleted.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

FRANCHISOR: PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_

*Signature*

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_

*Signature*

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## **FOR RESIDENTS OF THE STATE OF HAWAII**

The following additional disclosures are required by the Hawaii Franchise Investment Law:

1. The following list reflects the status of our franchise registrations in the states which have franchise registration laws:
  - This registration is effective in the states of California, Florida, Illinois, Indiana, Kentucky, Maryland, Michigan, Nebraska, New York, Texas, Virginia, and Wisconsin.
  - a proposed registration or filing is or will be on file in the states of North Dakota, Rhode Island, South Dakota, and Washington.
  - There are no states which have refused, by order or otherwise, to register these franchises.

There are no states which have revoked or suspended the right to offer these franchises.

2. The release required as a condition of renewal, assignment, and transfer will not apply to any liability arising under the Hawaii Franchise Investment Law.

**HAWAII ADDENDUM TO PET WANTS FRANCHISE AGREEMENT**

This addend executed and agreed to concurrently with the Franchise Agreement to which it is attached, amends the Franchise Agreement as follows:

- 1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement is amended as follows:
  - (a) The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
  - (b) A general release required as a condition of the renewal, assignment, or transfer of the Franchise Agreement or the franchise granted thereunder shall not apply to any claim or liability arising under the Hawaii Franchise Investment Law.

2. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this addendum. To the extent this addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement or any exhibit or attachment thereto, the terms of this addendum shall govern.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_

*Signature*

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

Signature

Date: \_\_\_\_\_

## **ILLINOIS**

Illinois law governs the franchise agreements.

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

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

**ILLINOIS**

Illinois law governs the franchise agreements.

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

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

FRANCHISEE(S):

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **INDIANA**

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement or franchise development agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

## INDIANA

The Franchise Agreement to which this Addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.
2. Any provision in this Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.
3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.

4. Section 10.2 is replaced with the following:

“Franchisee acknowledges that any failure to comply with section 10.1 of this Agreement will cause Franchisor irreparable injury. Accordingly, Franchisor shall have the right to seek specific performance of, or an injunction against a violation of, the requirements of section 10.1. Franchisee agrees to pay all court costs and reasonable attorneys’ fees incurred by Franchisor in successfully obtaining any such specific performance or injunctive relief.”

5. Section 15.9 is replaced with the following:

“Franchisee acknowledges that Franchisee’s violation of the terms of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Accordingly, Franchisor shall have the right to seek specific performance of, or an injunction against a violation of, the requirements of this Article 15. Franchisee agrees to pay all court costs and reasonable attorneys’ fees incurred by Franchisor in successfully obtaining any such specific performance or injunctive relief.”

6. Section 16.1 is replaced with the following:

“Franchisor shall be entitled, without bond, to seek temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (a) Franchisee’s use of the Marks; (b) the obligations of Franchisee upon the termination or expiration of this Agreement; (c) the obligations of Franchisee under sections 15.2, 15.3, or 15.4 of this Agreement; or (d) an assignment of this Agreement or any ownership interest therein; or (e) as necessary to prohibit any act or omission by Franchisee or its employees: (i) that would constitute a violation of any applicable law, ordinance, or regulation; (ii) which is dishonest or misleading to Franchisor and/or Franchisor’s other franchisees; or (iii) which, in Franchisor’s reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the franchised business, Franchisor, the System or the Marks.”

7. The fourth sentence of Article 17 is replaced with the following:

“Franchisee shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities or obligations arising directly or indirectly from, as a result of or in connection with Franchisee’s operation of the franchised business (excluding, however, liabilities caused by

(i) Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence), and shall pay all costs (including, without limitation, attorney and accountant fees) incurred by Franchisor in defending against and/or responding to them."

The parties are signing this addendum concurrently with the attached Franchise Agreement.

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_  
Signature

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

Its: \_\_\_\_\_

## **STATE OF MARYLAND ADDENDUM**

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

### **Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

A franchisee may sue in Maryland for claims arising 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.

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

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



**MARYLAND ADDENDUM TO PET WANTS FRANCHISE AGREEMENT**

The following terms and conditions amend the Franchise Agreement to which this Addendum is attached, for the purpose of complying with the Maryland Franchise Registration and Disclosure Law, and are hereby incorporated into the Franchise Agreement by this reference. The terms of this Addendum control in the event of conflicting terms in the Franchise Agreement.

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Maryland Franchise Regulation and Disclosure Law.
2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

## MINNESOTA

The following additional disclosures are required by the Minnesota Franchise Act:

### 1. GOVERNING LAW, CHOICE OF FORUM, JURISDICTION AND VENUE

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit PET WANTS FRANCHISE SYSTEM, LLC from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

### 2. NOTICE OF TERMINATION AND NON-RENEWAL

With respect to franchises governed by Minnesota law, PET WANTS FRANCHISE SYSTEM, LLC will comply with Minn. Stat. Sec. 80C14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

### 3. RIGHT TO USE TRADEMARKS, SERVICE MARKS TRADE NAMES, LOGOTYPES OR OTHER COMMERCIAL SYMBOLS

PET WANTS FRANCHISE SYSTEM, LLC will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

### 4. WAIVING OF RIGHTS, POSTING BOND

Minnesota law prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties, or judgment notes. The franchisee cannot consent to PET WANTS FRANCHISE SYSTEM, LLC obtaining injunctive relief, however, PET WANTS FRANCHISE SYSTEM, LLC may seek injunctive relief. A court will determine if a bond is required. Any language to the contrary in the disclosure document or franchise agreement is null and void.

### 5. GENERAL RELEASE

Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. Any provision in the Franchise Agreement to the contrary is void.

### 6. STATUTE OF LIMITATIONS

Minn. Stat. Sec. 80C.17, Subd. 5 provides that an action may be commenced to enforce any provision of the Minnesota Franchise Act (Minn. Stat. Secs. 80C.01 to 80C.22, inclusive) or any rule or order thereunder within three years after the cause of action accrues. Any language to the contrary in the Franchise Disclosure Document or the Franchise Agreement is null and void.

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

## MINNESOTA

This addendum is attached to and incorporated in the Pet Wants Franchise System, LLC ("PWFS") Franchise Disclosure Document and Franchise Agreement as required by the Minnesota Franchise Act and the administrative rules and regulations relating thereto. The terms of this addendum shall control in the event of conflicting terms in the Franchise Disclosure Document or Franchise Agreement.

### 1. GOVERNING LAW, CHOICE OF FORUM, JURISDICTION AND VENUE

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit PWFS from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

### 2. NOTICE OF TERMINATION AND NON-RENEWAL

With respect to franchises governed by Minnesota law, PWFS will comply with Minn. Stat. Sec. 80C14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

### 3. RIGHT TO USE TRADEMARKS, SERVICE MARKS TRADE NAMES, LOGOTYPES OR OTHER COMMERCIAL SYMBOLS

PWFS will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

### 4. WAIVING OF RIGHTS, POSTING BOND

Minnesota law prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties, or judgment notes. The franchisee cannot consent to PWFS obtaining injunctive relief, however, PWFS may seek injunctive relief. A court will determine if a bond is required. Any language to the contrary in the disclosure document or franchise agreement is null and void.

### 5. GENERAL RELEASE

Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. Any provision in the Franchise Agreement to the contrary is void.

### 6. STATUTE OF LIMITATIONS

Minn. Stat. Sec. 80C.17, Subd. 5 provides that an action may be commenced to enforce any provision of the Minnesota Franchise Act (Minn. Stat. Secs. 80C.01 to 80C.22, inclusive) or any rule or order thereunder within three years after the cause of action accrues. Any language to the contrary in the Franchise Disclosure Document or the Franchise Agreement is null and void.

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

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_  
Signature

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

Its: \_\_\_\_\_

## NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be 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 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for 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.

4. 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.

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

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

**NEW YORK ADDENDUM TO FRANCHISE AGREEMENT**

The following terms amend the Franchise Agreement to which this addendum is attached, for the purpose of complying with the New York General Business Law and the New York State Franchise Regulations, and are hereby incorporated into the Franchise Agreement by this reference. The terms in this addendum control in the event of conflicting terms in the Franchise Agreement.

1. Section 2.2(d) of the Franchise Agreement shall be amended by adding the following language:

“Provided, however, that all rights arising in Franchisee’s favor from the provisions of Article 33 of the General Business Laws of the State of New York (“GBL”) and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, sections 687.4 and 687.5 be satisfied.”

2. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

**The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.**

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_  
Signature

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

Its : \_\_\_\_\_

## **NORTH DAKOTA**

The following additional disclosures are required by the North Dakota Franchise Investment Law:

### **ITEM 5 INITIAL FEES**

The payment of initial franchise fees by you to us shall be deferred until all of our initial obligations to you under the Franchise Agreement have been fulfilled and you commence doing business.

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

Non-competition covenants such as the one mentioned in Item 17(r) are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.



**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

- 1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the North Dakota Franchise Investment Law.
- 2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.
- 3. Section 15.3 shall be amended by adding the following sentence:  

“Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota.”
- 4. Sections 16.4, 16.5, and 16.6 are deleted in their entirety.
- 5. The payment of initial franchise fees by you to us shall be deferred until all of our initial obligations to you under the Franchise Agreement have been fulfilled and you commence doing business.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
Signature

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **RHODE ISLAND**

The following additional disclosures are required by the Rhode Island Franchise Investment Protection Act:

The general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Rhode Island Franchise Investment Act.

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Disclosure Document, the Franchise Agreement, or any exhibits or attachments thereto, the terms of this Addendum shall control.

**RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT**

The following terms amend the Franchise Agreement to which this addendum is attached, for the purpose of complying with the Rhode Island Franchise Investment Act, and are hereby incorporated into the Franchise Agreement by this reference. The terms in this addendum shall control in the event of conflicting terms in the Franchise Agreement.

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Protection Act.
2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Protection Act.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_  
*Signature*

By: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

Its: \_\_\_\_\_

**FOR RESIDENTS OF THE STATE OF SOUTH DAKOTA**

The following additional disclosures are required by the South Dakota Franchise Act:

Covenants not to compete upon the termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act. Issues regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, all provisions of the franchise agreement will be subject to the governing law of the State of Ohio.

Pursuant to SDCL 37-5B, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchisor will defer collection of the initial franchise fee until such time as the franchise is operational.

**SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the South Dakota Franchise Act, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53:

- 1. Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.
- 2. In the event that either party shall make demand for arbitration, the arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.
- 3. The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of Ohio. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.
- 4. The Franchisor will defer collection of the initial franchise fee until such time as the franchise is operational.
- 5. To the extent this addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this addendum shall govern.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

\_\_\_\_\_

Signature

By: \_\_\_\_\_

\_\_\_\_\_

Signature

Its : \_\_\_\_\_

## **VIRGINIA**

THE FOLLOWING DISCLOSURES ARE REQUIRED UNDER THE VIRGINIA RETAIL FRANCHISING ACT, AND SHALL SUPERSEDE ANY INCONSISTENT DISCLOSURES CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT.

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

In addition to the other curable defaults listed in row (g) of the table in Item 17 of the franchise disclosure document, you also have 30 days to cure any failure to comply with the franchise agreement, Operations Manual, or operating standards.

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

Additional Disclosure: The following statements are added to Item 17.h. Pursuant to section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## WASHINGTON

The following additional disclosures are required by the Washington Franchise Investment Protection Act:

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.

Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

The parties hereby amend the following provisions of the Franchise Agreement to which this addendum is attached to comply with the Washington Franchise Investment Protection Act:

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.

Section 18.12(c) of the Franchise Agreement is revised to read as follows: FRANCHISEE ACKNOWLEDGES THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PRO FORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, SALESMEN, DIRECTORS, OFFICERS, OR EMPLOYEES, OR ANY OTHER SALESMEN OR OTHER PERSON OR ENTITY REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC PET WANTS FRANCHISE.



Exhibit D to the Franchise Agreement (General Release Language) is revised to state that the General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISEE(S):

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

FRANCHISOR:

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **WISCONSIN**

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements do not continue to meet our satisfaction.

## EXHIBIT P

### PET WANTS WINNER'S CIRCLE PROGRAM

#### Addendum to Franchise Agreement

This addendum is between PET WANTS FRANCHISE SYSTEM, LLC, an Ohio limited liability company ("Franchisor"), and the party or parties identified as "Franchisee" below.

#### PREAMBLE:

- A. Franchisor and Franchisee are parties to a "Franchise Agreement" under which Franchisor licensed Franchisee to operate a Pet Wants franchised business (the "Franchised Business") using Franchisor's trademarks and unique business format.
- B. The parties desire to modify the Franchise Agreement as provided in this addendum.

THEREFORE the parties hereby amend the Franchise Agreement as follows:

- 1. This addendum is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreement.
- 2. To make this addendum easier to read and understand, certain terms have been defined below and will be capitalized throughout the addendum. Capitalized terms that are not defined below may be defined in the section where they first appear. Capitalized terms used but not defined in this addendum are used as defined in the Franchise Agreement.
  - (a) The "Commencement Date" is the first day of the first month following the month in which Franchisee or its Designated Individual completes the initial training program described in section 7.1 of the Franchise Agreement.
  - (b) A "Year" is a one-year period beginning on the Commencement Date or the anniversary of the Commencement Date. The parties acknowledge that a "Year" as defined in this Addendum may not necessarily coincide with a calendar year. For example, a Year may be the period from April 1, 2021 through March 31, 2022, or from July 1, 2021 through June 30, 2022.
  - (c) The "Rebate Period" begins on the Commencement Date and ends on the day before the fifth anniversary of the Commencement Date.
- 3. As an incentive for Franchisee to fully develop the Franchised Business and the Territory, if Franchisee attains:
  - (a) at least \$600,000 of cumulative Gross Revenues during the two-Year period after the Commencement Date, then Franchisor will rebate to Franchisee \$10,000 of the Franchise Fee;
  - (b) at least \$990,000 of cumulative Gross Revenues during the three-Year period after the Commencement Date and qualified for a rebate under subparagraph 3(a), then Franchisor will rebate to Franchisee an additional \$10,000 of the Franchise Fee;
  - (c) at least \$1,620,000 of cumulative Gross Revenues during the four-Year period after the Commencement Date and qualified for a rebate under subparagraphs 3(a)-(b), then Franchisor will rebate to Franchisee an additional \$10,000 of the Franchise Fee; and
  - (d) at least \$2,355,000 of cumulative Gross Revenues during the five-Year period after the Commencement Date and qualified for a rebate under subparagraphs 3(a)-(c), then Franchisor will rebate

to Franchisee the remainder of the Franchise Fee paid by Franchisee.

If Franchisee does not have sufficient Gross Revenues to qualify for any one of the rebates in subparagraphs (a) – (c) above, then Franchisee will be ineligible for any additional rebates thereafter, regardless of Franchisee’s subsequent Gross Revenues. Rebates shall be paid within 90 days after the respective anniversary date of the Commencement Period regardless of when the Gross Revenue target was attained, provided that Franchisee is in full compliance with the Franchise Agreement.

4. Strict Compliance. To be eligible to receive any rebates under this addendum, Franchisee must (a) strictly and timely comply with all obligations under any agreement or instrument between Franchisee and Franchisor throughout the entire Rebate Period, including, by way of example, timely reporting Gross Revenues, timely paying all Royalties, National Branding Fees, Technology Fees, and other amounts due under the Franchise Agreement, (b) have attended all franchise system national conferences and regional conferences and required on-site training centers, and (c) execute a general release in a form prescribed by Franchisor prior to each rebate. If the Franchise Agreement is terminated for any reason prior to the end of its initial term, then Franchisee must return all rebates to Franchisor. If Franchisee commits any default of any agreement or instrument between Franchisee and Franchisor during the Rebate Period, then, in addition to all other remedies Franchisor may have under the Franchise Agreement, at law, or in equity, this addendum shall be irrevocably null and void.

5. To the extent that any provision of the Franchise Agreement is inconsistent with this addendum, the provision is hereby modified to the extent necessary to conform to the terms of this addendum. The parties hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum on the dates below.

PET WANTS FRANCHISE SYSTEM, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT Q**

**MULTIUNIT ADDENDUM TO FRANCHISE AGREEMENT<sup>1</sup>**  
Pet Wants Franchise Nos. \_\_\_\_\_

THIS IS AN ADDENDUM to those certain PET WANTS® Franchise Agreements designated Franchise Nos. \_\_\_\_\_ (the “Franchise Agreements”) entered into by and between Pet Wants Franchise System, LLC, an Ohio limited liability company (“Franchisor”), on the one hand, and \_\_\_\_\_ (collectively, “Franchisee”), on the other hand.

WHEREAS, Franchisor and Franchisee have concurrently herewith entered into certain franchise agreements designated Pet Wants Franchise No. \_\_\_\_ (Territory 1); Pet Wants Franchise No. \_\_\_\_ (Territory 2); and Pet Wants Franchise No. \_\_\_\_ (Territory 3);

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein provided, including, but not limited to, the Franchise Agreements, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Franchisee must open a retail Store: (a) in Territory 2 within 30 months of the Effective Date of Franchise Agreement 2; and (b) in Territory 3 within 48 months of the Effective Date of Franchise Agreement 3.
2. The Minimum Royalty for: (a) Territory 2 is \$350 per month for 30 months after the Minimum Royalty start date and \$1,000 a month thereafter; and (b) Territory 3 is \$350 per month for 48 months after the Minimum Royalty start date and \$1,000 a month thereafter.
3. The Minimum National Branding Contribution for: (a) Territory 2 is \$250 per month until the earlier of 30 months after the National Branding Fee start date or the first month after opening a retail Store in Territory 2, and \$350 a month thereafter; and (b) Territory 3 is \$250 per month until the earlier of 48 months after the National Branding Fee start date or the or the first month after opening a retail Store in Territory 3, and \$350 a month thereafter.
4. All conditions, provisions and terms in the Franchise Agreements not otherwise modified herein shall remain in full force and effect with the understanding that the terms in this Addendum supersede any conflicting terms in the Franchise Agreements. This Addendum and the Franchise Agreements and their ancillary exhibits constitute the entire agreement between the parties relating to its subject matter, and supersedes all prior agreements, proposals, representations and commitments, oral or otherwise.

Pet Wants Franchise System, LLC

Franchisee

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

<sup>1</sup> If you concurrently acquire multiple territories, we may, in our discretion, extend this multiunit opportunity to you.

**EXHIBIT R**

REMITTANCE FORM

PET WANTS FRANCHISE SYSTEM, LLC  
4755 Lake Forest Drive, Suite 100  
Cincinnati, Ohio 45242

Date: \_\_\_\_\_

Sir or Madam:

I am enclosing a form authorizing an ACH transfer in the amount of \$\_\_\_\_\_ as a payment to be applied toward the initial franchise fee for a PET WANTS pet food and supply delivery franchise. I understand and agree that you will reserve, for THIRTY DAYS after your receipt of my payment, all portions of the territory I have selected below not previously sold or otherwise reserved as of the date you receive my payment. I further understand and agree that this payment is fully-earned and non-refundable, in consideration of your removal of the territory from the market for thirty days and your lost or deferred opportunity to franchise it to others.

Please reserve the following territory for me: \_\_\_\_\_ [insert county or city]

I understand and agree, if not already completed, that the final boundaries of my territory will be determined within the next thirty days after your receipt of this Remittance Form accompanied by my payment, and that the final territory will be subject to availability as of the date you receive this payment. I agree that if I do not enter into a Franchise Agreement with you within thirty days after your receipt of the enclosed payment, you may keep my payment and sell the territory described above without further obligation to me. This Remittance Form constitutes the entire agreement between us relating to my payment, and supersedes all prior agreements and representations, oral or otherwise. This agreement is governed by the laws of the State of Ohio, without regard to its conflict of laws principles. The courts of Hamilton County, Ohio, have exclusive jurisdiction in any controversy relating to or arising out of this agreement. I understand and certify that no representations concerning the franchise we are acquiring have been made by Pet Wants Franchise System, LLC or any of its agents or representatives, other than those contained in its franchise disclosure document. In particular, no representations have been made to us concerning the financial prospects of the franchise we are acquiring. Nothing in this Remittance Form shall act as a release, estoppel, or waiver of any liability arising under any state franchise registration or disclosure law.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Item 23. RECEIPT

(Keep this copy for your records)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Pet Wants offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan, Oklahoma, or Rhode Island law, if applicable, Pet Wants must provide this disclosure document to you at your first personal meeting, if earlier. Under New York law, if applicable, Pet Wants must provide this disclosure document to you at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Pet Wants does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit J.

The name, principal business address, and telephone number of each Franchise Seller offering the franchise is:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

all at 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45242, (513) 999-9925.

The issuance date of this Franchise Disclosure Document is April 1, 2024.

We authorize the respective state officials listed on Exhibit J to receive service of process for us in each particular state. I have received a disclosure document dated April 1, 2024. This disclosure document included the following Exhibits:

- |  |  |
|--|--|
| A Franchise Agreement                      | J State Franchise Regulators                   |
| B Right of First Refusal                   | K Financial Statements                         |
| C Power of Attorney                        | L Franchisee List                              |
| D Personal Guaranty                        | M Franchisees Who Have Left the System         |
| E Nondisclosure & Noncompetition Agreement | N Table of Contents of Operations Manual       |
| F Form of General Release                  | O State-Specific Additional Disclosures/Riders |
| G Franchisee Acknowledgment Statement      | P Winners Circle Addendum                      |
| H Assignment Agreement                     | Q Multiunit Addendum                           |
| I Agents for Service of Process            | R Remittance Form                              |

\_\_\_\_\_  
Date Signature Print Name

\_\_\_\_\_  
Date Signature Print Name



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If Pet Wants does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit J.

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\_\_\_\_\_  
Date Signature Print Name

\_\_\_\_\_  
Date Signature Print Name