



PET DENTAL USA FRANCHISING, LLC
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The franchisee (which we refer to as a "Franchisee" or "you") will operate a veterinary clinic that will primarily engage in the business of providing affordable, quality, dental and wellness care for dogs and cats. As a Pet Dental USA franchisee, you will enter into a Franchise Agreement with us.

The estimated total investment necessary to begin operation of a Clinic is between **\$383,435-\$628,235**. This includes **\$28,000** that must be paid to Franchisor or its affiliates. You may but are not obligated to sign a Development Agreement ("Development Agreement") with us at the same time that you sign the franchise agreement. You will pay the Initial Franchise Fee for each location included with your Development Agreement at the time that you sign the Development Agreement. There is no minimum number of units that you are obligated to open pursuant to a Development Agreement. The estimated initial investment necessary in connection with your execution of a Development Agreement is **\$45,000-\$112,500**. This includes **\$45,000-\$112,500** that must be paid to Franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Redmon, 7595 South Thoroughbred Lane, Mayer, AZ 86333.

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

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

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

The issuance date: April 29, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

Business model can change. The franchise agreement may allow 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 Franchisor or a limited group of suppliers 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, Franchisor may have the right to compete with you in your territory.

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

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

Some States Require Registration

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

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 Exhibit G for 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 all disputes with Franchisor by mediation and/or litigation only in Arizona. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate in Arizona than in your own state.

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

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Exhibits

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| Exhibit B-Franchise Agreement | Exhibit H-List of State Administrators/Agents for
Service of Process |
| Exhibit C-Sample Release Agreement | Exhibit I-Clinic Management Agreement |
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Operating Manual | Exhibit J-Franchisee Disclosure Questionnaire |
| Exhibit E-List of Franchisees and Former
Franchisees | Exhibit K-State Effective Dates Page |
| Exhibit F-State Specific Addenda | Exhibit L-Receipt |

ITEM 1: FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" or "Pet Dental USA" means PET DENTAL USA FRANCHISING, LLC, an Arizona professional limited liability company, Franchisor. "You" or "Franchisee" means the person or legal entity that buys the franchise. If you are a corporation, partnership or limited liability company, certain provisions of this Disclosure Document also apply to your owners. To fully understand all of your rights, our rights, and our obligations to each other, you must still carefully review the actual agreements you will execute. These will control if there is any dispute between us.

Pet Dental USA and Predecessors

PET DENTAL USA FRANCHISING, LLC is an Arizona limited liability company formed on January 2, 2022. We do not do business under any name other than our corporate name and the name "Pet Dental USA." We began selling franchises in April 2022.

Our registered agents for service of process are listed in Exhibit H. We have offered franchises for businesses similar to the type offered in this Disclosure Document since April 2022. We do not have any predecessors that offered franchises. We have not offered franchises in any other line of business.

Our parent is Pet Dental USA Holdings, LLC, an Arizona limited liability company formed on August 2, 2021.

Our Affiliate Pet Dental USA, PLLC has operated a business similar to those being franchised under this Disclosure Document since 2014. Our principal place of business and corporate office is located at 7595 South Thoroughbred Lane, Mayer, AZ 86333.

The Business

We establish and license others the right to develop and operate veterinary businesses that are primarily engaged in the business of providing affordable, quality, dental and wellness care for dogs and cats. We or our affiliates operate three (3) company owned locations in Arizona.

Other than the franchise and veterinary dental activities described in this Item 1, we currently do not engage in any other lines of business.

The Franchise Offered

Franchise Agreement

Pursuant to this Disclosure Document, we offer you the opportunity to execute a Franchise Agreement, in the form attached as Exhibit B, which allows you to develop and operate a single veterinary Clinic that offers dental and wellness services to cats and dogs under certain trade names, trademarks, service marks and/or indicia of origin that we license you the right to use ("Marks"). Franchisees operate veterinary clinics providing affordable, quality dental and wellness care for dogs and cats according to a distinctive format, appearance, and operating procedures. We have described our mandatory and recommended standards and procedures in our Manual.

We offer franchises operated from a retail space or a professional office space that are referred to as "Clinics." Your business will be located at a site approved by us. You may not relocate your Clinic without

our consent, and you may only relocate to a new location approved by us. Clinics are most frequently located in approved retail or professional office space.

In states that do not require a Management Company System (as explained below), we will enter into the Franchise Agreement directly with the individual or entity that owns and operates the Clinic. We call this arrangement a "**Direct System**". There is no Management Company or PC in a Direct System.

Clinic Management Agreement- Management Company System

In some states, applicable law requires us to franchise to an entity that does not render veterinary medicine services. In such states, the franchisee will be a management company (a "**Management Company**") that in turn will render management services using the Marks and System to a licensed professional entity, such as a professional corporation or professional limited liability company that is authorized under state law to provide veterinary services (a "**PC**"). In this structure, the PC will render all veterinary medicine services associated with the Clinic and the Clinic will be managed by the Management Company that is owned by the Franchisee.

We will enter into our standard franchise agreement ("**Franchise Agreement**") with the Management Company and the Management Company will enter into a Clinic Management Agreement with the PC. We call this arrangement a "**Management Company System**". The PC with whom the Management Company contracts in a Management Company System may be establishing its own veterinary practice for the first time or may be converting an existing veterinary practice to a Clinic.

If you utilize the Management Company System, you will establish the location of the Clinic and will provide administrative and support services to the PC through the Management Company, in a manner consistent with our System and the Clinic Management Agreement. The Management Company will not render veterinary medicine services.

Subject to our review and final approval, and applicable law, you may negotiate with the PC and modify certain portions of the Clinic Management Agreement. You are solely responsible for ensuring that the Clinic Management Agreement, the Management Company, and the PC comply with all applicable laws at all times.

Development Agreement

We may also offer you a Development Agreement ("**Development Agreement**") (See Exhibit G), which grants you the right to open an agreed upon number of Clinics in a defined geographic area over an agreed upon period of time. If you sign a Development Agreement in addition to a Franchise Agreement, you will have the right, subject to certain conditions, to establish and operate the number of additional Clinics specified in the Development Agreement. We may grant you discounts on Initial Franchise Fees in conjunction with your execution of a Development Agreement. The Clinics included with a Development Agreement must be located within the geographic area agreed upon between us (the "**Development Area**"), the size of which will depend upon the number of additional Clinics you will open. There is no minimum number of units that you are obligated to open pursuant to a Development Agreement. You may be obligated to execute a franchise agreement that differs from the franchise agreement included with this Franchise Disclosure Document in connection with your execution of franchise agreements pursuant to a Development Agreement.

We provide Franchisee with the ability to build and operate multiple Clinics, leveraging individual economies of scale, expanding geographically, and sharing work across Clinics under our Development Agreement.

Our form of Franchise Agreement is attached as Exhibit B to this Disclosure Document. Our recommended Clinic Management Agreement is attached as Exhibit I to this Disclosure Document. Our form Development Agreement is attached as Exhibit G to this Disclosure Document.

Market and Competition

The market for your services will be the owners of cats and dogs (“**Clients**”). The market for veterinary services is developed and competitive. There are a number of local, regional, and national veterinary practices operating throughout the United States. Veterinary dentist specific businesses are less common but growing. Your competitive advantage in the marketplace will be based on your adherence to our processes, standards, and guidelines, as well as your entrepreneurial and managerial abilities and focus on building relationships with referral sources and others in your community, along with your ability to meet individual customer's needs for veterinary dental services. The ability of each Clinic to compete also depends on its location, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

Industry Specific Laws

In addition to laws and regulations that apply to businesses generally, Clinics are subject to federal, state and local laws and regulations relating to the provision of veterinarian services and the practice of veterinary medicine. Your ability to successfully and profitably operate the Clinic will depend, in part, upon your doing so in compliance with applicable laws and regulations, including veterinary practice specific laws and regulations. Non-compliance with such laws and regulations can have a material adverse effect on you and the Clinic. As of the date of this disclosure document, the following states have laws which regulate who may own a Clinic that practices veterinary medicine: Alabama, Arkansas, Idaho, Iowa, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, South Dakota, Tennessee, Texas, and Washington. State laws will change from time to time. Additionally, most states have laws that regulate who can hold an ownership interest in a professional entity. These statutory requirements can change as additional states may adopt laws regulating the practice of veterinary medicine and those states currently doing so may add to or change their existing laws.

If required by local law, you are responsible for ensuring that the PC meets all licensing, permitting, certification and/or other requirements with respect to the practice of veterinary medicine and that both the PC and the Management Company meet all other licensing, permitting, certification and/or other requirements with respect to operating a business in the locality in which you will practice. If the Clinic employs veterinary care providers other than veterinarians, you must ensure that the PC and those employees follow the laws relating to those providers' professions. Each state and many localities have their own licensing, permitting or certification schemes and so requirements may vary from Clinic to Clinic.

We have prepared a sample form of Clinic Management Agreement, which is attached as Exhibit I to this disclosure document. The sample form has been prepared with many states' veterinary medicine laws in mind. However, you should consult with your own advisors and the government agencies in your state and locality for information on how federal, state and local laws apply to you, the Management Company and the PC. You will be responsible for compliance with all laws that are applicable to the services being provided pursuant to the Clinic Management Agreement and to the Clinic and ensuring that the Management Company and PC are in compliance with all laws that are applicable to the services that each renders.

The regulation of veterinary medicine providers is ever-changing and there can be no guarantee that the regulatory environment in which the Clinic operates will not change significantly in the future, including to your detriment. There can also be no assurance that the Clinic will not become subject to additional laws or governmental regulations or interpretations of existing laws or regulations that will have, either individually or in the aggregate, an adverse effect on the Franchisee's business.

ITEM 2: BUSINESS EXPERIENCE

Jennifer Redmon, DVM. Dr. Redmon is the CEO and founder of Pet Dental USA, a position she has held since 2014. Dr. Redmon is also a veterinarian for Pet Dental USA in Prescott Valley, AZ and Scottsdale, AZ.

Brian Redmon. Mr. Redmon has been the Chief Operations Officer and Director of Human Resources and Technology for Pet Dental USA since February 2017. From July 2013 until February 2017, Mr. Redmon was the District Director of Human Resources for Macy's in Arizona, Nevada, and New Mexico.

ITEM 3: LITIGATION

No litigation information must be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Franchise Fee

The initial franchise fee is \$25,000 (the "**Initial Franchise Fee**"). The Initial Franchise Fee is payable to us in full on the date you sign the Franchise Agreement, unless you qualify for financing as described in more detail in Item 10 of this Disclosure Document. The Initial Franchise Fee will not be refundable under any circumstances and is deemed fully earned upon payment in consideration of administrative costs and other expenses incurred by us in granting the franchise to you and our lost opportunity to franchise others.

Development Agreement

Under a Development Agreement, the initial franchise fee for each Clinic you will develop is \$22,500. When you sign the Development Agreement, you must pay the Development Fee. The amount of the Development Fee is equal to the sum of the initial franchise fees due for the second the additional Clinics that you will be developing under the Development Agreement. You will pay the initial franchise fee of \$25,000 for your first Clinic when you sign the Franchise Agreement for the first Clinic.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	Five percent (5%) of Net Sales	Weekly	
Brand Fund Contribution	Not to exceed 3% of Net Sales, currently 1% of Net Sales	At the same time and in the same manner as Royalty Fees	We currently charge 1% of Net Sales for the Brand Fund Contribution but reserve the right to increase that amount to an amount not to exceed 3% of Net Sales.
Practice Management Software Fee	\$3,000 per year	Upon notice from us	We collect this fee and pay the practice management software company for all Pet Dental USA Clinics.
Local Marketing Expenditure Requirement	\$2,400 per calendar year	Expended per calendar year	Proof of such expenditures must be submitted to us on an annual basis
Clinic Upgrade Requirement	No more than \$5,000 every five (5) years	Every five (5) years	We may require you to spend no more than \$5,000 to upgrade your Clinic no more than once every five (5) years
Annual Franchise Meeting Fee	\$1,250 per person	6 months prior to the date of an annual franchise meeting	See Note 3. We may increase this fee upon written notice to you. We will collect this fee in the same manner as we collect Royalty Fees
New Clinic Manager Training	\$250 per day	As incurred	You must have an Operating Principal or manager at the Clinic that has completed our Initial Training Program. We may require you to send a new manager through the Initial Training Program.
Transfer Fee	\$7,500	At time of transfer	
Renewal Fee	\$7,500	90 days prior to the expiration of the Initial Term or a Renewal Term.	
Audit Fee	All costs and expenses associated with the audit	Upon receipt of invoice	
Interest on Late Payments	10% per annum (or the highest applicable rate allowed by law)	As incurred	Interest will accrue on a daily basis for late payments.
Operations Fee	Up to 10% of the Net Sales of your business during the period of time we or our representative manages your Clinic on	The Operations Fee will be due to us if (1) you are in default under your Franchise Agreement or become	Payable upon Demand

Type of Fee	Amount	Due Date	Remarks
	your behalf plus costs and expenses we incur.	disable (and unable to perform as the "Franchisee" under your Franchise Agreement), and (2) we exercise our right to temporarily operate your Clinic in an effort to assist in getting the operations of the Clinic back into compliance with the Franchise Agreement and System Standards	
Costs and Attorneys Fee	Our costs and attorney's fees in enforcing this Agreement	Upon invoice	
Indemnification	Our costs and expenses related to an indemnified claim		You must indemnify and reimburse us for our costs if we are sued or held liable in any case having to do with the operation of the business or your breach of the Franchise Agreement. See Note 4
Relocation Fee	\$2,500		You may not relocate the Clinic without our prior written consent which we may grant or deny in our discretion.

Notes

(1) Unless otherwise noted, all fees are uniformly imposed by and payable to us and are non-refundable.

(2) If you are operating under a Direct System or a Management Company System in which you and the PC do not share common ownership, the term "Net Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with our policies. If you are operating under a Management Company System in which you and the PC share common or identical ownership, "Net Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic which are received by the Management Company without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with our policies.

(3) We provide training to the Operating Principal, your lead veterinarian (if your Operating Principal is not a veterinarian), your administrative lead, and your lead technician at no charge before you open the Clinic. We do not cover any travel expenses or provide accommodations in connection with any training. We may charge additional fees to provide training to additional persons. You are responsible for all travel and living expenses that you or your personnel may incur in connection with initial, additional and refresher training.

(4) We reserve the right to hold meetings for all franchisees on a regional, national and/or international basis, which meetings will not occur more frequently than annually. We will determine the duration, curriculum and location of these meetings. We will choose the location for the franchisee meeting, which may be our headquarters, a conference center or a resort or hotel. We are not required to hold such meetings unless we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your managers, veterinarians and/or other personnel. We reserve the right to charge our then-current training fees for such meetings (currently \$1,250 per person per meeting), which we may increase upon written notice to you, whether you attend the franchise meeting or not. You will be responsible for paying for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals, and wages.

(5) You must fully protect, indemnify, and hold us and our affiliates and associates, licensors, officers, directors, owners, employees, agents, representatives and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of the Clinic (regardless of cause or any concurrent or contributing fault or negligence) or any breach by you or your failure to comply with the terms and conditions of the Franchise Agreement or Clinic Management Agreement.

(6) All transfers are subject to our prior consent. Franchisee must meet various conditions in order to obtain our consent.

(7) If we prevail in any action against you, or if any provision of the Franchise Agreement is enforced at any time by us, or if any amounts due from you to us are, at any time, collected by or through an attorney or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees.

ITEM 7: ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT**

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Franchise Fee (2)(3)	\$25,000	Lump sum	See Items 5 and 10	Franchisor
Grand Opening Plan	\$2,000	As incurred	As incurred	Third Parties
Initial Lease Deposits	\$8,000-\$10,000	Lump Sum	Upon Signing Lease	Landlord
Three months' rent	\$9,000-\$30,000	As arranged with Landlord	Monthly	Landlord
Utility Deposits	\$1,000-\$2,000	As arranged with utility providers	As arranged	Third Parties
Leasehold Improvements (4)(5)	\$165,000-\$330,000	As arranged with your contractor, architect, engineer, etc.	As Arranged	Third Parties
Equipment (6)	\$100,000-\$120,000	As Arranged	As Incurred	Third Parties
Clinic Hardware and Software (7)	\$12,535-\$16,735	As arranged	Upon invoice	Third Parties
Practice Management Software Fee (8)	\$3,000	Annually	Upon invoice	Franchisor
Initial Inventory of Medicine and Supplies	\$5,000	Lump Sum	Prior to Opening	Third Parties
Signage (9)	\$12,000-\$15,000	As Arranged	As Incurred	Third Parties
Required Insurance Policies (10)	\$5,500-\$7,000	As arranged	Upon Invoice	Your insurance company
Initial Training Expenses (11)	\$500-\$4,000	As Arranged	As Incurred	Third Parties
Professional Fees (12)	\$3,000-\$5,000	As Arranged	Before Opening	Your Attorney, Accountant, etc.
Federal and State Licensing Requirements (13)	\$1,900-\$3,500	Upon issuance	Before Opening	Local, State and Federal agencies
Additional Funds-three (3) months (14)	\$30,000-\$50,000	As Arranged	As Incurred	Vendors, Franchisor
TOTAL(15)	\$383,435-\$628,235			

Notes

- (1) Clinics are typically developed in leased locations, which is reflected in the investment figures used in this Item 7. If you plan to purchase a building or develop a free-standing location, the real estate, building and site improvement costs are likely to be significantly higher than what is included in this Item 7.
- (2) Costs and Fees paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Clinic is located.
- (3) We expect that you will lease the location for your Clinic. A typical Clinic will occupy approximately 2500 to 3500 square feet of office or retail space. Lease payments will vary considerably depending upon the property size, type of transaction and location. The low-end estimate above assumes that the initial lease deposit will be two (2) months of rent and the high-end estimate above assumes that the initial lease deposit will be three (3) months of rent. Lease agreements may also include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, and other charges related to the operation of the Clinic.
- (4) Build-out expenses can vary widely. In new office or retail space, you may expect to install carpet, paint, cabling, and limited interior walls. There may also be plumbing or electrical costs. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses, and other fees, which can vary dramatically depending on the location. The low-end estimate above assumes that the landlord covers the cost of most of the leasehold improvements.
- (5) You must purchase certain furniture and fixtures in order to operate your Clinic. The Clinic will require a reception area, televisions, desks, guest chairs and miscellaneous reception area and back-office furniture, which currently must be purchased from our required vendor.
- (6) This is an estimate of the cost of obtaining the veterinary equipment that is necessary to operate a Pet Dental USA Clinic. This estimate does not include ongoing maintenance, upgrades, service, and updates.
- (7) You must obtain certain hardware according to our Technology Specifications. The estimate above includes the cost of each of these items, in addition to monitors, laptop(s), operating software, Internet and other technology setup, and warranty plans for this equipment, as your estimated initial expense.
- (8) We will secure a license on your behalf and on behalf of all other Pet Dental USA Clinics to utilize our required practice management software. You will pay us this fee on an annual basis.
- (9) The type of signage to be installed at your Premises is governed by local ordinances and lease provisions regarding height and size restrictions. The types and amount of signage will vary based on the type of location, landlord requirements, and city/municipality requirements. The low-end estimate above assumes that you will have standard interior signage and that the landlord will cover the cost of any exterior signage. All signage must conform to the Pet Dental USA System specifications and must be submitted to us for approval prior to purchase and installation. You may be required to use our required vendor for signage.
- (10) The estimated amount above includes the initial cost of the professional insurance policies that you will need to obtain and maintain according to our standards and specifications. These policies are described in detail in Item 8 and in your Franchise Agreement.

(11) We do not charge you for the initial training program for up to two (2) people. In addition, you must pay the costs of transportation, lodging and food for your Operating Principal and other employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages. The low-end estimate assumes that you live near to our corporate headquarters and attend training by yourself. The high-end estimate assumes that you live remotely and that you will attend initial training with another individual. Generally, any individuals in addition to the first two will be trained remotely.

(12) These figures represent the estimated costs of engaging an attorney, CPA, or other business professionals to review this Disclosure Document and the accompanying agreements, to assist you in organizing a business entity and setting up your books, and to help you obtain required licenses and permits.

(13) You are responsible for obtaining certain licenses required by the federal government and state agencies in which you are located. This includes a DEA prescription license, a state veterinarian license, and other licenses related to your delivery of veterinary services at the Clinic.

(14) These figures are an estimate of your operating expenses for the initial three (3) months of business. They include payroll, rent, taxes, insurance, supplies, utilities, technology costs, licenses, and permits, bank charges and repair and maintenance expenses. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: the size of your Premises; your management skill, experience, and business acumen; financing costs; local economic conditions; the local market for veterinary dental services; the prevailing wage rate; competition; and the sales levels reached during the initial period.

(15) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We have prepared these estimates based on our years of experience in operating Pet Dental USA clinics in Arizona similar to those that are offered under this Disclosure Document. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your Clinic. You should not plan to draw income from the operation during the start-up and development stage of your Clinic, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Clinic (and which may extend for longer than the three (3) month "initial phase" described in Note 14). The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Clinic, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition.

**YOUR ESTIMATED INITIAL INVESTMENT
DEVELOPMENT AGREEMENT**

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Development Fee	\$45,000-\$112,500	Lump sum	See Items 5 and 10	Franchisor

Notes

(1) The amount of the Development Fee is calculated by multiplying the number of Clinics you agree to establish and operate in accordance with the development schedule by the applicable initial franchise fee

for each Clinic. The range of estimated Development Fee reflects your purchase of between two (2) and five (5) additional Clinics in the Development Area.

(2) You are not obligated to enter into a Development Agreement or pay us a Development Fee. The Development Fee is only paid if you agree to open additional Pet Dental USA Clinics.

(3) We will only enter into a Development Agreement with you if you also enter into a Franchise Agreement with us. The estimated initial investment associated with a Development Agreement is in addition to the estimated initial investment associated with a franchise agreement.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To protect the reputation and goodwill of the Pet Dental USA System, and to maintain standards of operation under the Marks, you must operate your Clinic in strict conformance with our methods, standards, and specifications which we prescribe in our Manual and various other confidential manuals and writings prepared for use by you in operating a Clinic (collectively, the "Manual"), which we may change at our sole discretion. When any provision in the Franchise Agreement requires that you comply with any standards, specifications, or requirements, unless otherwise indicated, such standards, specifications, or requirements shall be such as is set forth in the Franchise Agreement or the Manual.

Lease and Leasehold Improvements

We expect that you will lease the location for your Clinic. A typical Clinic will occupy approximately 2,500 to 3,500 square feet of office or retail space.

We must approve your location and lease terms before you sign a lease for a location. We will condition our approval of your lease upon, among other conditions, you, and your landlord's signing of our Collateral Assignment of Lease, where your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease, or your Franchise Agreement is terminated or expires.

You are not permitted to relocate your Clinic without our prior written consent. If, for any reason, you cannot continue to occupy the Premises during the term of your Franchise Agreement, you must notify us of your intention to relocate at least 90 days prior to closing operations at the existing Premises and be open for business at a new mutually agreed-upon location within 30 days of closing business at the existing Premises.

The Franchisee shall conform to our standards and specifications for appearance, layout, and design. You must also submit all preliminary and final plans and specifications to us for approval, and you may not make material modifications to the approved plans without our consent. You may not open your Clinic until construction of your Premises is completed in accordance with the approved site and building plans, and we have provided you with authorization to open.

Furniture, Fixtures, Equipment and Signage

You are required to purchase, install, and maintain all furnishings, fixtures, equipment, and signage as we deem necessary and appropriate for your Clinic, as specified in the Manual, which may include requirements that you purchase certain items only from designated suppliers, including us, our affiliates, and/or third parties. We may negotiate volume purchase agreements with some vendors for the purchase of equipment needed to operate your Clinic.

You must purchase all laboratory services, medical supplies, vaccines, parasite control products, and devices, equipment, inventory and all other items used in the Clinic from suppliers we have approved to ensure the quality and uniformity of products and services in the franchise system. All product specifications and lists of approved suppliers will be included in the Manual.

You are required to acquire and utilize the telephone system that we designate. The system currently must be purchased from and installed by our required vendor. You also must use designated fax lines (which may be Internet-based) in connection with the operation of your Clinic.

In addition to the telephone system, you must purchase additional products and services, which may include certain signs, electronic documentation services, furnishings, supplies, fixtures, computer hardware and software, technology services and other products and services from Pet Dental USA or designated or required vendors as we may specify in the Manual or otherwise in writing. We or our affiliates may be one of several or the only approved supplier of any item.

Currently, we are the sole approved supplier of practice management software programs that you will use. The fee for these programs will be paid to Franchisor who will in turn pay the licensor for such software products, as described in more detail in Item 6. Except for these proprietary software programs, neither we nor our affiliates are the approved supplier of any items.

Apart from such specified products and services, all other furnishings, fixtures, finishes, equipment, signage, and supplies for your Franchisee may be selected by you, and purchased from vendors you choose, so long as they are compatible with our established computer and other systems and meet our quality standards and minimum equipment specifications set forth in the Manual. Upon our request, you must promptly acquire, install, update, or replace any furnishings, equipment, including the telephone system or any computer hardware or software, designated by us for use pursuant to the Pet Dental USA System and the Technology Specifications.

In the event you wish to purchase any approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. If we incur any costs in connection with evaluating an unapproved item or supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will notify you of approval or disapproval within 15 business days of receiving all requested information, and failure to provide notice during this timeframe will be deemed a disapproval. We are not required to approve any particular supplier. We may revoke our approval of particular items or suppliers when we determine, at our sole discretion, that such items or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing items from such supplier. You must use items purchased from approved suppliers solely in connection with the operation of your Clinic and not for any competitive business purpose.

Insurance

You must maintain the types of insurance that you determine are necessary or appropriate for the operation of your Clinic, which shall include, at a minimum, insurance policies of the kinds and in the amounts required by us. The Franchise Agreement currently requires you to obtain and maintain in full force and effect: (a) a standard Business Owners Policy providing coverage for your place of business with liability limits of not less than \$1,000,000/\$1,000,000; (b) a Workers Compensation Policy with liability limits of not less than \$500,000/\$500,000; (c) an Employment Practices Liability Policy providing coverage for your entity with liability limits of not less than \$500,000/\$500,000; and (d) any other types of policies that we determine are necessary for the operation of a Clinic, as communicated in the Manual or otherwise in

writing. We do not designate the insurance carriers you must use for these purposes. You also must carry such insurance as may be required by your lease or by any of your lenders or equipment lessors. You must maintain these insurance levels throughout the term of your Franchise Agreement.

You must add us and our designees or assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by you. The types and amounts of insurance you are required to obtain and maintain may be modified by amendments to the Manual, or otherwise in writing by us. You must promptly provide us with all of your certificates of insurance, each of which must state that the policy will not be canceled or materially altered without at least 30 days' prior written notice to us. If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep the same in force and effect. You must pay us, on demand, the premium cost of this insurance, as well as administrative costs of 10% in connection with us obtaining the insurance.

Advertising

You may not use our trade name, trademarks, or other intellectual property in any advertising or promotional materials or literature without our prior consent. You must submit to us for approval samples of all advertising to be used by you which has not been prepared or previously approved by us. You may use only business stationery, business cards, printed materials or forms which have been approved in advance by us. You may not employ any person to act as your representative in connection with local promotion of your Clinic in any public media without our prior approval. At your expense, you must: (a) obtain listings of your Clinic in appropriate business directories and publications (both Internet and non-Internet based) and engage in appropriate Internet strategies designed to drive business to your Clinic, all as specified from time to time by us; and (b) obtain and maintain any special promotional materials of the kind and size as we may from time to time require for comparable Clinics.

From time to time, we may provide you with local advertising and marketing materials, including merchandising materials, sales aids, special promotions, and similar advertising, and we reserve the right to charge a reasonable price for providing these materials. You must participate in all cooperative advertising and/or marketing programs as are from time to time prescribed by us. The terms and conditions required for participation in any such programs will be as specified in the Manual or otherwise in writing.

Our approval of any advertising or promotional materials or programs may be withdrawn at any time, and you must immediately cease the use and display of any materials or programs for which our approval has been withdrawn.

Computer Hardware and Software

You must obtain and install computer hardware, required dedicated telephone lines, a high speed Internet connection, Wi-Fi routers, printers, and other computer-related accessories or peripheral equipment as we may specify in the Manual or otherwise in writing from time to time. You must utilize any software programs, system documentation manuals, and other technology as outlined in the Technology Specifications, and other proprietary materials provided by us in connection with the operation of your Clinic. You must input and maintain in your computer the software programs, data, and information as we prescribe. You shall have the sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with the operation of your Clinic; and (b) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. Upon our request, you must promptly acquire, install, update, or replace any computer hardware and software designated by us for use pursuant to the Pet Dental USA System or the Technology Specifications.

General

As we determine preferences and trends in the marketplace, or develop new marketing techniques, technologies, products, and services, we anticipate that we will formulate and modify our standards and specifications as we consider appropriate and useful, and notify you through amendments to the Manual, articles, newsletters, or other bulletins.

Except as specifically noted above, we and our Affiliates are not suppliers for any of the goods or services you must acquire. None of our officers currently own an interest in any other approved suppliers.

At the present time, we do not receive rebates or any material benefits from any supplier for the purchase of goods or services by you or other franchisees. You will not receive any material benefit from purchasing from approved or designated suppliers. There are currently no purchasing or distribution cooperatives.

During the fiscal year ended December 31, 2023, we derived \$0 from required franchisee purchases or leases, which represents 0% of our total revenues of \$33,393.94.

We estimate that the purchase of goods and services that are subject to our standards and specifications represents approximately 90% of all purchases and leases necessary to open your Clinic, and approximately 90% of your annual costs of goods and services necessary to operate your Clinic on an ongoing basis.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	5	6	Items 7 and 11
b.	Pre-opening purchases/leases	6.A		Items 7 and 8
c.	Site development and other pre-opening requirements	6.A	5	Items 7 and 11
d.	Initial and ongoing training	6.A, 6.B(5)		Items 6, 7 and 11
e.	Opening	5.D	6(a)	Items 7 and 11
f.	Fees	7.J	2, 3, 7	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	11	5	Items 8 and 11
h.	Trademarks and proprietary information	9	28	Items 13 and 14
i.	Restrictions on products/services offered	7.B(16)	N/A	Items 8 and 16
j.	Warranty and customer service requirements	7.B(7)	N/A	Item 11
k.	Territorial development and sales quotas		1(b), 7	Item 12
l.	Ongoing product/service purchases	7.B(13)		Items 8 and 16
m.	Maintenance, appearance, and remodeling requirements	7.B(2)	N/A	Item 11

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
n.	Insurance	15	26	Items 6, 7 and 8
o.	Advertising	10		Items 6, 8, and 11
p.	Indemnification	16	27	Item 6
q.	Owner's participation/ management/staffing	12.D		Items 11 and 15
r.	Records/reports	7.I		Item 6
s.	Inspections/audits	7.I(2)	N/A	Item 11
t.	Transfer	20.B(3)	12	Item 17
u.	Renewal	3.B	N/A	Item 17
v.	Post-termination obligations	21		Item 17
w.	Non-competition covenants	19.B	18(b)	Item 17
x.	Dispute Resolution	27	17	Item 17

ITEM 10: FINANCING

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

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

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

Our Obligations Prior to Opening

Before you open your Clinic, we will:

1. Provide you with information concerning site evaluation, as well as preliminary plans and layouts for your Clinic. (Franchise Agreement, Section 5.A). We will review your preliminary and final plans and specifications of your Clinic, and you may not move forward until you receive our approval. (Franchise Agreement, Section 6.A). We will review your lease for your Clinic Premises, and you may not sign the lease until you receive our approval. (Franchise Agreement, Section 6.A). You will acquire or lease your Premises from a third party. We will not own or lease the Premises to you.

2. Provide you with information concerning sources of signs, equipment, fixtures, furnishings, improvements and other products and services required for the buildout and operation of your Clinic. (Franchise Agreement, Section 6.A).

3. We will provide you with the initial training for your Operating Principal, your lead veterinarian (if your Operating Principal is not a veterinarian), your administrative lead, and your lead technician at no charge before you open the Clinic. (Franchise Agreement, Section 6.A).

4. Provide you with our pre-opening training program which currently includes on-site assistance prior to the opening of your Clinic. (Franchise Agreement, Section 6.A).

5. Provide you with access to the Manual, which describes our System and the mandatory and recommended standards and procedures for the operation of your Clinic. The Manual remains our property. We retain the right to change the Manual and the elements of the System at any time, and you agree to comply with such new or changed provisions. (Franchise Agreement, Section 11.A).

6. Provide you with specifications of all hardware and software programs that are required in the operation of your Clinic, including but not limited to the Technology Specifications, which may be updated or modified by us from time to time. Any proprietary programs shall remain our property and shall be on loan to you. (Franchise Agreement, Section 6.A).

7. Provide you with a webpage dedicated to your Clinic that you must use in conjunction with the operation of your Clinic. (Franchise Agreement, Section 6.A).

8. Provide you with express authorization to open your Clinic for operation. You must open your Clinic for operations no later than 12 months from the effective date of your Franchise Agreement. (Franchise Agreement, Section 6.A).

Selecting the Location for Your Clinic

We will provide you with information regarding our standards for site selection. We must approve the proposed site for your Clinic (Franchise Agreement, Section 6.A). We may approve or deny any proposed site at our sole discretion. You may execute the Franchise Agreement prior to selecting a site for your Clinic. If no site has been designated at the time you sign the Franchise Agreement, we will assign you a Site Selection Area from which you will identify and secure a Premises. Once you identify and secure a Premises, your rights in the Site Selection Area will terminate and your rights will be identified as your Protected Area.

Once you propose a site for the Premises, we will have 30 days to review it; we will notify you of approval or disapproval of the proposed site within the 30-day period. (Franchise Agreement, Section 5.A). We expect that you will lease the location for your Clinic. A typical Clinic will occupy approximately 2,500 to 3,500 square feet of office or retail space.

We do not select the site for your Clinic. You are responsible for selecting the site of your Clinic. If we offer assistance to you in this regard, you may not construe our assistance as a guarantee or other assurance that the site will necessarily be successful. Our acceptance of a site only indicates our willingness to be represented by you at that site. The factors we consider in approving Clinics include but are not limited to general location and neighborhood, traffic patterns, parking, retail nature of location, physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, competition from similar businesses in the area (including other Clinics), population, and market growth.

You must submit a copy of any proposed lease agreement, which must be approved by us. The lease must provide us with the right to enter the Premises to make any modification necessary to protect the Marks.

You must enter into a Collateral Assignment of Lease in a form substantially the same as that attached as Exhibit 3 to the Franchise Agreement. Under the Collateral Assignment of Lease, we will receive notice of your default of the lease, a right to cure such default, the right to assume the lease, and the right to sublease or assign the lease to another Pet Dental USA System franchisee. We will have the right to inspect the construction of the Premises at any reasonable time. You must correct, upon our request and at your own expense, any deviation from the approved site layout and plan and must furnish us with a copy of the certificate of completion from your architect that the Clinic was built in accordance with the approved final plans and specifications and in compliance with all applicable laws. You must then obtain our approval of

the completed construction prior to opening all or any part of the Clinic for operation. (Franchise Agreement, Section 6.A).

Time to Open Your Business

We estimate that it will take approximately 6-12 months from the date you signed your Franchise Agreement to open your Clinic. The factors that may affect this time period include your ability to obtain a lease or financing, building permits, zoning and local ordinances, weather, the time needed to secure carrier appointments, construction delays, delayed installation of equipment, fixtures and signs, or delays in the completion of your initial training. Your Franchisee must be opened to the public no later than 12 months after signing your Franchise Agreement. If you are unable to locate a site that we approve, or if the parties are unable to agree on a site within this timeframe, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Section 6.A).

Our Obligations After Opening

During the operation of your Clinic, we will:

1. To the extent we deem it appropriate, provide you with: (a) periodic assistance in local advertising and marketing; (b) periodic individual or group business consulting in the operation of a Clinic; (c) Advice and guidance with respect to new and improved methods of operation or business procedures developed by us, as well as use of the Manual, management materials, promotional materials, advertising formats, and the Marks; and (d) Periodic inspections of your Premises and the products and services you offer (Franchise Agreement, Section 6.B).
2. Provide you with the opportunity to participate in group purchasing programs for technology, software, equipment, supplies, and insurance that we may, from time to time, use, develop, sponsor, or provide. (Franchise Agreement, Section 6.B(4)).
3. Approve the Operating Principal that will work at your Clinic. (Franchise Agreement, Section 6.B(7)).
4. Provide technology and other services, to the extent we deem necessary at our sole discretion, with regard to scheduling, managing, and operating your Clinic on behalf of your clients. (Franchise Agreement, Section 6.A(4)).
5. If you elect to conduct opening advertising, work with you to determine an appropriate amount to spend. (Franchise Agreement, Section 10).

Advertising

We reserve the right to establish a national advertising and marketing fund (the "Brand Fund") for the common benefit of the System. If we establish a Brand Fund, you must participate in and contribute an amount we specify, which will not exceed 3% of your Clinic Share, on a monthly basis to the Brand Fund in the manner we prescribe. We have the right to use the Brand Fund contributions, at our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations that promote, in our sole judgment, the services offered by System Clinics. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, and newspaper advertising campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel

and other departmental costs for advertising that we internally administer or prepare. Nevertheless, not all System Clinics will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Brand Fund contributions will be used for advertising which is principally a solicitation for the sale of franchises, we reserve the right to use the Brand Fund for public relations or building recognition of the Pet Dental USA brand and to include a notation in any advertisement indicating "Franchises Available". (Franchise Agreement, Section 10.C).

We have the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We may use the Brand Fund to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives. We have the right to reimbursement from the Brand Fund contributions for reasonable costs and overhead as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for Franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. Our contribution to the Brand Fund for subsequent company-owned or affiliate-owned units will be equal to that provided for in our Franchise Disclosure Document in the year the Brand Fund is implemented. If the advertising contribution for the System decreases at any time, we have the right to reduce our contribution from company-owned and affiliate-owned units to the rate specified for franchised locations. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund contributions and expenditures within 120 days of the end of the fiscal year. Although we anticipate that all Brand Fund contributions will be spent in the fiscal year they accrue, if we do not spend all Brand Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year. (Franchise Agreement, Section 10.C).

There is currently no franchisee advisory council associated with the Brand Fund, but we reserve the right to form a franchisee advisory council. We have the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged. We are not required to spend any amount on advertising in your area. (Franchise Agreement, Section 10.C).

Additionally, we require you to spend \$2,400 per calendar year on local advertising (the "Local Advertising Requirement"). You must meet the Local Advertising Requirement as we prescribe in the Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number of and/or types of media advertisements. Your Local Advertising Requirement must be expended regardless of the amounts spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. (Franchise Agreement, Section 10.D).

You must use only advertising and promotional materials as have been previously approved by us. If we do not approve of your proposed advertising materials in writing within 30 days of receipt, the proposed advertising materials will be deemed rejected, unless we subsequently convey otherwise. (Franchise Agreement, Section 10.B).

We strongly recommend that you conduct an opening advertising program to promote the opening of your Clinic during the first 60 days following your soft opening. If you elect to do so, the amount of the opening advertising will be dependent on the unique circumstances of each Clinic, and we will work with you to determine an appropriate program during the time period following the execution of your Franchise Agreement and prior to your opening. All advertising must be approved by us in writing prior to publication. (Franchise Agreement, Section 10.E).

We will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Clinic. If a Cooperative is established applicable to your Clinic, you must participate in the Cooperative. Cooperative contributions will be credited towards the Local Advertising Requirement. Cooperative contributions will not exceed the maximum 3% Local Advertising Requirement unless a majority of the Cooperative votes to increase that requirement. (Franchise Agreement, Section 10.F).

Computer Equipment

You are required to purchase (or rent), license, install and maintain all required hardware and software from a required vendor as specified in the Technology Specifications, as well as any other computer hardware and software required by us from time to time. The computer system includes several required software programs and will be used for daily functions and operation of the Clinic, such as tracking and entering policies, generating reports, and analysis of financial information relating to the Clinic.

You may not sell, lease, or authorize the use of such programs and software to anyone else. You may not configure, program, or change any such programs or software. You can only access Owner Information through the specified programs via the Internet. You have the sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Clinic; and (b) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. You must indemnify and hold us and our affiliates harmless from claims arising out of or connected with an interruption in Internet services or from any unauthorized use of or access to Owner Information through the Internet.

You must have and maintain adequate hardware and software in order to access the Internet at the speed we require. You must maintain an email account that we designate, and we will have independent access to all emails and other information stored on your email account. You must also give us electronic access to any other information on your computer that we request. No contractual limitation exists on our right to access the information.

We and/or our affiliates are the lawful, rightful, and sole owner of the Internet domain name <https://petdentalusa.com> (the "Pet Dental USA Platform"), as well as any other Internet domain names registered by us, and you do not have any ownership interest in such domain names or any similar Internet domain names. The websites provide information and resources to current and prospective Pet Dental USA clients, including insurance quotes, online payment options, and a searchable database of Clinics. We shall have sole discretion and control over the Pet Dental USA Platform and any other websites we may in the future create (including timing, design, contents, and continuation). We shall have the right to modify our website requirements as we deem necessary or appropriate in the best interest of the Pet Dental USA System. We reserve the right to provide each Clinic with an individual website that they are required to exclusively use in the operation of their Clinic. The only URL that you are permitted to use on marketing materials for your Clinic is the URL provided and owned by us.

Except as approved in advance in writing by us, you may not establish or maintain a separate website, domain name, URL, splash page, profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Clinic, including any profile on Facebook, Instagram, Twitter, LinkedIn, YouTube, or any other social media and/or networking site. If such approval is granted by us, you must: (a) establish and operate such website or social media page in accordance with Pet Dental USA System standards and any other policies we designate in the Manual or

otherwise in writing from time to time; and (b) utilize any templates that we provide to you to create or modify such site(s).

You must comply with our standards and policies related to privacy and data security, which includes taking any actions that are necessary to ensure that your Clinic is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements.

You are required to participate in any System-wide computer network, intranet system or extra net system that we implement and may be required by us to use such area computer network, intranet system or extranet system to, among other things: (a) submit reports due under the Franchise Agreement to us online; (b) view and print portions of the Manual; (c) download approved local advertising materials; (d) communicate with us and other System franchisees; (e) complete any initial and ongoing training; and (f) view and retrieve standard business forms. You must use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements.

We estimate that the cost of complying with our current initial computer system requirements for a Clinic will be roughly \$15,535-\$19,735 which includes computer hardware, software, cabling, telephones, and installation costs.

Confidential Operating Manual

Attached as Exhibit D is a copy of the Table of Contents for our Confidential Operating Manual (the “Manual”), as of the date of this Disclosure Document. It indicates the number of pages devoted to each topic and the total number of pages in the Manual. Our Manual currently has 89 pages.

Training

We will provide initial training to your Operating Principal and up to one other employee. Such training is mandatory, and we will not authorize you to open your Clinic until the training has been successfully completed to our satisfaction. While we do not charge you for our initial training, you must pay the costs of wages, transportation, lodging and food for yourself and your employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages. The new hire set-up fee applicable to any additional trainees will be set forth in our Manual and is subject to change from time to time in our sole discretion.

Your initial training will be conducted by us or our designee at our corporate offices, your Premises, or another site we designate. We offer our training programs periodically during the year, on an as-needed basis, subject to the availability of our training instructors. Subsequent to your initial training, and prior to opening your Clinic to the public, we must certify you as meeting our qualifications for the operation of a Pet Dental USA Clinic.

Our founder, Jenni Redmon, DVM supervises the Pet Dental USA training program. She founded Pet Dental USA in 2014 and has been a veterinarian since 1992. Dr. Redmon may also enlist other staff or Pet Dental USA veterinarians and veterinary technicians to assist her with the initial training program. The instructional materials used will include, but not be limited to, our Pet Dental USA Training Manual. All initial training materials are proprietary and confidential in nature and may not be used for any purpose other than providing training.

The following chart summarizes, in general terms, the subjects taught during our mandatory initial training program and our mandatory Initial Training Program for all Clinics:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training on the job	Location
Facility Tour	0	0.5	Existing PDUSA Clinic in Arizona
Employee Manual	1.5	0	Existing PDUSA Clinic in Arizona
Job Descriptions	0.5	0	Existing PDUSA Clinic in Arizona
Training Manual by Position	1.5	0	Existing PDUSA Clinic in Arizona
Dental/Wellness Exams (pm)	0	12	Existing PDUSA Clinic in Arizona
Dental/Surgical Procedures (DC) (am)	0	15	Existing PDUSA Clinic in Arizona
Daily Review	0	2	Existing PDUSA Clinic in Arizona
TOTAL	3.5	29.5	

PRE-OPENING TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training on the job	Location
Equipment Checks and Testing	0	2	Your PDUSA Clinic
Medications and Logs Management	0	2	Your PDUSA Clinic
Clinic Paperwork	0	1	Your PDUSA Clinic
Staff Pet DEs and prepare for Dentals	0	3	Your PDUSA Clinic
Practice Dental Procedures	0	10	Your PDUSA Clinic
Client-owned Dental Exams	0	9	Your PDUSA Clinic
Perform Full Dental Cleaning	0	5	Your PDUSA Clinic
Daily Review	0	4	Your PDUSA Clinic
TOTAL	0	36	

Each Operating Principal is required to attend the minimum classroom training as discussed above. However, with regard to additional training, we try to allow each person to learn in a way that is most helpful to them. Therefore, we offer additional training in the following different formats: (a) classroom training; (b) web-based training and tutorials (which also includes an electronic version of our Manual);

and (c) pre-recorded actual training classes. You may be charged an additional training fee for each of these types of training, regardless of whether the additional training is required by us or requested by you.

After your Clinic opens, we have the right at any time to require that your Operating Principal and/or any of your other staff attend and complete, to our satisfaction, any and all additional training deemed necessary or appropriate by us at our sole discretion. Such training shall be conducted exclusively by us or our designee at our corporate office, your Clinic, or such other site designated by us. We may charge you a reasonable fee (currently \$250 per day per person) for such training sessions. In addition, you must pay the costs of wages, transportation, lodging and food for your Operating Principal and your staff during such additional training. We may also provide such additional training at your request, at our sole discretion and subject to the availability of our staff. We reserve the right to modify the elements of the initial training program and any additional training programs at our sole discretion.

We generally do not provide training that may be required to meet continuing education or licensing requirements even though this education is required by regulatory agencies. This training may be obtained from industry groups, professional providers or regulatory agency sponsored events. It is your sole responsibility to ensure that you meet any continuing education or licensing requirements.

ITEM 12: TERRITORY

Approved Location and Relocation

Under the Franchise Agreement, you may only operate your Clinic at a specific location which must be approved by us (the "**Premises**"). If you have not yet secured a site for your Clinic at the time you sign the Franchise Agreement, we will assign you a Site Selection Area in which you will be authorized to identify a Premises. Once you have identified a Premises in the Site Selection Area, your rights in the Site Selection Area will terminate and you will have rights only in a Protected Area that is defined by the Franchise Agreement.

You cannot relocate your Clinic without our prior written consent. If, for any reason, the term of your lease is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Premises, you must first obtain our consent and then relocate your Clinic to a mutually acceptable site to complete the unexpired portion of the term of the Franchise Agreement. You must notify us of your intention to relocate, procure a site acceptable to us at least 90 days prior to closing operations at your current Premises, and open for business at the new Premises within 30 days of closing business at your existing Premises. Our determination of whether to approve your new Premises will be based on our then-current site selection criteria, which includes general location and neighborhood, traffic patterns, parking, retail nature of location (preferably within strip malls or similar locations for Clinics), physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, and competition from similar businesses in the area.

You do not have the right to: (a) construct or operate any additional, expanded, or modified facilities on the Premises, nor any right to construct or operate the Clinic at any other location; (b) offer any product or service via e-commerce; (c) establish an independent website or URL incorporating the Marks or any variation of the Marks; or (d) distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

There are no restrictions on the areas in your state in which you may solicit or accept new customers, nor are other franchisees restricted from soliciting new customers in the area of your Clinic. Neither we nor other franchisees are required to compensate you for soliciting or accepting orders from new customers located within the area surrounding your Clinic.

Franchise Agreement

Provided that you are in compliance with the terms of your Franchise Agreement, we will not, once you execute a lease agreement for the Premises of your Clinic, operate, or allow another person to operate a Clinic will generally include a two and one half (2 1/2) mile radius from the front door of your Clinic but may be extended in certain rural areas (“**Protected Area**”).

We may establish other franchised or company-owned Clinics that may compete with your Clinic using our trademarks or different trademarks at any location outside your Protected Area.

No Exclusive Territory-Development Agreement-Exclusive Territory Subject to Development Schedule

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

Existing franchisees signing the Development Agreement will acquire the right to open additional Clinics in a defined geographic area subject to an agreed upon development schedule. Your failure to satisfy the Development Schedule will be grounds for termination of the Development Agreement.

Except as provided in a Development Agreement, you do not have the right to acquire additional Clinics, although you may apply for the right to operate additional Clinics under separate Franchise Agreements.

Reservation of Rights

We and our affiliates reserve the right, in our sole discretion, to: (a) use the Marks and Pet Dental USA System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution (including the Internet), without regard to location; (b) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by a Clinic; and (c) use the Marks and Pet Dental USA System, and license others to use the Marks and Pet Dental USA System to engage in any other activities not expressly prohibited in the Franchise Agreement. Nothing in the Franchise Agreement provides you with the right to conduct in any of the above listed activities or share in the revenue generated by any of these activities.

ITEM 13: TRADEMARKS

We grant you the right to operate your Clinic under the name "Pet Dental USA" and to use our current or future common law or registered trademarks in the operation of your Clinic (provided they are used as approved by us and in accordance with our specifications). By trademarks, we mean trade names, trademarks, service marks and logos used to identify your Clinic or the services you provide. You may not use any other name or trademark in conducting your Clinic.

The following trademark is registered and owned by Pet Dental USA with the United States Patent and Trademark Office ("USPTO") on the Principal Register for Veterinary Dental Services:

Trademark	Registration No.	Registration Date
	5363448	October 10, 2017

We have filed all required affidavits in connection with the trademark registrations described above. You must follow our rules when you use these trademarks. You cannot use the Marks (or any marks, names or indicia which are or may be confusingly similar to the trademarks) as part of your corporate, limited liability company, partnership, or other business entity name. You may not use the trademarks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court relating to the trademarks. There are no known pending infringement, opposition, or cancellation proceedings or material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our right to use or license the use of the trademarks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the trademarks in any state.

We have the right to control any litigation or administrative proceeding regarding the Marks. You are required to promptly notify us of any claim, demand, or cause of action that we may have based upon or arising from any unauthorized attempt by any person or legal entity to use our trademarks or any variation of our trademarks. You are required to assist us, upon our request and at our expense, in taking such action, if any, as we may deem appropriate to stop such activities, but you may not take any action or incur any expenses on our behalf without our consent. We will take any action we think is appropriate but are not required to do so. If we undertake the defense or prosecution of any litigation relating to our trademarks, you must fully cooperate with us to carry out such defense or prosecution. If we, at our sole discretion, determine that you have used our Marks in accordance with your Franchise Agreement, we shall bear the cost of such defense, including the cost of any judgment or settlement. If we, at our sole discretion, determine that you have not used our Marks in accordance with your Franchise Agreement, you shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of our Marks, you shall execute any and all documents and do such acts as we deem necessary.

You may not directly or indirectly contest the validity, or our ownership, of the trademarks. Without our written consent, you are not permitted to cause or allow any of our trademarks, or any words, slogans, symbols, logos, designs or terms confusingly similar to our trademarks, to be used or displayed in whole or part: (a) as, or as a part of, an Internet domain name; (b) on or in connection with Facebook, Instagram, Twitter or any other social media platform; or (c) on or in connection with any Internet home page, website, bulletin board, newsgroup, chat group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without our prior written consent. All of your Clinic conducted via the Internet must be done only through our website at the URL we designate.

We have the right, at our sole discretion, to designate one or more new, modified or replacement trademarks for the System, and may require you to use such new, modified or replacement trademarks in addition to or

in lieu of the trademarks listed above in this Item 13. All costs and expenses associated with your use of any such new, modified or replacement trademarks will be your sole responsibility. You must discontinue using all marks which we have notified you, in writing, have been modified or discontinued, within 10 days of receiving written notice, and you must promptly begin using the additional, modified, or substituted marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents which are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System, including our onboarding process and the Manual, as described below.

We also possess certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Clinic (the "Confidential Information"). Our Confidential Information also includes: (a) site selection criteria and plans and specifications for the development of Clinics; (b) sales, marketing and advertising programs and techniques; (c) information about suppliers, and knowledge of specifications and pricing for authorized products, supplies and equipment; (d) methods of management; (e) Technology Specifications and other information regarding computer systems and software programs, including the Technology System; (f) the Manual; (g) lists of Owner Information and prospects; and (h) all other Owner Information records, documents and information.

You must operate your Clinic in accordance with our standards, specifications, policies, and procedures as set forth in the Manual or otherwise communicated to you. You must treat the information contained in the Manual and any other manuals or supplemental material supplied by us as Confidential Information. The Manual is copyrighted proprietary material, and you may not duplicate, copy, disclose or disseminate the contents of the Manual without our prior written consent. We have the right to modify or supplement the Manual upon notice or delivery to you, and you must promptly comply with all such changed requirements. There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, you must notify us of such unauthorized use.

You may not divulge or use any of our Confidential Information during or after the term of the Franchise Agreement, except as expressly permitted by the terms of the Franchise Agreement in connection with the operation of your Clinic. Confidential Information made available to you may not be divulged to any person other than your employees or advisors who reasonably need access to such information for purposes of fulfilling their employment or contractual responsibilities. All employees to whom the information, or any of it, is made available shall be informed of this obligation and must sign a written confidentiality agreement (on our standard form, which is included in the Manual). If you are a corporation, limited liability company, partnership, or other business entity, we will require your shareholders, members, partners, or other equity owners to sign an agreement which binds them to the confidentiality provisions of the Franchise Agreement. We are not required by any agreement to protect or defend copyrights or Confidential Information, although we intend to do so as appropriate.

The Franchise Agreement provides that if you, your employees, or principals, develop any new concept, process or improvement in the operation or promotion of the Clinic, you must promptly notify us, and provide us with all of the information necessary to implement the improvement, without any compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals and agents must assign to us any rights you may have or acquire, including the right to

modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral rights. You and your principals and agents must agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries, and further agree to execute and provide us with all necessary documentations for obtaining and enforcing such rights. You and your principals and agents must designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that this framework is found to be invalid or otherwise unenforceable, you and your principals and agents must grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would directly or indirectly infringe your rights.

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

In the event you are a corporation, limited liability company, partnership, or other business entity, the "Operating Principal" identified in your Franchise Agreement must at all times have the right to control the operations of your Clinic. However, you may designate another individual other than the Operating Principal to be your "Primary Contact" who will be our primary point of contact for any business matters relating to the Clinic. The Primary Contact has the authority to make all business decisions on behalf of Franchisee.

In addition, the person you identify as the "Operating Principal" in your Franchise Agreement (who is also referred to as the "Operating Principal" in this Disclosure Document) shall be an individual you appoint, who: (a) successfully completes all of the required training; and (b) is approved in writing by us. An Operating Principal must have an ownership interest in the Franchisee. In the event that an Operating Principal resigns or is otherwise terminated from your Clinic, you shall hire a replacement approved by us in writing who meets our then-current standards for Operating Principals within 30 days after termination or resignation of the prior Operating Principal. We reserve the right, without the obligation, to train the new Operating Principal directly.

The Operating Principal will be required to execute an Agreement to Be Bound and to Guarantee (the "Guaranty") attached as Exhibit 5 to the Franchise Agreement. Under no circumstances may any of your Franchisee's business be conducted unless it is under the supervision of an approved Operating Principal.

In the event you are a corporation, limited liability company, partnership or other business entity, each individual who owns an equity interest in your entity, as well as such individual's spouse, must sign a Guaranty, under which they each assume and agree to perform all of your obligations under the Franchise Agreement. A copy of the Guaranty is attached as Exhibit 5 to the Franchise Agreement.

You must also comply with all other staffing requirements set forth in the Manual.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchisor requires that Franchisees offer and sell veterinary dental and related services only, including at minimum, all services and products designated in the Manual. This mandate shall not be construed as permitting us to make or influence decisions relating to diagnosis or treatment of Clinic patients, which are matters reserved exclusively for the discretion and judgment of the PC. It is important that the system maintains uniformity. This benefits all of our franchisees. For example, we may require you to participate in incentive programs that we develop and promote through our Website. We may also add new services

or products that you may be required to offer, or otherwise change the services or products that you are required to offer. There are no limitations on our right to make additions or changes to the system.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.A	Begins on the date the Franchise Agreement is signed and ends ten (10) years after you open the Clinic.
b. Renewal or extension of the term	3.B	If you are in good standing, you can renew for additional consecutive 5 year terms.
c. Requirements for franchisee to renew or extend	3.B	Franchisee shall exercise the option to seek renewal by giving Pet Dental USA written Notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Initial Term or applicable Renewal Term. In the event Franchisee exercises the option to renew, then at least thirty (30) days prior to the expiration of the Initial Term and each Renewal Term, as applicable, Franchisee shall comply with Pet Dental USA's then-current terms and conditions for granting renewal franchises, which shall include, but is not limited to: (i) execution of Pet Dental USA's then-current form of franchise agreement, the terms of which may materially differ from this Agreement (without the requirement for the payment of an additional Initial Franchise Fee), (ii) execution of a general release, in a form satisfactory to Pet Dental USA, of any and all claims against Pet Dental USA and its Affiliates and their officers, directors, attorneys, shareholders and employees; (iii) Franchisee must not be in default of any provision of this Agreement, including provisions governing monetary obligations; (iv) Clinic demonstrates a right to operate the Clinic at the Premises for the duration of the Renewal Term; (v) Franchisee must refurbish the Clinic to conform to Pet Dental USA's then-current Clinic Specifications and Technology Specifications within the timeframes prescribed by Pet Dental USA;

Provision	Section in Franchise Agreement	Summary
		and (vi) Franchisee may pay Franchisor a Renewal Fee.
d. Termination by franchisee	N/A	Franchisee may not terminate the franchise agreement (subject to applicable state law).
e. Termination by franchisor without cause	N/A	Not applicable
f. Termination by franchisor with cause	20	We can only terminate the Franchise Agreement if you are in default of the Franchise Agreement.
g. "Cause" defined—curable defaults	20.B	<p>Except for those items listed in Sections 20.A or 20.B(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us.</p> <p>If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate the Franchise Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.</p>
h. "Cause" defined — non-curable defaults	20.A	<p>you do not open your Clinic within the time period prescribed in Section 5.D;</p> <p>you abandon or fail actively to operate your Clinic for a period of three (3) or more consecutive days, unless you close your Clinic for a purpose we approve in writing or because of Force Majeure, as defined in Section 25.C;</p> <p>you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Clinic is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Clinic is not vacated within 30</p>

Provision	Section in Franchise Agreement	Summary
		<p>days following the order's entry;</p> <p>there is a material breach by you of any covenant or obligation set forth in Section 12;</p> <p>any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.</p> <p>we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you.</p> <p>you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us.</p> <p>if an incident occurs at your Clinic that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee.</p> <p>we make a reasonable determination that continued operation of your Clinic by you will result in an imminent danger to public health or safety.</p> <p>you lose the right to occupy the Premises.</p> <p>you, the Operating Principal, or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System.</p> <p>you, or your Operating Principal, and/or any management personnel of your Clinic do not satisfactorily complete the initial training program.</p> <p>your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist</p>

Provision	Section in Franchise Agreement	Summary
		<p>activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Clinic; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Clinic; or (d) fail to pay when due any taxes or assessments relating to your Clinic or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;</p> <p>you interfere with our relations with other franchisees and third parties and/or negatively impact our ability to operate and/or grant franchises under our System.</p> <p>you materially breach any representation or warranty set forth in Section 29 of the Franchise Agreement.</p> <p>You fail to maintain all insurance policies required by Section 15 of the Franchise Agreement and/or you allow or communicate your intent to allow any policy of insurance required by the Franchise Agreement to expire, lapse, cancel or terminate.</p> <p>If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.</p>

Provision	Section in Franchise Agreement	Summary
<p>i. Franchisee’s obligations on termination/ nonrenewal</p>	<p>21</p>	<p>The rights granted to you in the Protected Area will terminate, and we will have the right to operate, or license others to operate, Clinics anywhere in the Protected Area.</p> <p>You and your owners must continue to abide by the covenants in Section 19;</p> <p>Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us and our affiliates all sums due and owing to us and our affiliates.</p> <p>You must discontinue all use of the Marks in connection with your Clinic and of any and all items bearing the Marks; remove the Marks from your Clinic and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Clinic; cancel all advertising for your Clinic that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your Clinic that contain any Marks. You must comply with Section 21 before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders.</p> <p>You must cease using any of our Confidential Information (including the Technology Systems or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Technology Systems, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;</p> <p>Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Clinic that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter</p>

Provision	Section in Franchise Agreement	Summary
		<p>the Premises and remove these items from Clinic.</p> <p>You agree to promptly notify social media platforms, and internet service providers of the termination or expiration of your right to use any URLs and domain names, or other numbers, names associated with any Mark; to authorize the transfer of these listings to us or to a third party, at our direction; and/or to instruct the domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to names, numbers or addresses we specify; and</p> <p>If we do not have or do not exercise an option to purchase the Assets of Franchisee under Section 22, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish your Clinic clearly from its former appearance and from other Clinics in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.</p>
j. Assignment of contract by franchisor	13	There are no restrictions on our right to assign our rights under the Franchise Agreement or Development Agreement.
k. “Transfer” by franchisee— definition	14.A	Any attempt by franchisee or its owners to sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, the Franchise Agreement, the Franchise, the Clinic, the Assets of your Clinic, the Premises, the Lease, or any other assets pertaining to operations under the Franchise Agreement
l. Franchisor’s approval of transfer by franchisee	14.A	Transfers require our prior written consent.
m. Conditions for franchisor’s approval of transfer	14.B	You must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates; you must advise us in writing of any proposed Transfer; you must pay a Transfer Fee; the proposed transferee must meet our then-current standards for new

Provision	Section in Franchise Agreement	Summary
		<p>franchisees and has sufficient business experience, aptitude, and financial resources to operate your Clinic; you must have paid all amounts owed to us, our affiliates, and third party vendors and suppliers; neither the proposed transferee nor its owners or affiliates may have an ownership interest (direct or indirect) in or perform services for a Competing Business; the proposed transferee (or its Operating Principal) must satisfactorily complete our initial training program (and any other required training programs we require); the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises; you have corrected any existing deficiencies of your Clinic of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your Clinic in accordance with our then current requirements and specifications for Clinics within the time period we specify following the effective date of the Transfer; if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Clinic are subordinate to the transferee's obligation to pay Royalties, Brand Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with the Franchise Agreement; you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, and agents; and you must modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer; you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to the Franchise Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of the</p>

Provision	Section in Franchise Agreement	Summary
		Franchise Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete Exhibit 4 as required by Section 12.B. and all individuals who hold or will hold an ownership interest in Franchisee of more than 5% must sign the guaranty attached as Exhibit 5; the proposed transferee must sign our then-current license agreements or service agreements related to the Technology Systems; you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer; if the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.
n. Franchisor's right of first refusal to acquire franchisee's business	14.G	We have the right to match any offer for your Clinic.
o. Franchisor's option to purchase franchisee's business	22	Upon expiration or termination of your Franchise Agreement, we have the option to purchase some or all of your equipment, furnishings, and fixtures. The purchase price for signs and equipment shall equal their net book value (cost, less depreciation) or fair market value, whichever is lower, the purchase price for useable inventory shall equal to its invoiced cost to Franchisee, and the purchase price for the Premises shall be fair market value. Fair market value is determined by 2 appraisers, with each party selecting 1 appraiser, and the average of their determinations constituting the binding market value.
p. Death or disability of franchisee	14.D	Same requirements for a Transfer in "m" above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner, or shareholder's) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition	19.B	Neither you nor your owners may own,

Provision	Section in Franchise Agreement	Summary
covenants during the term of the franchise		maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any retail establishment providing skincare services (including facials) at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks, no diversion of any present or prospective customer of ours to a competitor, no solicitation of ours or any of our Affiliate's management employees.
r. Non-competition covenants after the franchise are terminated or expires	19.B	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any retail establishment providing veterinary services that focus primarily on pet dental and wellness care at your former Clinic location, or within a five-mile radius of your former Clinic location, or within a five-mile radius of any other Clinic location for a period of two years following expiration, termination or transfer (subject to applicable state law).
s. Modification of the agreement	26	Must be in writing and signed by all parties.
t. Integration/merger clause	26	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to federal and state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representation made in the Franchise Disclosure Document, its exhibits, and amendments.
u. Dispute resolution by arbitration or mediation	27	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information (subject to applicable state law).

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	27.C	The forum for any dispute between us will be the state and federal courts located in Maricopa County, Arizona.
w. Choice of law	27.B	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Arizona law (without giving effect to any conflict of law) except that (1) your covenants not to complete will be interpreted and construed under the law in which your Clinic is located, and (2) any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

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

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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 only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

STATEMENT OF REVENUE, COST OF GOODS SOLD, EXPENSES, AND NET INCOME FOR THREE (3) AFFILIATE OWNED PET DENTAL USA CLINICS OPERATING IN ARIZONA FROM 2021-2023

Peoria, Arizona Clinic

	2023	2022	2021
REVENUE			
Veterinary Services & Sales	\$1,624,251	\$1,335,363	\$1,545,680
Discounts & Refunds Given	(\$962)	(\$1,485)	(\$237)
Sales Tax Payments	(\$1,912)	(\$2,057)	(\$1,941)
TOTAL REVENUE	\$1,621,377	\$1,331,821	\$1,543,502
COST OF GOODS SOLD			
Ancillary services expense	\$456	\$712	\$674
Laboratory expense	\$66,233	\$14,087	\$74,525
Supplies - Medical and resale	\$91,708	\$87,322	\$112,982
Total Cost of Goods Sold	\$158,397	\$102,121	\$188,181
GROSS PROFIT	\$1,462,979	\$1,229,699	\$1,355,321
EXPENSES			
Advertising	\$25,346	\$12,257	\$6,695
Bank charges and processing fees	\$37,794	\$37,176	\$32,996
Cash Short (Over)	\$0	\$0	\$0
Dues and subscriptions	\$7,455	\$8,886	\$8,155
Insurance - Professional liability	\$3,658	\$3,916	\$5,400
Licenses and permits	\$3,048	\$164	\$4,537
Meals and Entertainment	\$13,740	\$15,975	\$9,930
Mileage expense	\$7,037	\$28,158	\$39,101
Office Expense and Postage	\$20,806	\$21,617	\$16,290
Professional services	\$10,099	\$16,605	\$8,573
Telephone and internet	\$9,605	\$7,962	\$9,684
Travel	\$106	\$827	\$0

	2023	2022	2021
Uniforms	\$2,253	\$2,749	\$4,289
Utilities	\$7,111	\$6,982	\$7,577
Associate compensation	\$396,496	\$279,060	\$293,804
Casual Labor	\$0	\$324	\$360
Insurance-Dental/Vision	\$1,099	\$926	\$1,322
Insurance - Expense	\$54,184	\$39,471	\$37,216
Life Insurance - Expense	\$319	\$1,084	\$366
Payroll taxes	\$67,417	\$56,471	\$52,121
CE Meals and Entertainment	\$734	\$222	\$29
CE Registration	\$15,205	\$2,158	\$1,181
CE Travel and Lodging	\$1,873	\$1,530	\$2,942
Staff compensation	\$332,430	\$227,635	\$334,971
Staff compensation / Severance	\$0	\$0	\$31,430
Workers Compensation	\$933	\$2,407	\$7,047
Facility and Equipment Rent	\$81,400	\$58,200	\$69,600
Repairs and maintenance	\$6,315	\$5,303	\$996
Small tools and equipment	\$3,257	\$4,768	\$5,386
Company Contributions	\$0	\$0	\$0
Company Retirement Contributions	\$24,071	\$17,283	\$17,992
Taxes on Company Contributions	\$0	\$0	\$0
Reimbursements	\$0	\$0	\$0
Imputed Royalties	\$81,069	\$66,591	\$77,175
Imputed Brand Fund Contributions	\$16,214	\$13,318	\$15,435
Total Expenses	\$1,231,074	\$940,026	\$1,102,601
Net Income	\$231,905	\$289,674	\$252,721

Prescott Valley, Arizona Clinic

	2023	2022	2021
REVENUE			
Veterinary Services & Sales	\$738,131	\$697,186	\$684,869
Discounts & Refunds Given	(\$2,944)	(\$4,456)	(\$18)
Sales Tax Payments	(\$1,235)	(\$1,493)	(\$1,378)
TOTAL REVENUE	\$733,952	\$691,238	\$683,473

	2023	2022	2021
COST OF GOODS SOLD			
Ancillary services expense	\$194	\$0	\$247
Laboratory expense	\$48,225	\$36,711	\$35,741
Supplies - Medical and resale	\$60,328	\$60,817	\$66,545
Total Cost of Goods Sold	\$108,746	\$97,528	\$102,533
GROSS PROFIT	\$625,206	\$593,709	\$580,940
EXPENSES			
Advertising	\$26,332	\$11,080	\$3,125
Bank charges and processing fees	\$18,312	\$25,175	\$17,595
Cash Short (Over)	\$0	\$0	\$0
Dues and subscriptions	\$7,799	\$9,836	\$6,249
Insurance - Professional liability	\$3,444	\$4,549	\$4,143
Licenses and permits	\$316	\$1,158	\$1,890
Staff meals	\$3,594	\$3,778	\$4,246
Mileage expense	\$7,037	\$7,547	\$13,265
Office Expense and Postage	\$13,218	\$10,203	\$6,056
Professional services	\$9,575	\$2,956	\$7,868
Telephone and internet	\$7,284	\$7,091	\$5,739
Uniforms	\$1,571	\$1,736	\$764
Utilities	\$4,278	\$4,170	\$3,510
Associate compensation	\$140,730	\$89,095	\$124,393
Casual Labor	\$0	\$0	\$50
Insurance-Dental/Vision	\$0	\$108	\$449
Insurance - Expense	\$3,565	\$3,800	\$3,544
Life Insurance - Expense	\$253	\$217	\$216
Payroll taxes	\$23,929	\$26,993	\$25,683
CE Meals and Entertainment	\$416	\$236	\$29
CE Registration	\$5,688	\$2,703	\$2,690
CE Travel and Lodging	\$97	\$1,844	\$1,542
Staff compensation	\$210,798	\$170,331	\$200,622
Workers Compensation	\$933	\$1,281	\$5,528
Facility and Equipment Rent	\$38,840	\$38,805	\$35,645
Repairs and maintenance	\$6,669	\$8,356	\$2,155
Small tools and equipment	\$3,148	\$7,389	\$1,991
Company Contributions	\$0	\$0	\$0

	2023	2022	2021
Company Retirement Contributions	\$13,604	\$9,774	\$13,873
Taxes on Company Contributions	\$0	\$0	\$0
Reimbursements	\$0	\$0	\$0
Imputed Royalties	\$36,698	\$34,562	\$34,174
Imputed Brand Fund Contributions	\$7,340	\$6,912	\$6,835
Total Expenses	\$595,467	\$491,688	\$533,869
Net Income	\$29,739	\$102,021	\$47,072

Scottsdale, Arizona Clinic

	2023	2022
REVENUE		
Veterinary Services & Sales	\$1,347,786	\$908,358
Discounts & Refunds Given	(\$1,353)	(\$1,084)
Sales Tax Payments	(\$1,146)	(\$930)
TOTAL REVENUE	\$1,345,287	\$906,344
COST OF GOODS SOLD		
Ancillary services expense	\$325	\$131
Laboratory expense	\$52,777	\$5,138
Supplies - Medical and resale	\$86,531	\$120,890
Total Cost of Goods Sold	\$139,634	\$126,159
GROSS PROFIT	\$1,205,653	\$780,185
EXPENSES		
Advertising	\$25,369	\$12,859
Bank charges and processing fees	\$35,081	\$14,001
Cash Short (Over)	\$0	\$0
Dues and subscriptions	\$11,615	\$11,074
Insurance - Professional liability	\$4,182	\$4,137
Licenses and permits	\$1,344	\$1,052
Meals and Entertainment	\$7,104	\$6,133
Mileage expense	\$7,037	\$7,037
Office Expense and Postage	\$16,429	\$12,383
Professional services	\$9,575	\$6,031
Telephone and internet	\$9,813	\$8,893

	2023	2022
Travel	\$0	\$49
Uniforms	\$1,042	\$2,059
Utilities	\$7,694	\$4,730
Associate compensation	\$231,158	\$91,870
Casual Labor	\$120	\$0
Insurance-Dental/Vision	\$0	\$0
Insurance - Expense	\$23,030	\$20,780
Life Insurance - Expense	\$169	\$145
Payroll taxes	\$39,304	\$29,452
CE Meals and Entertainment	\$416	\$222
CE Registration	\$1,400	\$2,023
CE Travel and Lodging	\$7	\$2,629
Staff compensation	\$282,982	\$206,104
Staff compensation / Severance	\$0	\$0
Workers Compensation	\$933	\$1,325
Facility and Equipment Rent	\$112,250	\$110,481
Repairs and maintenance	\$1,742	\$1,579
Small tools and equipment	\$3,989	\$4,384
Company Contributions	\$0	\$140
Company Retirement Contributions	\$17,010	\$3,308
Taxes on Company Contributions	\$0	\$0
Reimbursements	\$0	\$0
Imputed Royalties	\$67,264	\$45,317
Imputed Brand Fund Contributions	\$13,453	\$9,063
Total Expenses	\$931,513	\$619,261
Net Income	\$274,141	\$160,924

(1) Royalty Fees and Brand Fund Fees are estimated in the financial performance representation as these affiliate owned Clinics do not pay those fees to us.

(2) The Scottsdale Clinic opened in October 2021. Because it was not open for all of 2021, we did not include its 2021 results.

(3) All figures used in preparing this financial performance representation are on file and in our records. Written substantiation of the data used in preparing the information found in this Item 19 will be made available upon reasonable request.

(4) **These Pet Dental USA Clinics have generated the above results. Your individual results may differ. There is no assurance that you will sell or earn as much.**

Other than the preceding financial performance representations, Pet Dental USA 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 Franchisor's management by contacting Brian Redmon, 7595 South Thoroughbred Lane, Mayer, AZ 86333, (928) 772-1181, bredmon@pdusa.net, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1— Systemwide Location Summary
For Fiscal Years Ended 2021 to 2023**

Location Type	Year	Locations at Start of Year	Locations at End of Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Company-Owned	2021	2	3	+1
	2022	3	3	0
	2023	3	3	0
Total	2021	2	3	+1
	2022	3	3	0
	2023	3	4	+1

**Table No. 2 — Transfers of Locations from Franchisees to New Owners
For Fiscal Years Ended For Fiscal Years Ended 2021 to 2023
(Other than to Pet Dental USA or its Affiliates)**

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

EXHIBIT A
FINANCIAL STATEMENTS



CliftonLarsonAllen LLP

20 East Thomas Road, Suite 2300
Phoenix, AZ 82015-311

phone 602-266-2248 fax 602-266-2907

CLAconnect.com

INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Pet Dental USA Franchising LLC
Mayer, Arizona

We agree to the inclusion in the Franchise Disclosure Document dated April 29, 2024, issued by Pet Dental USA Franchising LLC (Franchisor) of our report dated April 24, 2024, relating to the financial statements of Franchisor as of December 31, 2023 and 2022, and for the years then ended.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 29, 2024

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



CPAs | CONSULTANTS | WEALTH ADVISORS

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**PET DENTAL USA FRANCHISING LLC
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INDEPENDENT AUDITORS' REPORT

Members
Pet Dental USA Franchising LLC
Mayer, Arizona

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Dental USA Franchising LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Dental USA Franchising 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 Dental USA Franchising LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pet Dental USA Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Dental USA Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 24, 2024

**PET DENTAL USA FRANCHISING LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 35,394	\$ 2,000
Total Current Assets	35,394	2,000
Total Assets	\$ 35,394	\$ 2,000
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Due to Related Party	\$ 20,182	\$ 13,774
Current Portion of Deferred Franchise Revenue	2,500	-
Total Current Liabilities	22,682	13,774
LONG-TERM LIABILITIES		
Deferred Franchise Revenue, Net of Current Portion	21,875	-
Total Long-Term Liabilities	21,875	-
Total Liabilities	44,557	13,774
MEMBERS' DEFICIT		
Total Liabilities and Members' Deficit	(9,163)	(11,774)
Total Liabilities and Members' Deficit	\$ 35,394	\$ 2,000

See accompanying Notes to Financial Statement.

PET DENTAL USA FRANCHISING LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE		
Franchise Fees	\$ 625	\$ -
Franchise Royalties	8,394	-
Total Revenue	9,019	-
OPERATING EXPENSES	6,408	689
NET INCOME (LOSS)	2,611	(689)
Members' Deficit - Beginning of Year	(11,774)	(13,085)
Contribution from Members	-	2,000
MEMBERS' DEFICIT - END OF YEAR	\$ (9,163)	\$ (11,774)

See accompanying Notes to Financial Statement.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 2,611	\$ (689)
Changes in Assets and Liabilities:		
Due to Related Party	6,408	689
Deferred Franchise Fee	24,375	-
Net Cash Provided by Operating Activities	33,394	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution from Members	-	2,000
Net Cash Provided by Financing Activities	-	2,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,394	2,000
Cash and Cash Equivalents - Beginning of Year	2,000	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 35,394	\$ 2,000

See accompanying Notes to Financial Statement.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activity

Pet Dental USA Franchising LLC (the Company) was formed on August 2, 2021 in the state of Arizona. The Company was established for the purpose of selling franchises under the Pet Dental USA brand.

Franchise activity for the years ended December 31 was as follows:

	<u>2023</u>	<u>2022</u>
Franchises Open January 1	-	-
Open During the Year	1	-
Closed During the Year	-	-
Franchises Open December 31	<u>1</u>	<u>-</u>

Basis of Presentation

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Estimates and Assumptions

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

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Deferred Franchise Revenue

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

Income Tax

The Company and its members have elected to be treated as a partnership for income tax reporting purposes. Accordingly, the members are taxed on the Company's income. Therefore, no provision or liability for income tax is included in the financial statements.

The Company follows the income tax standard for uncertain tax positions. Under this standard, the Company has not recognized a liability for uncertain tax positions as of December 31, 2023 and 2022.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

Royalties

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

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. From time to time, the Company may provide a financing option to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations and changes in members' deficit appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023 and 2022.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 24, 2024, the date the financial statements were available to be issued.

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

NOTE 2 CONTRACT LIABILITIES

Contract liabilities were as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract Liabilities	<u> </u>	<u> </u>	<u> </u>
Deferred Franchise Fees	<u>\$ 24,375</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3 RELATED PARTY TRANSACTIONS

The Company had an amount due to a related party under common control of \$20,182 and \$13,774 at December 31, 2023 and 2022, respectively, for expenses paid on behalf of the Company. During the years ended December 31, 2023 and 2022, the related party paid expenses on behalf of the Company totaling \$6,408 and \$689, respectively.



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

**Table No. 3 — Status of Franchised Locations
For Fiscal Years Ended December 31, 2020, 2021 and 2022**

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Pet Dental USA	Ceased Operations-Other Reason	Locations at End of Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

**Table No. 4 - Status of Company-Owned Locations
For Fiscal Years Ended For Fiscal Years Ended 2021 to 2023**

State	Year	Locations at Start of Year	Locations Opened	Locations Reacquired from	Locations Closed	Locations Sold to Franchisees	Locations at End of Year
Arizona	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Total	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3

Table No. 5 — Projected New Franchised Locations for 2024 as of December 31, 2023

State	Franchise Agreements Signed but Location not Opened	Projected New Franchised Locations in the Next Fiscal Year	Projected New Company-Owned Locations in the Next Fiscal Year
Arizona	0	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Total	0	3	0

Attached as Exhibit E is a list of the franchisees that have entered into agreements with us as of the end of our most recent fiscal year. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three years, no current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the Pet Dental USA System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

There is currently no trademark specific franchisee organization associated with the Pet Dental USA System.

ITEM 21: FINANCIAL STATEMENTS

Franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule. Attached as Exhibit A to this Disclosure Document are: (i) an unaudited Opening Balance Sheet for Pet Dental USA Franchising, LLC as of February 28, 2022; and (ii) audited financial statements for Pet Dental USA Franchising LLC for the fiscal years ending December 31, 2022 and December 31, 2023.

ITEM 22: CONTRACTS

Exhibit B	Franchise Agreement
Exhibit C	Sample Termination and Release Agreement
Exhibit F	State Specific Addenda
Exhibit G	Development Agreement
Exhibit I	Clinic Management Agreement (if applicable)
Exhibit J	Franchisee Disclosure Questionnaire

ITEM 23: RECEIPTS

The last two pages of this Disclosure Document are detachable receipts acknowledging your receipt of this Disclosure Document. Please sign and date both Receipts (as of the date you received this Disclosure Document) and return one Receipt to us and retain one for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

PET DENTAL USA FRANCHISING, LLC
7595 South Thoroughbred Lane
Mayer, AZ 86333
(928) 772-1181
bredmon@pdusa.net

EXHIBIT B
FRANCHISE AGREEMENT

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**PET DENTAL USA
FRANCHISE AGREEMENT**

This **FRANCHISE AGREEMENT** (the "**Agreement**") is made and entered into as of _____ (the "**Effective Date**"), by and between **PET DENTAL USA FRANCHISING LLC** ("**Pet Dental USA**" or "**Franchisor**"), and _____ a _____ with an address at _____.

RECITALS

A. Pet Dental USA owns or has the right to license certain trade names, trademarks, service marks and/or indicia of origin identified in Exhibit 2 hereto, as well as such other marks as may be designated by Pet Dental USA (the "**Marks**"), the distinctiveness and value of which are acknowledged by Franchisee.

B. Pet Dental USA is engaged in the business of licensing the right to use the Marks to operate Pet Dental USA veterinary clinics (individually referred to as a "**Clinic**" and collectively referred to as "**Clinics**") that primarily engage in the business of providing affordable, quality, dental and wellness care for dogs and cats.

C. Pet Dental USA has developed a unique system for the establishment and operation of Clinics, which includes, but is not limited to, assistance in site evaluation, marketing, advertising, promotional techniques, quality veterinary care, training, customer service, accounting and record-keeping methods, and other matters relating to the operation and promotion of Clinics (the "**Pet Dental USA System**"), all of which are designed to enhance the reputation and goodwill of the Clinics.

D. Franchisee has investigated and become familiar with the Pet Dental USA System, and desires, within the terms and conditions set forth in this Agreement, to undertake the obligation to: (i) obtain a license to establish and operate a Clinic at a location approved by Pet Dental USA; (ii) use the Marks and the Pet Dental USA System in connection with the operation of the Clinic; and (iii) derive the business benefits of the Pet Dental USA System. Pet Dental USA is willing, within the terms and conditions set forth in this Agreement, to license Clinic the right to operate a Clinic leveraging the Pet Dental USA System.

NOW, THEREFORE, for and in consideration of the above Recitals, the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Pet Dental USA and Clinic agree as follows:

1. Definitions

"**Affiliate**" shall mean, with respect to any entity, any natural person or firm, corporation, partnership, limited liability company, association, trust, or other entity which controls, is controlled by, or is under common control with, the subject entity; a natural person or entity which controls an Affiliate under the foregoing shall also be deemed to be an Affiliate of such entity. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, or the power to veto major policy decisions of any such entity, whether through the ownership of voting securities, by contract, or otherwise.

"**Clinic Management Agreement**" means the agreement between Franchisee and a professional corporation owned by a licensed veterinarian.

"Clinic Specifications" shall mean Pet Dental USA's required layout, including but not limited to signage, equipment, furniture, and fixtures.

"Confidential Information" shall mean Pet Dental USA's proprietary and confidential information relating to the Pet Dental USA System and the development and operation of Clinics, including, but not limited to: (i) site selection criteria for Clinics and plans and specifications for the development of Clinics; (ii) sales, marketing and advertising programs and techniques for Clinics; (iii) information about suppliers, and knowledge of specifications and pricing for authorized products, supplies and equipment; (iv) methods of management of Clinics; (v) Technology Specifications and other information regarding computer systems and software programs; (vi) the Manual; (vii) lists of Owner Information and client prospects; (viii) and (ix) all other Owner Information records, documents and information.

"Equity Owner" means each member, shareholder, partner, or other equity owner in Franchisee.

"Franchise Disclosure Document" shall mean Pet Dental USA's legal document presented to prospective buyers of franchises in the pre-sale disclosure process, as required by the Federal Trade Commission's Franchise Rule.

"Guarantors" shall mean those persons executing the Guaranty of Franchisee's Undertaking attached to this Agreement as Exhibit 1, which shall include all equity owners of Franchisee and their spouses.

"Manual" shall mean Pet Dental USA's proprietary document containing policies and procedures for operation of the Clinic, as Pet Dental USA may change from time to time in its sole discretion.

"Operating Principal" or shall mean the person specified in Exhibit 2 of this Agreement, who shall be an individual appointed by Franchisee, who: (i) has been licensed by all applicable governmental and other regulatory authorities; (ii) successfully completes all of the training required pursuant to the terms of this Agreement; and (iii) is approved in writing by Pet Dental USA. Operating Principals must have an ownership interest in Franchisee. The Operating Principal must execute Exhibit 6 to this Agreement, unless otherwise required to execute Exhibit 1 to this Agreement.

"Owner" means the owner of a Clinic patient.

"Owner Information" shall mean any and all information relating to a person and client who, or an entity that, has sought veterinary services, or has previously received veterinary services from Pet Dental USA through any Clinic for their dog or cat.

"Pet Dental USA Platform" shall mean Pet Dental USA's web presence in its entirety including, without limitation websites, applications, social media accounts, and other electronic or digital sites or platforms of any Pet Dental USA.

"Premises" shall mean a Pet Dental USA approved establishment located at the address listed in Exhibit 1 hereto, and shall include the real estate, furniture, fixture, and equipment, together with all appurtenances thereto and all easements, entrances, exits, rights of ingress and egress thereto and any improvements thereon.

"Primary Contact" shall mean that person identified in Exhibit 2 to this Agreement, who shall be at all times during the term of this Agreement Pet Dental USA's primary point of contact for any business matters relating to the Clinic.

"**Staff**" shall refer to the individuals referenced in this contract and by the Manual necessary to successfully operate the Clinic.

"**System Standards**" means the standards, specifications, procedures, and rules for operations, marketing, construction, equipment, furnishings, and quality assurance that Franchisor implements and may periodically modify for Clinics.

"**Technology Specifications**" shall mean Pet Dental USA's prescribed technology that suits the unique needs of Clinics and thereby is now a key feature of the Pet Dental USA System. The components that make up Technology Specifications are subject to change at any time at Pet Dental USA's discretion.

"**Transfer Fee**" shall mean the amounts due for eligible transfers as outlined in Section 14 of this Agreement.

2. **Grant of Franchise**

A. **Grant.** Subject to all of the terms and conditions in this Agreement, Pet Dental USA grants to Franchisee the nonexclusive right to use the Marks (in the manner prescribed from time to time by Pet Dental USA) and, in connection therewith, to operate a Clinic solely at the approved Premises. Except for the operation of the Clinic, Franchisee may not conduct or operate any other business at the Premises and may not relocate the Clinic without Pet Dental USA's prior written consent, as described in Section 7.B(8) below.

B. **No Right to Operate Additional Locations.** Franchisee acknowledges and agrees that the foregoing grant relates solely to the Premises and the Clinic located at the Premises and affords Franchisee no right to construct or operate any additional expanded or modified facilities on the Premises, nor any right to construct or operate another Clinic at any location other than the Premises. Franchisee must obtain Pet Dental USA's written permission before opening any additional Clinics, which, if granted, Pet Dental USA will condition upon: (i) Franchisee's construction and buildout of the additional location in accordance with Pet Dental USA's then-current standards; (ii) Franchisee's designation of an Principal who has successfully completed Pet Dental USA's Initial Training Program to manage the location; (iii) Franchisee's execution of a franchise agreement in Pet Dental USA's then-current form and payment of Pet Dental USA's then-current initial franchise fee (unless Franchisee enters into an Clinic Development Agreement, which may provide for certain reductions to the initial franchise fee); and (iv) Franchisee's purchase of all supplies, equipment, inventory, signage and other materials required to open the additional location. Nothing in this Agreement grants Franchisee any rights to own additional Clinics.

C. **Protected Area.** Provided that you are in compliance with the terms of your Franchise Agreement, we will not, once you execute a lease agreement for the Premises of your Clinic, operate, or allow another person to operate a Clinic within a two and one half (2 1/2) mile radius from the front door of your Clinic but may be extended in certain rural areas ("Protected Area"). We may establish other franchised or company-owned Clinics that may compete with your Clinic using our trademarks or different trademarks at any location outside your Protected Area.

D. **Reserved Rights.** Franchisee expressly acknowledges and agrees that Pet Dental USA and Pet Dental USA's Affiliates shall have the right, at Pet Dental USA's sole discretion, to: (i) use the Marks and Pet Dental USA System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution, including the internet, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by a Clinic; and

(iii) use the Marks and Pet Dental USA System, and license others to use the Marks and Pet Dental USA System, to engage in any other activities not expressly prohibited in this Agreement. Nothing in this Agreement provides Clinic with the right to conduct any of the foregoing activities nor to share in the revenue generated by any of these activities.

3. **Term and Renewal.**

A. **Initial Term.** This Agreement shall commence on the Effective Date and shall terminate ten (10) years after the Effective Date (the "**Initial Term**"), unless previously terminated pursuant to the terms hereof.

B. **Renewal.** If Franchisee is not in default under this Agreement, and If Franchisee has the right to continue to occupy the Premises, Franchisee may renew this Agreement for successive renewal terms of five (5) years each (each referred to as a "**Renewal Term**"). Franchisee shall exercise the option to seek renewal by giving Pet Dental USA written Notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Initial Term or applicable Renewal Term. In the event Franchisee exercises the option to renew, then at least thirty (30) days prior to the expiration of the Initial Term and each Renewal Term, as applicable, Franchisee shall comply with Pet Dental USA's then-current terms and conditions for granting renewal franchises, which shall include, but is not limited to: (i) execution of Pet Dental USA's then-current form of franchise agreement, the terms of which may materially differ from this Agreement (without the requirement for the payment of an additional Initial Franchise Fee), (ii) execution of a general release, in a form satisfactory to Pet Dental USA, of any and all claims against Pet Dental USA and its Affiliates and their officers, directors, attorneys, shareholders and employees; (iii) Franchisee must not be in default of any provision of this Agreement, including provisions governing monetary obligations; (iv) Clinic demonstrates a right to operate the Clinic at the Premises for the duration of the Renewal Term; (v) Franchisee must refurbish the Clinic to conform to Pet Dental USA's then-current Clinic Specifications and Technology Specifications within the timeframes prescribed by Pet Dental USA; and (vi) Franchisee may pay Franchisor a Renewal Fee (See Section 8.L).

4. **Initial Franchise Fee Payable by Franchisee.** In consideration of the execution of this Agreement, Franchisee agrees to pay Pet Dental USA an initial fee in the amount of twenty-five thousand dollars (\$25,000) (the "**Initial Franchise Fee**"), which shall be paid in full on or before the Effective Date. Upon execution of this Agreement by all parties, the Initial Franchise Fee shall be nonrefundable and deemed fully earned upon payment in consideration of administrative and other expenses Pet Dental USA incurs in granting the franchise, as well as for Pet Dental USA's lost or deferred opportunity to franchise others. The Initial Franchise Fee will primarily be used to offset a portion of Pet Dental USA's internal pre-opening costs related to site selection and buildout, training, marketing, and public relations.

5. **Location and Construction of the Premises.**

A. **Site Selection.** This Section 5.A will not be applicable if the Premises have been approved in writing by us as of the Effective Date. If the Premises have not been designated as of the Effective Date, you will select a site from within an area that we identify in Exhibit 1 ("**Site Selection Area**"). Within 120 days after the Effective Date ("**Site Approval Period**"), you must obtain our written consent of a site that is located in the Site Selection Area. On or before the 12-month anniversary of this Agreement, you must execute a Lease (or otherwise secure) that approved site for your Clinic and open for business.

(1) You assume all cost, liability, and expense for locating, obtaining and developing a site for your Clinic and constructing and equipping your Clinic in accordance with our System Standards at an approved site. We will provide you with our site selection guidelines and criteria, and sources to obtain demographic information on proposed sites. You must obtain our written consent of the site before you

make any binding commitments related to the site. If you have not presented to us an approvable site during the Site Approval Period, we may, in our sole discretion, terminate this Agreement pursuant to Section 20.

(2) Once you have identified a potential site, you must submit to us, in the form that we specify, a completed site evaluation package which must include an “As-Built” AutoCAD floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the site.

(3) Within 30 days after we receive the detailed site evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed site. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to your Clinic, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

(4) We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our receipt of your detailed site evaluation package if we do not conduct an on-site evaluation or, if we conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit 1, and it will be the Premises.

(5) You are responsible for selecting the site for your Clinic. You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site’s suitability for a Clinic or any other purpose. Our approval indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: (a) your submission of a proposed site for our acceptance is based on your own independent investigation of the site’s suitability for your Clinic; and (b) our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

B. Lease of Premises. Franchisee must provide Pet Dental USA with a copy of any proposed lease agreement prior to execution and shall provide Pet Dental USA the right to enter the Premises to make any modifications necessary to protect the Marks. Franchisee must also provide Pet Dental USA a Collateral Assignment of Lease in the form substantially the same as that attached hereto as Exhibit 3 executed by Franchisee and the lessor of the Premises, providing Pet Dental USA notice of Franchisee's default under the lease, a right to cure such default, and the right to assume the lease and to sublease or assign the lease to another Pet Dental USA System franchisee. You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Clinic operated at the Premises. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

C. Construction of Premises. You are responsible for developing and constructing your Clinic. We will provide to you mandatory and suggested specifications and layouts for a Clinic, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. We may also provide you with suggested architectural drawings. You acknowledge that

the layouts and drawings are proprietary to us. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

D. Opening your Clinic. Subject to your compliance with the conditions set forth in this Section 5.D or as we may otherwise approve, you agree to open your Clinic no later than 12 months after the Effective Date of this Agreement. We will not authorize the opening of your Clinic unless all of the following conditions have been met:

(1) We are satisfied that your Clinic was constructed and/or renovated and equipped substantially in accordance with our standards and specifications.

(2) You have hired and trained a Staff that meets our System Standards.

(3) You have received a Certificate of Occupancy and all required state and local government certifications, permits, and licenses necessary for the operation of a Clinic, including licenses and certifications for your Staff and other personnel.

(4) You (or your Principal as defined in Section), your management personnel, and your training personnel (if any) have satisfactorily completed our Initial Training Program.

(5) You have paid the Initial Franchise Fee (as defined in Section 4) and any other amounts then due to us.

(6) You have signed all agreements required prior to opening, including, but not limited to, the Lease, the electronic funds transfer documents described in Section 8.F, and any software license agreement(s).

(7) Neither you nor any of your Affiliates are in default under or in violation of any agreements with us, any of our Affiliates or any suppliers; and

(8) You have provided to us copies of certificates for all insurance policies required by Section 15 or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

6. Pet Dental USA's Obligations. Franchisor will offer initial and continuing services, as Franchisor deems necessary or advisable in furthering Franchisee’s Clinic and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, will not excuse Clinic from any of its obligations under this Agreement.

A. Prior to Commencing Operations of Clinic. Pet Dental USA (or its designee) shall, reasonably provide Franchisee with the following assistance:

(1) **Premises Selection Assistance.** Pet Dental USA may assist with site evaluation, preliminary plans, and layouts for the Clinic.

(2) **Equipment/Fixtures/Furnishings.** Pet Dental USA shall provide information concerning sources of required equipment, software, hardware, signage, fixtures, furnishings, improvements and other products and services necessary for the buildout and operation of the Clinic.

(3) **Initial Training Program.** Pet Dental USA shall provide an initial training program (“**Initial Training Program**”), which may include, without limitation, training related to business planning, goal setting, Clinic management, technical training, management systems, office procedures, the Technology Specifications and other computer software or systems, and other matters as Pet Dental USA deems necessary and appropriate. All training materials are proprietary and confidential and may not be used for any purpose other than providing Staff training. Such training shall be conducted exclusively by Pet Dental USA or its designee at Pet Dental USA's corporate offices, the Premises, or such other site designated by Pet Dental USA or its designee. Pet Dental USA's Initial Training Program shall be provided to Franchisee, the Operating Principal, your lead veterinarian (if your Operating Principal is not a veterinarian), your administrative lead, and your lead technician at no charge before you open the Clinic. Franchisee shall be required to pay Pet Dental USA's then current Initial Training Fee for each additional trainee, which shall be set forth in the Manual and is subject to change from time to time at Pet Dental USA's sole discretion.

(4) **Technology Specifications.** Pet Dental USA shall make available to Franchisee information about all technology that may be required by Pet Dental USA to be used by Franchisee in the operation of the Clinic, including, but not limited to Technology Specifications and information about other technology and programs, which may be updated or modified by Pet Dental USA from time to time during the term of this Agreement. Any such programs shall remain the property of Pet Dental USA and shall be loaned to Franchisee only for the term of this Agreement.

(5) **Electronic Platforms.** Pet Dental USA shall provide access to, and inclusion in, the Pet Dental USA Platform as described in the Manual.

(6) **Pre-Opening Training Program.** Pet Dental USA shall provide the Pre-Opening Training Program (set forth in the Manual) to Franchisee prior to Franchisee commencing operations of the Clinic as well as other pre-opening training that Pet Dental USA deems appropriate.

B. **After Commencing Operations of the Clinic.** Pet Dental USA (or its designee) shall, to the extent Pet Dental USA deems appropriate at Pet Dental USA's sole discretion, provide Franchisee with the following assistance:

(1) **Clinic Standards.** Pet Dental USA reserves the right to establish, and to require Franchisee to maintain certain standards of quality, appearance, and service at the Clinic, thereby maintaining the public image and reputation of the Pet Dental USA System and the demand for the products and services provided thereunder. Further, Pet Dental USA reserves the right to conduct periodic inspections of the Clinic Premises and its operations.

(2) **Marketing Support.** Pet Dental USA may provide periodic assistance in local advertising and marketing, to the extent Pet Dental USA determines necessary in its sole discretion.

(3) **Business Consulting.** Pet Dental USA may provide periodic individual or group coaching in the operation of a Clinic by any means Pet Dental USA deems appropriate, which may include advice concerning the operation of a Clinic, advice and guidance with respect to new and improved methods of operation or business procedures and processes developed by Pet Dental USA, and advice regarding the use of the Manual, management materials, promotional materials, advertising formats and Marks.

(4) **Group Purchasing.** Pet Dental USA may provide Franchisee with the opportunity to participate in group purchasing programs for equipment, software, supplies, and insurance that Pet Dental USA may, from time to time, use, develop, sponsor, or provide, all upon such terms and conditions as may be determined solely by Pet Dental USA.

(5) **Additional Training Programs.** Pet Dental USA may provide Franchisee with additional mandatory or optional training programs. Pet Dental USA shall be permitted to charge Franchisee a reasonable additional training fee for any training sessions provided to Franchisee, Principal, or any of Franchisee's Staff, whether such training sessions are required by Pet Dental USA or requested by Franchisee. Such additional training fees shall be set forth by Pet Dental USA in the Manual. Franchisee shall, with regard to all training, pay all of its and its Staff's costs incurred to attend such training, such as travel, room, board, wages and living expenses.

(6) **Communication About Clinic.** Franchisee agrees that Pet Dental USA may rely on statements, representations, requests, instructions, commitments and agreements (without verification or confirmation of the same) of the Operating Principal, owners, officers, directors, employees, Staff or independent contractors as if the same had been made or delivered to Pet Dental USA by Franchisee unless and until written instructions limiting Pet Dental USA's right to rely on such statements, representations, requests, instructions, commitments and agreements have been provided by Franchisee and received by Pet Dental USA. In all of its communications and written notices to Franchisee, Pet Dental USA shall be entitled to communicate solely with Franchisee's Primary Contact and shall have no obligation to communicate or provide such Notices to any of Franchisee's other Owners, officers, directors, employees, Staff, or independent contractors.

(7) **Staffing Obligations.** Franchisee shall comply with Pet Dental USA's then-current staffing requirements, which Pet Dental USA may change from time to time in its sole discretion, as set forth in the Manual or otherwise in writing.

7. **Franchisee's Obligations.** Pet Dental USA shall establish, and Franchisee shall maintain standards of quality, appearance, and operation for its Clinic. Franchisee agrees to operate its Clinic in strict conformity with Pet Dental USA's standards and all rules, regulations and policies that are by their terms mandatory, including, without limitation, those contained in the Manual. Without limiting the foregoing, Clinic also agrees as follows:

A. **Prior to Commencing Operations.** Before commencing operation of the Clinic, Franchisee shall, at its expense, comply with the pre-opening obligations set forth below.

(1) **Proposed Premises.** Franchisee must obtain Pet Dental USA's written approval of a proposed Premises within the Site Selection Area and open for business no later than 12 months from the Effective Date of this Agreement.

(2) **Plans and Specifications.** Franchisee must submit to Pet Dental USA all preliminary and final plans and specifications (including all changes and modifications) with respect to the proposed Clinic, which must be approved in writing by Pet Dental USA but shall be prepared at Franchisee's sole cost. Franchisee shall follow instructions provided by Pet Dental USA and promptly submit required photographs, descriptions, and costs. Franchisee will then be advised, in writing, of any changes necessary to make the site compliant with Pet Dental USA's then-current standards. Modifications may not be made to such plans without Pet Dental USA's prior written consent.

(3) **Permits and Certifications.** Franchisee must obtain and provide Pet Dental USA with copies of all permits and certifications required for the lawful operation of the Clinic, together with

copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Premises and its operations; Franchisee is responsible for ensuring that all necessary permits have been obtained and that all requirements for construction and operation have been met.

(4) Equipment, Fixtures, and Furnishings. Franchisee must obtain and install, at Franchisee's expense, all fixtures, furnishings, and equipment, as may be required by Pet Dental USA, which must meet the specifications of the approved site layout and plan, as well as all other such items as Pet Dental USA may prescribe from time to time; and Franchisee must refrain from installing, or permitting to be installed, on or about or in connection with the Premises or the Clinic, any such item not meeting Pet Dental USA's standards and specifications.

(5) Signage. Subject to compliance with applicable laws and regulations, Franchisee shall acquire all signage, as required by Pet Dental USA, for use at or in connection with the Clinic. All signage must conform to the Pet Dental USA System signage specifications and must be submitted to Pet Dental USA for approval prior to purchase and installation.

(6) Telephone Number. Franchisee must obtain a new telephone number and telephone listing at Franchisee's expense to be used exclusively in connection with Franchisee's operation of the Clinic. Upon the expiration, transfer, or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing and assign same to Pet Dental USA or Pet Dental USA's designee. Franchisee must execute the Conditional Assignment of Franchisee's Telephone Numbers, email addresses, and domain names attached to this Agreement.

(7) Construction of Clinic. Franchisee shall complete or arrange for the completion of the construction of the Clinic at the Premises in accordance with the approved site and building plans. Franchisee shall secure for Pet Dental USA and its agents the right to inspect the construction of the Clinic at any reasonable time. Franchisee shall correct, upon request and at Franchisee's expense, any deviation from the approved site layout and plan, and shall furnish to Pet Dental USA a copy of the certificate of completion from Franchisee's architect that the Clinic was built in accordance with the approved final plans and specifications and in compliance with all applicable laws, including the Americans With Disabilities Act, and obtain Pet Dental USA's approval of the completed construction prior to opening all or any part of the Clinic for business.

(8) Completion of Training. Prior to commencing operations, Clinic and Franchisee's Operating Principal, lead veterinarian (if your Operating Principal is not a veterinarian), administrative lead, and lead technician must successfully complete Pet Dental USA's Initial Training Program.

(9) Authorization to Open. The Franchisee may commence operations only after receipt of written authorization to do so by Pet Dental USA, which authorization will not be unreasonably withheld provided Clinic meets all of the conditions set forth in this Section 7.A. Franchisee must commence operation of the Clinic no later than one hundred and eighty (180) days after the Effective Date of this Agreement.

B. After you Open for Business.

(1) Maintaining Clinic Standards. Franchisee agrees to operate the Clinic in conformity with such methods, standards, and specifications as Pet Dental USA may from time to time prescribe in its Manual, as it may be amended by Pet Dental USA, to ensure that Pet Dental USA's required degree of quality, service and image is maintained, and Franchisee shall refrain from operating in any manner that adversely reflects on Pet Dental USA's name, goodwill, or Marks. Clinic and Franchisee's Staff

must acquire and maintain all necessary licenses and certifications and other required documentation as outlined by applicable governmental and other regulatory authorities and must complete all continuing education requirements necessary to maintain such licenses and certifications.

(2) **Condition of the Premises.** Franchisee shall make such repairs and replacements to the Premises and the Clinic as Pet Dental USA may require in order to maintain Pet Dental USA's standards. Franchisee agrees to use the Premises solely for the operation of the Clinic. Franchisee agrees to maintain the Premises, and all fixtures, furnishings, signs, and equipment thereon, in conformity with Pet Dental USA's then-current standards at all times during the term of this Agreement, and to make such repairs and replacements thereto as Pet Dental USA may require. Franchisee shall keep its Clinic at all times in a high degree of sanitation, repair, order, and condition, including, without limitation, such periodic repainting of the exterior and interior of the Clinic and such maintenance and repairs to (or replacement of) all fixtures, furnishings, signs, and equipment as Pet Dental USA may from time to time direct. Franchisee shall not make any structural changes to the Clinic or the Premises without Pet Dental USA's prior approval. Franchisee agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Pet Dental USA shall have the right, at any time and from time to time, to require Franchisee to perform such remodeling, repairs, replacements and redecoration in and upon the Premises as well as all equipment and furnishings used by Franchisee, as Pet Dental USA shall deem necessary and practical to bring the Premises up to the then-current standards of new Clinics that are comparable to the Clinic provided that Pet Dental USA may only require you to remodel the Clinic once during a five year period and may not require you to expend more than \$5,000 on each such remodel. Further, Franchisee must maintain in sufficient supply, and use at all times, products, materials, and supplies that conform with Pet Dental USA's then-current standards and specifications, and Franchisee must refrain from using non-conforming items without Pet Dental USA's prior written consent.

(3) **Vendor Payments.** Franchisee shall pay all of Franchisee's vendors and suppliers on a prompt and timely basis, and shall, at all times, comply with the terms and conditions of any agreements (whether oral or written) between Franchisee and such vendors and suppliers.

(4) **Business Hours.** Unless otherwise specifically approved by Pet Dental USA, the Clinic shall be open for the conduct of business at such times and for the minimum number of hours specified by Pet Dental USA in the Manual, as it may be amended from time to time or, if different, for such hours as may be required by the terms of any lease of the Premises. Franchisee shall at all times operate the Clinic diligently so as to maximize the revenues and profits therefrom.

(5) **Staffing.** Franchisee agrees that the Franchisee shall be operated by the number and type of Staff as required by Pet Dental USA in the Manual, and that all Staff must meet Pet Dental USA's then-current training standards. Further, all Staff must comply with then-current Pet Dental USA policies and procedures in performing their duties for the Clinic, including but not limited to those set forth in the Manual. In the event that any of the required Staff resigns or is otherwise terminated from the Clinic, Franchisee shall hire a replacement within thirty (30) days. The hiring of certain Staff members may require the written approval of Pet Dental USA, as set forth in the Manual or otherwise in writing.

(6) **Additional Training.** Pet Dental USA shall have the right to require that Franchisee and/or Staff attend and complete, to Pet Dental USA's satisfaction, any and all additional training deemed necessary or appropriate by Pet Dental USA at its discretion. Pet Dental USA reserves the right to charge a reasonable fee in connection with such additional training.

(7) **Customer Service.** Franchisee shall promptly respond to customer inquiries and complaints and shall take such other steps as may be required to ensure positive customer relations. Franchisee shall also promptly respond to inquiries or communications from Pet Dental USA's home office

service team and shall otherwise follow Pet Dental USA's code of conduct and customer response policies set forth in the Manual.

(8) Relocating the Clinic. Franchisee may not relocate the Clinic without Pet Dental USA's prior written consent. If, for any reason, Clinic cannot continue to occupy the Premises for any reason, Franchisee must first obtain Pet Dental USA's prior written consent to relocate and then must relocate the Clinic to a mutually acceptable site to complete the unexpired portion of the term of this Agreement. If Pet Dental USA grants Franchisee the right to relocate, Franchisee must notify Pet Dental USA of Franchisee's intention to relocate, and open for business at the new Premises within thirty (30) days of closing business at Franchisee's existing Premises. All signage and all other items containing the Marks must be completely removed from the prior Premises at Franchisee's expense.

(9) Maintaining Technology Specifications. Franchisee shall ensure that the computer system and telephone system acquired and used by the Clinic is a system then-authorized for use by Pet Dental USA. Franchisee may be required to pay an ongoing fee for such computer system and telephone system services in such amount and in the manner directed by Pet Dental USA. Upon Pet Dental USA's request, Franchisee agrees to promptly acquire, install, update, or replace any equipment designated by Pet Dental USA, including telephone systems, computer hardware or computer software, and to otherwise comply with the Technology Specifications, as they may be amended from time to time.

(10) Clinic Activities. Franchisee shall only do business under the name "Pet Dental USA" and the unique agency name approved by Pet Dental USA. Franchisee shall file all fictitious name registrations as required by Pet Dental USA and applicable state or local agencies.

(11) Supervision of Staff. Under no circumstances shall any business be conducted at the Clinic unless such business is under the direct supervision of management personnel who meet the qualifications set forth in the Manual.

(12) Costs and Expenses. Franchisee shall bear all costs and expenses associated with the operation of the Clinic, including, but not limited to, rent, common area maintenance, utilities, salaries, wages, benefits, advertising, postage, furniture, fixtures, equipment, inventory and supplies, insurance, taxes, and other administrative expenses.

(13) Clinic Purchases.

(a) Approved Vendors. Franchisee agrees to purchase identified products and services, which may include certain signs, furnishings, supplies, fixtures, computer hardware and software, technology services, and other products and services, from Pet Dental USA or from approved or designated third-party suppliers as Pet Dental USA shall specify, from time to time, in the Manual and otherwise in writing. Clinic hereby acknowledges that Pet Dental USA, Pet Dental USA's Affiliates and/or a third party may be one of several, or the only, approved supplier of any item. Clinic further acknowledges and agrees that Pet Dental USA and/or Pet Dental USA's Affiliates have the right to realize a profit on any items that Pet Dental USA, Pet Dental USA's Affiliates or Pet Dental USA's approved suppliers supply to Franchisee.

(b) Non-Approved Vendors. In the event Franchisee wishes to purchase any approved items from an unapproved supplier, Franchisee must provide Pet Dental USA the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item. If Pet Dental USA incurs any costs in connection with evaluating an unapproved item or supplier at Franchisee's request, or supplying information, art or other materials to the unapproved supplier, Clinic or the supplier must reimburse Pet Dental USA for Pet Dental USA's

reasonable costs, regardless of whether Pet Dental USA subsequently approves the item or supplier. Pet Dental USA will notify Clinic of approval or disapproval within thirty (30) days of receiving all requested information and its failure to do so will be deemed a disapproval. Nothing in the foregoing shall be construed to require Pet Dental USA to approve any particular supplier. Pet Dental USA may revoke Pet Dental USA's approval of particular products or suppliers at any time in the event Pet Dental USA determines, at Pet Dental USA's sole discretion, that such products or suppliers no longer meet Pet Dental USA's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Clinic and not for any competitive business purpose.

(14) Required Hardware and Software. Franchisee shall obtain (via purchase license, or lease), license, install, and maintain all hardware and software (“**Technology System**”) required to meet the Technology Specifications and other computer hardware or software required by Pet Dental USA from time to time, if any. Franchisee shall only use Pet Dental USA's designated vendor(s) with respect to the acquisition and installation of the Technology System. Franchisee shall not sell, lease, or authorize the use of such any portion of the Technology System to anyone else. Franchisee shall not configure, program, or change any such programs or software. Franchisee may not move any Owner Information off of the Technology System without Pet Dental USA's prior written consent. Franchisee shall have the sole and complete responsibility for: (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software that is or becomes part of the Technology System; and (ii) any and all consequences that may arise if the Technology System is not properly maintained, operated, and upgraded. Pet Dental USA has the right to require Franchisee to enter into a separate maintenance agreement for the Technology System. Franchisee agrees to release, defend, indemnify, and hold Pet Dental USA and its Affiliates, and their respective owners, directors, officers, agents, employees, and shareholders harmless from and against, and promptly to reimburse such indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' and paralegals' fees, court costs and costs of investigation) by Franchisee and its Affiliates, and their respective directors, officers, agents, shareholders, employees and independent contractors as a result of, arising out of, or connected with an interruption in Internet services or from any unauthorized use of or access to Owner Information through the Internet. The provisions of this subsection shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement for any reason. Franchisee must obtain Internet access that meets the minimum speeds and other requirements set forth in the Technology Specifications.

(15) Licenses and Approved Activity. Franchisee shall secure and keep in effect for all Staff any required licenses and shall not provide any veterinary services: (i) which have not been approved by Pet Dental USA; or (ii) for which the Clinic is not licensed by applicable regulatory authorities.

(16) Authorized Products and Services. Franchisee must offer for sale only those products and services that Pet Dental USA prescribes, and only in accordance with the requirements of this Agreement and the procedures set forth in the Manual. Franchisee acknowledges and agrees that the commissions for the sale of those products and services that Pet Dental USA may authorize during the term of this Agreement may differ from how Clinic is currently compensated. Pet Dental USA may also require Clinic, at Franchisee's cost, to participate in additional training, obtain additional licenses and/or meet additional qualifications to offer other products and/or services.

(17) Meetings and Conferences. We reserve the right to hold meetings for franchisees on a regional, national and/or international basis, which meetings will not occur more frequently than annually. We will determine the duration, curriculum and location of these meetings. We will choose the location for the franchisee meeting, which may be our headquarters, a conference center or a resort or hotel. We are not required to hold such meetings unless we believe it is prudent to do so. These meetings may be

used to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at any franchisee meeting is mandatory for you, your managers, veterinarians and/or other personnel. We will charge our then-current training fees for such franchisee meetings (currently \$1,250 per person per meeting), which we may increase upon written notice to you, whether you attend the franchise meeting or not. You will be responsible for paying for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals, and wages.

C. **Websites.**

(1) Pet Dental USA reserves the exclusive right to establish individual websites for each of the Clinic locations and to select a domain name, or URL, for each site. Franchisee expressly acknowledges that Pet Dental USA owns all URLs and content on any such sites. If such a site is established and Pet Dental USA permits Clinic to develop site content, all site content and revisions must receive prior written approval from Pet Dental USA before being implemented. If Franchisee is provided with a URL by Pet Dental USA, Franchisee agrees to use only this URL exclusively on any materials used to market the Clinic, including but not limited to business cards, brochures, banners, emails, and other marketing materials. Franchisee agrees to not establish any other website or URL in conjunction with the operation or marketing of its Clinic without the express written consent of Pet Dental USA. Use of any unapproved marketing materials or any materials containing a URL other than the URL provided by Pet Dental USA will be considered a breach of this Agreement. Except as approved in advance in writing by Pet Dental USA,

(2) **Ownership of URLs.** Franchisee acknowledges that Pet Dental USA and/or Pet Dental USA's Affiliates are the lawful, rightful and sole owners of the Internet domain names <https://PetDentalUSA.com>, the specific domain name associated with Franchisee's Clinic, as well as any other Internet domain names registered by Pet Dental USA and its Affiliates, and unconditionally disclaims any ownership interest in such domain names and any Internet domain names that are similar to our domain names. Except as approved in advance in writing by Pet Dental USA, Franchisee agrees not to register any Internet domain name or social media and/or networking website of any kind that contains words used in or similar to any brand name owned by Pet Dental USA or Pet Dental USA's Affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words.

(3) **Data Security.** Franchisee must comply with Pet Dental USA's standards and policies related to privacy and data security/cybersecurity. This includes, but is not limited to, updating hardware and software when required and taking any actions that are necessary to ensure that the Clinic is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. Franchisee must also comply with all relevant statutory and regulatory requirements, including but not limited to taking all steps required to protect consumers' Nonpublic Personal Information (NPI).

D. **Deviation from Standards.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new technologies, customer needs and market conditions, Pet Dental USA specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Clinic based upon the peculiarities of a particular site or circumstance, density of population, business potential, existing business practices or any other conditions that Pet Dental USA deems to be of importance to the successful operation of such Clinic. Franchisee shall have no recourse against Pet Dental USA on account of any variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require Pet Dental USA to grant Clinic a like or similar variation hereunder.

E. **Owner Information.** All Owner Information is exclusively owned by Pet Dental USA and not by Franchisee.

F. **Compliance with Laws.**

(1) Franchisee shall be solely responsible for ensuring that Franchisee, Staff, and Franchisee's Owners, officers, employees, and independent contractors comply with all federal, state, local laws, including, but not limited to continuing education and licensing requirements. Franchisee shall provide evidence satisfactory to Pet Dental USA that Franchisee, Staff, and Franchisee's Owners, officers, employees, and independent contractors have complied with such requirements. Franchisee shall be responsible for providing Pet Dental USA with any information regarding Clinic, Staff, and Franchisee's Owners, officers, employees, and independent contractors, which may be required by Pet Dental USA to fulfill requests from any governmental or regulatory bodies or agencies. If Franchisee does not comply with the terms of this subsection, it shall be grounds for immediate termination of this Agreement.

(2) Franchisee shall fully report any potential or actual Errors & Omissions claims, actions, lawsuits, demands, complaints, or legal summons and/or subpoenas, to Pet Dental USA, in writing within two (2) days of the date that Franchisee is aware of any such issue. Franchisee shall not make any written or verbal comments or responses regarding said issues without Pet Dental USA's express permission. Franchisee shall also notify Pet Dental USA, in writing, within two (2) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other governmental body, including the receipt of any subpoena, notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Clinic.

(3) The duties and obligations of Franchisee set forth in this Agreement apply to Franchisee and Staff, as well as Franchisee's Owners, officers, directors, employees, and independent contractors. In as much as this Agreement is between Franchisee and Pet Dental USA, Franchisee is responsible for the compliance of Staff and Franchisee's Owners, officers, directors, employees, and independent contractors with the terms of this Agreement and any rules and procedures adopted from time to time by Pet Dental USA, whether such rules and procedures are contained in the Manual or otherwise. Franchisee agrees that it is fully responsible for the acts and omissions of Staff and Franchisee's Owners, officers, directors, employees, and independent contractors.

G. **Taxes.** Franchisee shall promptly pay when due any and all federal, state, and local taxes, including without limitation unemployment and sales taxes, levied, or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement, and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Clinic. Franchisee agrees to indemnify Pet Dental USA in the event that Pet Dental USA is held responsible for these taxes.

H. **Clinic Responsible for All Debts and Obligations.** Clinic hereby expressly covenants and agrees to accept full and sole responsibility for all contracts, debts, obligations, and related agreements associated with the operation of the Clinic.

I. **Reports.** Franchisee shall provide Pet Dental USA with the type of reports specified by Pet Dental USA in the form specified by Pet Dental USA in the Manual or otherwise in writing; the type of reports Pet Dental USA requires and the frequency with which they must be provided may change at any time at Pet Dental USA's sole discretion.

(1) Required reports may include but is not limited to the following: (i) a monthly or quarterly balance sheet and income statement, in a format specified by Pet Dental USA; (ii) annual financial reports and operating statements in the form Pet Dental USA specifies and in accordance with Pet Dental

USA's prescribed chart of accounts, within a certain time period after the close of each calendar year as required in writing by Pet Dental USA; (iii) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which the Clinic operated, within a certain time period after their timely completion; and (iv) such other reports as Pet Dental USA may from time to time require, in the form and on the timeline Pet Dental USA prescribes. Franchisee's fiscal year must be the calendar year. Franchisee acknowledges and agrees that Pet Dental USA may use any information reported to Pet Dental USA to prepare and develop financial performance representations for the Pet Dental USA System in Pet Dental USA's Franchise Disclosure Document or other documents. To help Clinic in recording and keeping accurate and detailed financial records for reports and tax returns, Pet Dental USA, at Pet Dental USA's discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for Franchisee to use. Pet Dental USA shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

(2) Franchisee shall maintain full and complete books and records, accounts, data, licenses, contracts, and invoices that shall accurately reflect all particulars relating to the conduct of the Clinic, and such statistical and other information or records as Pet Dental USA may require, in compliance with Generally Accepted Accounting Principles (“GAAP”) and shall keep all such information for not less than seven (7) years, even if this Agreement is no longer in effect. The aforementioned books and records of the Franchisee shall be kept at the Premises or at such other place as the parties may hereafter mutually approve. Pet Dental USA or Pet Dental USA's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Clinic is operating in compliance with the terms of this Agreement and the Manual. Upon Pet Dental USA's request, Franchisee shall furnish Pet Dental USA with complete copies of the books and records described in this paragraph, as well as any state or federal income tax returns covering the operation of the Clinic, all of which Franchisee shall certify as true and correct. If our audit of your business records reveals that you have underpaid any Fee payable to us or our Affiliates under this Agreement by more than two percent (2%), in addition to payment of the underpaid amount and default interest on that amount as of the date it is paid, you must pay us the costs and expenses we incurred in conducting the audit.

J. **Maintain Working Capital.** Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Clinic to properly and fully carry out and perform all of Franchisee's duties, obligations, and responsibilities hereunder and to operate the Clinic in a businesslike, proper, and efficient manner.

8. **Fees.** In consideration of the grant of the Franchise by Franchisor to Franchisee:

A. **Initial Franchise Fee.** The initial franchise fee (“**Initial Franchise Fee**”) for your Pet Dental USA Clinic is \$25,000. The Initial Franchise Fee is non-refundable.

(1) If Franchisee executed this Agreement in connection with a transfer, Franchisee will not be required to pay the Initial Franchise Fee. However, Franchisee or his transferor will be required to pay the Transfer Fee contemplated by the transferor's franchise agreement, prior to or simultaneously with the execution of this Agreement.

(2) If Franchisee executed this Agreement in connection with a renewal, Franchisee will not be required to pay the Initial Franchise Fee. However, Franchisee will be required to pay the renewal fee contemplated by Franchisee's controlling prior franchise agreement, prior to or simultaneously with the execution of this Agreement and the term of this Agreement will be amended as provided in that Agreement.

(3) If Franchisee executed this Agreement in connection with a relocation of the Clinic, Franchisee will not be required to pay the Initial Franchise Fee but will be required to pay a relocation fee of \$2,500 (the “**Relocation Fee**”)

(4) The Initial Franchise Fee is payable by certified or cashiers’ check and is due in full upon your signing the Franchise Agreement. The Initial Franchise Fee is not a deposit and is not refundable under any circumstances.

B. **Royalty Fees.** Franchisee must pay Franchisor Royalty Fees (“**Royalty Fees**”) in an amount equal to five percent (5%) of your Net Sales during each Calendar Week.

C. “**Net Sales**” as used in this Agreement shall mean all sales, money or things of value, received or receivable, directly or indirectly, by Franchisee on account of or in connection with the operation of the Clinic plus the proceeds received or realized by Franchisee in connection with any business interruption insurance maintained by Franchisee for Franchisee’s benefit; less (A) applicable sales taxes; (B) any documented refunds, promotional discounts, credits or allowances given by you to customers or employees in accordance with Franchisor’s Confidential Operations Manual; (C) proceeds from the sale (but not from the redemption) of authorized gift cards to customers; (D) the incidental sale of furnishings, fixtures, equipment or supplies that Franchisee has used to operate the Clinic in the ordinary course; (E) contributions made to approved charities pursuant to marketing programs approved by Franchisor; (F) proceeds from the sale of meals to employees at a discount. For the sake of clarity, Net Sales shall include the amount of any gift card redeemed by a customer to purchase food or beverages at Franchisee’s Clinic(s).

D. **Brand Fund Fees.** Franchisee shall pay Franchisor a monthly Brand Fund Fee (“**Brand Fund Fee**”) up to three percent (3%) of your Net Sales during each Calendar Week. The current Brand Fund Fee is 1% of Net Sales but this may be amended up to 3% of Net Sales upon thirty (30) days written notice to you. We will collect your Brand Fund Fee at the same time and in the same manner that we collect your Royalty Fees. Information concerning the standards and process for approval for local store marketing is described in the Confidential Operations Manual.

(1) Brand Fund Fees collected from Franchisee and other franchisees will be used by Franchisor for expenditures (the “**Brand Fund**”) that, in Franchisor’s sole discretion, promote, enhance or further the Pet Dental USA brand or System, including promotional, marketing, public relations and advertising expenses, hiring marketing, public relations and advertising agencies and personnel to assist in developing the Pet Dental USA brand name and increasing Clinic average unit volumes, expenses associated with listings in online directories, subsidies of premiere/marquee Clinics designed to garner media attention and promote the Pet Dental USA brand name, search engine optimization (“**SEO**”) of our website(s) and related internet sites, travel expenses in connection with promotions and market meetings, training, development of trademarks and trademarked materials, production of circulars and media, advertisements, coupons and promotional materials (including point of purchase materials).

(2) Any amounts in the Brand Fund not spent during the fiscal year during which they were collected will be used during the following (or, if a deficit exists, prior) fiscal years; any amounts expended for advertising purposes in excess of the amount in the Brand Fund during any fiscal year (together with amounts not expended during prior fiscal years) will be debited from the following years’ or the prior years’ Brand Fund. Any amounts in the Brand Fund not spent during the fiscal year during which they were collected may be used by Franchisor for other purposes on a short-term basis if that use does not impair the availability of those amounts for advertising purposes. An accounting of the use of Brand Fund Fees collected from franchisees during each calendar year will be made available to Franchisee annually within a reasonable period of time after Franchisee’s request.

E. **Weekly Royalty and Brand Fund Fee Payments.** Royalty Fees and Brand Fund Fees will be due and payable each Wednesday with respect to Net Sales during the previous week (ending Sunday) (each a "Calendar Week"). For purposes of calculating Royalty Fees and Brand Fund Fees, a week shall be Monday through Sunday. Royalty Fees, Brand Fund Fees, and any other fees or charges payable to Franchisor or its Affiliates that are not paid within 10 days after their due date will bear interest at the rate of 1.5% per month.

F. **Authorization to Draw Drafts against Franchisee's Bank Account.**

(1) Franchisee authorizes Franchisor to draw drafts against Franchisee's bank accounts for the full amount of the Royalty Fees, Brand Fund Fees, and for any other amounts that Franchisee owes to Franchisor or its Affiliates or Franchisee's cooperative advertising association (for example, for promotional materials). Simultaneously with signing this Agreement, Franchisee must sign a pre-authorization form, in the form attached as Exhibit E to the Disclosure Document, to enable Franchisor to do so. In addition, from time to time at Franchisor's reasonable request, Franchisee must sign those other and further documents as Franchisor may require enabling Franchisor to draw drafts against Franchisee's bank accounts for such purposes.

(2) If Franchisee fails to provide Franchisor any necessary information or documentation with respect to Franchisor's practice of drawing drafts against Franchisee's bank accounts, Franchisee must pay Franchisor a fee of \$100 per week that that failure continues.

G. **Reports.** If Franchisee fails to submit to Franchisor by 5:00 p.m. (Phoenix, Arizona time) on Monday of each week, an operating statement, in the form specified by Franchisor, which includes Net Sales figures for the prior Calendar Week, as required by Section 7.I, the amount drawn against Franchisee's bank account, pursuant to Section 8.E, for the Royalty Fees and Brand Fund Fees with respect to the prior week will be the amount drawn the previous week plus 20%, as an estimate of the prior week's Royalty Fees and Brand Fund Fees, and Franchisee may be assessed a \$100 late charge per delinquent operating statement per week, or part thereof (until each delinquent operating statement has been delivered), which amount may be increased by Franchisor from time to time.

H. **Practice Management Software Fee.** You will pay us a practice management software fee in exchange for your right to use our designated practice management software. The Practice Management Software Fee is currently \$3,000 per year. We reserve the right to increase the Practice Management Software Fee upon written notice to you and such increase will go into effect on the next due date for your Practice Management Software Fee.

I. **Local Marketing Expenditure Requirement.** You must spend no less than \$2,400 per calendar year on marketing your Clinic. Approved methods of local marketing are identified in the Manual. We reserve the right to require you to provide books, records, and receipts to confirm that you have complied with this requirement.

J. **Taxes.** Franchisee must pay to Franchisor an amount equal to any sales, gross receipts or similar taxes assessed against, or payable, by Franchisor and calculated on the Initial Franchise Fee, Royalty Fees, Brand Fund Fees, equipment and signage purchases or other payments required to be paid pursuant to this Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by Franchisor. Such amount will be due and payable within 10 days after receipt of Franchisor's invoice.

K. **Default Interest.** Fees or charges payable to Franchisor or its Affiliates that are not paid within 10 days after the due date will bear interest at the rate of 10% per year, accruing daily until such amounts are paid in full.

L. **Renewal Fee.** Franchisee must notify Franchisor in writing of his intention to renew at least six months (but not more than 12 months) before the end of each then current Term (Initial Term or Renewal Term), which notice must be accompanied by a renewal fee equal to \$7,500 (the "**Renewal Fee**"), payable by certified or cashiers' check.

M. **Operations Fee.** You will pay us an operations fee ("**Operations Fee**") if we are obligated, directly or indirectly, to manage your Clinic. The Operations Fee is in addition to and not in replacement of any other fees that you are obligated to pay us. The current Operations Fee we charge you is the greater of (i) two times the salary paid to the individual(s) assigned by us to operate the Clinic, or (ii) 10% of the Clinic's monthly Net Sales; plus expenses for travel, lodging, meals, and all other expenses. The Operations Fee is payable during any period that our appointed manager manages your Clinic. The Operations Fee will be in addition to the Royalties and Brand Fund Contributions due to us. We may increase the Operations Fee upon thirty (30) days written notice to you.

N. If Franchisee fails to deliver or provide to Franchisor any statement, report or other document or information required to be delivered (for example, certificates of insurance and financial statements), by the applicable deadline, Franchisee will be assessed a \$100 late charge per delinquent statement, document or other information per week, or part thereof (until each delinquent statement, document or other information has been delivered or provided), which amount may be increased by Franchisor from time to time.

9. **Marks.**

A. **Ownership and Goodwill.** Your right to use the Marks is derived only from this Agreement and is limited to your operating your Clinic at the Premises according to this Agreement and all System Standards we prescribe during the term of this Agreement. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Clinic under this Agreement). You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

B. **Limitations on Your Use of Marks.**

(1) You agree to use the Marks as the sole identification of your Clinic, except that you agree to identify yourself as its independent operator in the manner we prescribe. Unless you obtain our prior written consent, you may not use any Mark, any derivatives of the Marks or similar mark: (a) as part of any corporate or legal business name; (b) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (c) in selling any unauthorized services or products; or (d) in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of your Clinic or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at your Clinic and on forms, advertising, supplies, and other materials we designate. You must ensure that the Marks bear the "®" "TM." or "SM" symbol, as we prescribe from time to time. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. **Use of Marks on Internet.** You may not use the Marks on any Internet domain name, e-mail address, Internet Website, or social media platform without our prior written consent. We may grant or withhold our consent in our sole discretion

D. **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office (“USPTO”) proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Premises or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

E. **Discontinuance of Use of Marks.** If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute Marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Clinic' signs or any printed collateral, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

F. **Indemnification for Use of Marks.** We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

10. **Marketing and Advertising.** Recognizing the value of standardized advertising and marketing programs to the furtherance of the goodwill and public image of the Pet Dental USA System, and in order to execute such programs in an effective and consistent manner, the parties agree as follows:

A. **Advertising Requirements.** Clinic is required to:

(1) **List Clinic in Local and Online Directories.** Obtain listings of the Clinic, at Franchisee's expense, in appropriate business directories and publications (both Internet and non-Internet based) and engage in appropriate Internet strategies designed to drive business to its Clinic, all as specified from time to time by Pet Dental USA.

(2) **Maintain Required Promotional Materials.** At Franchisee's expense, obtain and maintain any special promotional materials of the kind and size as Pet Dental USA may from time to time require for comparable Clinics.

(3) **Use Approved Business Stationery.** At Franchisee's expense, use pre-approved vendors to print and maintain business cards, stationery, letterhead, and any required forms that are pre-approved by Pet Dental USA.

(4) **Use Phone Numbers and Internet Addresses.** Include in all advertising any phone numbers or Internet addresses required by Pet Dental USA.

B. **All Promotional/Marketing/Advertising Materials Must Be Pre-Approved.** Franchisee shall submit to Pet Dental USA for its prior approval samples of all advertising, promotional or marketing materials to be used by Franchisee that has not been prepared or previously approved by Pet Dental USA. If Pet Dental USA does not approve of Franchisee's proposed advertising materials in writing within thirty (30) days of receipt, the proposed advertising materials shall be deemed rejected, unless Pet Dental USA subsequently conveys otherwise in writing.

C. **Brand Fund.** Pet Dental USA reserves the right to establish an advertising and marketing fund (the "**Brand Fund**") for the common benefit of Franchisees. Franchisee may be required to participate in and contribute monthly to the Brand Fund, in the manner Pet Dental USA prescribes, and in an amount specified by Pet Dental USA at the time such Brand Fund is created. The amount of the Brand Fund contributions shall be no more than three percent (3%) of Net Sales (the "**Brand Fund Fee**"). Currently, the Brand Fund Fee is 1% of Net Sales. We may increase the Brand Fund Fee to an amount not to exceed 3% of Net Sales upon thirty (30) days written notice to you.

(1) **Pet Dental USA's Use of Brand Fund.** Pet Dental USA will use Brand Fund contributions, at Pet Dental USA's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Pet Dental USA's sole judgment, the services offered by Franchisees. Pet Dental USA has the sole right to determine contributions to and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Pet Dental USA will make a good faith effort to expend Brand Fund contributions in the general best interests of the Pet Dental USA System on a national, regional, or local basis. Pet Dental USA may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of public relations activities and advertising agencies, the cost of developing and maintaining an Internet website and other online advertising/marketing, and personnel and other departmental costs for advertising that Pet Dental USA internally administers or prepares. Franchisee acknowledges that not all Clinics will benefit directly or on a pro-rata basis from such expenditures. While Pet Dental USA does not anticipate that any part of the Brand Fund contributions will be used for advertising that is principally a solicitation for the sale of franchises, Pet Dental USA reserves the right to use the Brand Fund for public relations or building recognition of the Pet Dental USA brand and to include a notation in any advertisement indicating "Franchises Available."

(a) **Reimbursement of Reasonable Costs and Overhead.** Pet Dental USA has the right to reimburse itself from the Brand Fund contributions for such reasonable costs and overhead, if any, including salaries, as Pet Dental USA may incur in activities reasonably related to the direction and implementation of the Brand Fund.

(b) **Pet Dental USA's Contribution to the Fund.** Pet Dental USA's contribution to the Brand Fund for company-owned or Affiliate owned Clinics will be equal to that paid by franchised Clinics.

(2) **Brand Fund Statements.** Upon Franchisee's request, Pet Dental USA will make available, within one hundred and twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The Brand Fund is not required to be independently audited. Although Pet Dental USA anticipates that all Brand Fund contributions will be spent in the fiscal year they accrue, if Pet Dental USA does not spend all Brand Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year.

D. **Local Advertising Requirement.** In addition to the Brand Fund contributions described above, Pet Dental USA reserves the right to require Franchisee to spend \$2,400 per calendar year, on local advertising and promotion in accordance with an annual plan approved by Pet Dental USA and in accordance with Pet Dental USA's standards and specifications (the "**Local Advertising Requirement**"). Franchisee must meet the Local Advertising Requirement as Pet Dental USA prescribes in the Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. In the event the Local Advertising Requirement is implemented, Franchisee acknowledges and agrees that Franchisee's Local Advertising Requirement must be expended regardless of the amounts spent by other Clinics on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising. Franchisee must use only such advertising and promotional materials as have been previously approved by Pet Dental USA, as described in Section 10.B above. In the event the Local Advertising Requirement is implemented, Clinic will submit to Pet Dental USA an annual plan for Franchisee's expenditure of Franchisee's local marketing budget, which Pet Dental USA must approve in writing. Franchisee must send Pet Dental USA proof of these expenditures within fifteen (15) days of the end of each quarter. At its discretion and from time to time, Pet Dental USA may provide Franchisee with local advertising and marketing materials, including without limitation, merchandising materials, sales aids, special promotions and similar advertising, and Pet Dental USA reserves the right to charge a reasonable price for providing such materials.

E. **Opening Advertising Program.** Pet Dental USA strongly recommends that Franchisee conduct an opening advertising program to promote the opening of Franchisee's Clinic during the first sixty (60) days following Franchisee's soft opening. If Franchisee elects to conduct such advertising, Pet Dental USA and Franchisee shall work together to determine an appropriate program during the time period following the execution of this Agreement and prior to Franchisee's opening. As described in Section 10.B above, all advertising must be approved by Pet Dental USA in writing prior to publication.

F. **Co-op Advertising and Other Marketing Programs.** Pet Dental USA will have the right, in its discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("**Cooperative**"), and to determine whether a Cooperative is applicable to the Clinic. If a Cooperative is established applicable to the Clinic, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Advertising Requirement. Cooperative contributions will not exceed the maximum Local Advertising Requirement unless a majority of the Cooperative votes to increase the required Cooperative contributions. If implemented, the following provisions will apply to each Cooperative:

(1) Each Cooperative will be organized and governed in a form and manner and will commence operation on a date approved in advance by Pet Dental USA.

(2) Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Pet Dental USA's approval, standardized advertising materials for use by the members in local advertising.

(3) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Pet Dental USA's prior approval. All such plans and materials must be submitted to Pet Dental USA in accordance with Section 10.B;

(4) Cooperative activities will be determined by a majority vote of the member franchisees in the Cooperative.

(5) Each member franchisee must submit to the Cooperative, no later than the tenth (10th) of each calendar month, for the preceding calendar month, its respective contribution as provided in

this Agreement together with such other statements or reports as Pet Dental USA may require or as may be required by the Cooperative with Pet Dental USA's approval; and

(6) Pet Dental USA may grant to Franchisee or any other franchisee an exemption from participating in a Cooperative at its sole discretion, upon a written request stating the reasons supporting such exemption. Pet Dental USA's decision concerning such request for exemption will be final.

G. **Displays at the Premises.** If required by Pet Dental USA, Franchisee shall, in such form and manner as may be specified, notify the public that Franchisee is operating the Clinic as an independently owned franchisee of Pet Dental USA, and shall identify its business location in the manner specified by Pet Dental USA in the Manual.

11. **Confidential Operating Manual.**

A. **Manual.** We will loan you during the term of this Agreement or make available to you via other means (internet, intranet, etc.) one copy of our Manual, which may include electronic media, and information distributed electronically and/or written materials or allow you access to the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Clinic and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards. You agree to keep your copy (or access) of the Manual and/or any passwords and/or log-in information with respect to web-based or electronic copies thereof current and in a secure location at your Clinic. If there is a dispute over the contents of the Manual, our master copy of the Manual controls. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than employees of your Clinic who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us, for which we may charge you our then applicable printing or copying charge. This charge is for our direct costs and is not related to any value that we place on the Confidential Information (defined in Section 19.A. below).

B. At our option, we may post some or all of the Manual on a restricted Website (intranet or extranet) to which you will have access. If we do so, you agree to monitor and access the Website for any updates to the Manual or System Standards. Prior to accessing any online training instructional system, you must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual on a website, intranet, extranet or other online training instructional system will be deemed to be part of the Confidential Information.

12. **Your Organizational Structure**

A. **Representations.**

(1) If you are a corporation, a limited liability company or a partnership (“**Entity**”), you make the following representations and warranties: (a) you are duly organized and validly existing under the laws of the state of formation; (b) you are qualified to do business in the state, county, and city in which your Clinic is located; (c) execution of this Agreement and the development and operation of your Clinic is permitted by your governing documents; (d) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement must at all times provide that your activities are limited to the development and operation of Franchisees and other businesses operated by you that are franchised by us or our Affiliates; and (e) all interests in you are owned as set forth in attached Exhibit 4; (f) each person owning 5% interest in Clinic has executed a guaranty agreement (Exhibit 5) undertaking to be bound by the provisions of the Franchise Agreement.

(2) If you are an individual, a group of individuals, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (a) each individual has signed this Agreement; (b) each individual will be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, each individual will continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

B. Governing Documents. If you are an Entity, then you must provide us with copies of your organizational and governing documents (“**governing documents**”). When any of these governing documents are modified or changed, you must promptly provide copies to us. You must maintain a current list of all of your owners, members, or partners (and the percentage ownership of each Equity Owner). You must comply with Section 14.B. prior to any change in ownership interests and sign and deliver to us a revised Exhibit 4 to reflect any permitted changes in the information that Exhibit 4 now contains. If you are an Entity, you must maintain stop-transfer instructions against the transfer on your records of any voting securities, membership interests or ownership interests. If you are a publicly-held corporation these requirements will apply only to the stock owned by your shareholders who have an ownership interest in you in excess of 10%.

C. Personal Guaranty. Each of your Owners who hold an ownership interest in you of more than 5% at any point during the term of this Agreement must sign a guarantee in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Exhibit 5. As required by applicable law, your spouse will be required to sign the Guaranty or consent to your execution of it.

D. Operating Principal.

(1) If you are owned by more than one individual or you are an Entity, you must designate and retain an individual (which may be one of your Owners) to serve as your Operating Principal. The Operating Principal as of the date of this Agreement is identified in Exhibit 4. The Operating Principal must maintain, at all relevant times, a general lines license in the state or states where the Clinic is located, at all times, must have at least a 10% equity ownership interest in you and must be responsible for overseeing and supervising the operation of your Clinic. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent.

(2) The Operating Principal must successfully complete and receive our certification in our Initial Training Program and any additional training that we require. The Operating Principal must devote full-time and best efforts to supervising the operation of your Clinic and those other businesses (that are franchised by us or our Affiliates) operated by you in the same geographic area as your Clinic and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility. The Operating Principal must maintain her primary residence within a reasonable driving distance of your Clinic.

(3) If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Your designee to become the Operating Principal must successfully complete our Initial Training Program and any additional training we require within 30 days after being designated as your Operating Principal.

(4) If your Operating Principal does not meet our qualifications and requirements, you will be required, prior to opening your Clinic for business, to retain a manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Manual.

13. **Transfer by Us.** We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

14. **Transfer by You.**

A. **Transfer Generally.** You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your Owners) and that we have granted the rights under this Agreement to you in reliance upon our perceptions of your or your Owners individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Entity which directly or indirectly controls you may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, your Clinic, the Assets (as defined in Section 22), the Premises, the Lease or any other assets pertaining to your operations under this Agreement (collectively “**Transfer**”) without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written consent will have no effect with regard to us and will constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach.

B. **Conditions for Approval of Transfer.**

(1) You must advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by us, relating to the proposed Transfer. Along with that required information, you must pay us a transfer fee equal to \$7,500 (“**Transfer Fee**”). The Transfer Fee is non-refundable, however, if the proposed Transfer transaction does not close, then we shall apply the Transfer Fee against the transfer fee for any subsequent Transfer that you close within the 12-month period following your initial Transfer application. If we do not exercise our right of first refusal (as set forth in Section 14.G), the decision as to whether or not to approve a proposed Transfer will be made by us in our sole discretion and will include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(2) the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your Clinic.

(3) you have paid all amounts owed to us, our Affiliates, and third party vendors and suppliers, have submitted all required reports and statements, and are not in violation of this Agreement.

(4) neither the proposed transferee nor its owners or Affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (as defined in Section 19.B(1)).

(5) the proposed transferee, including its Operating Principal, lead veterinarian (if the Operating Principal is not a veterinarian), administrative lead, and lead technician satisfactorily completes our Initial Training Program (and any other required training programs we require) and pays any then-current training fees.

(6) the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises.

(7) you have corrected any existing deficiencies of your Clinic of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your Clinic in accordance with our then current requirements and specifications for Clinics within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);

(8) if you or your Owners finance any part of the purchase price, you and/or your Owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Clinic are subordinate to the transferee's obligation to make payments due to us under this Agreement.

(9) you (and your transferring Owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates, officers, directors, employees, and agents; and

(10) you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer.

(11) If we approve a proposed Transfer, prior to the Transfer becoming effective:

(a) If the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

(b) you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete Exhibit 4 as required by Section 12.B. and all individuals who hold or will hold an ownership interest in Clinic of more than 5% must sign the guaranty attached as Exhibit 5; and

(c) you (and all of your Owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.

(12) Following the effective date of the Transfer:

(a) you and your transferring Owners agree not to engage in any of the activities proscribed Section 19.B. below, for the Restricted Period in the Restricted Area; and

(b) you and your transferring Owners will not directly or indirectly at any time or in any manner (except with respect to other Clinics you own and operate) identify yourself or themselves or any business as a current or former Clinic or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Clinic in any manner or for any purpose; or utilize for any purpose

any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

C. Transfer for Convenience of Ownership. If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 14.B. will apply to such a Transfer; however, you will not be required to pay a Transfer Fee. Our approval also will be conditioned on the following: (1) the corporation or limited liability company must be newly organized; (2) prior to the Transfer, we must receive a copy of the documents specified in Section 12.B. and the transferee must comply with the remaining provisions of Section 14; (3) you must own all voting securities of the corporation or membership interests of the limited liability company or, if you are owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; and (4) you and your Owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur.

D. Transfer upon Your Death or Permanent Incapacity. If the Transfer is a transfer of ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of one of your Owners, that person's executor, administrator, or other personal representative must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. We do not charge a Transfer Fee under this Section 14.D. That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability and is subject to all of the terms and conditions in this Section 14. A failure to Transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period will constitute a breach of this Agreement.

E. No Rights to Grant a Security Interest. You may not grant any security interest in Franchisee, your Clinic, the Premises, or the Assets (as defined in Section 22) without our prior written consent. Our approval may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of the fair market value of the secured assets.

F. Effect of Consent to Transfer. Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Clinic' or the transferee's prospects of success, or a waiver of any claims we have against you (or your Owners) or of our right to demand your and your transferee's full compliance with this Agreement.

G. Our Right of First Refusal.

(1) We have the right, exercisable within 10 days after receipt of the notice specified in Section 14.B(1) to send written notice to you that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. Our right of first refusal will not apply with regard to Transfers for Convenience of Ownership under Section 14.C. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same consideration as the third-party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser, and the appraiser's determination will be final. Any material changes in the terms of the offer from a third party

after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

(2) If a Transfer to which our right of first refusal applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraisers' determination of fair market value.

(3) If we elect not to exercise our rights under this Section 14.G, the transferor may complete the Transfer after complying with this Section 14. Closing on the Transfer must occur within 60 days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide us copies of all fully executed agreements and any other information we request relating to the Transfer.

H. **Public Offering.** Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Section), which consent will not be unreasonably withheld. In addition to the requirements of Section 14.B, prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you at your expense, must deliver to us a copy of the offering documents. You, at your expense, also must deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our Affiliates. The indemnification provisions of Section 16 shall also include any losses or expenses incurred by us and/or our Affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

15. **Insurance.** Franchisee will upon commencement of the Initial Term, purchase and at all times maintain in full force and effect those insurance policies, in the amounts and on the terms prescribed by the Manual, issued by an insurance company acceptable to Franchisor at all times during the Initial Term of this Agreement and any Renewal Term. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance, errors and omissions, business interruption and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than the amount set forth in the Manual and adjusted by Franchisor periodically, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the Clinic. Insurance policies must insure Clinic, Franchisor, Franchisor's Affiliates, their respective officers, directors, shareholders, members, and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance, or operation by Franchisee of the Clinic. The policies must also stipulate that Franchisor will receive thirty (30) day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, is furnished to Franchisor together with proof of payment within ten (10) days of issuance thereof. Franchisee will also furnish Franchisor with certificates and endorsements evidencing this insurance coverage within 10-days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and

endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time. In the event Clinic fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but is not obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee will reimburse Franchisor for the full cost of this insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure this insurance, within five (5) days of the date Franchisor delivers an invoice detailing these costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 18 of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements at any time by updating the Operations Manual. All liability insurance policies procured and maintained by Franchisee in connection with the Clinic will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor's Affiliates and their respective officers, directors, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

16. **Indemnification.** Franchisee will, during the Initial Term, any Renewal Term, and after the termination or expiration of the Franchise Agreement, indemnify Franchisor, its Affiliates and their respective officers, owners, directors and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "**Damages**") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

A. a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy the Premises.

B. any injury to or loss of property of any person in, or on, the Premises or any other premises used by Franchisee to operate the Clinic.

C. Franchisee's taxes, liabilities, costs, or expenses of the Clinic.

D. any negligent or willful act or omission of Franchisee, its employees, agents, servants, contractors, or others for whom it is, in law, responsible; and

E. any advertising or promotional material distributed, broadcasted, or in any way disseminated by Franchisee or on its behalf unless this material has been produced, or approved in writing, by Franchisor.

17. **Our Relationship.**

A. Franchisee must not represent or imply that the Clinic conducted by Franchisee is owned by Franchisor. Upon the request of Franchisor, Franchisee must post a sign in the Clinic stating that Franchisee is an independent contractor and that the Clinic is not owned or operated by Franchisor and Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Clinic personnel, and others as the Clinic's owner under a franchise Franchisor has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials Franchisor requires at any time and from time to time. Franchisee will be an independent contractor, and

nothing contained in this Agreement will be construed to create or imply a fiduciary relationship between the parties, or to make either party a general or specific agent, legal representative, employee, joint venturer, partner, or servant of the other. Franchisee is in no way authorized to sign any contract or agreement, to make any representation or warranty or to create any obligation (express or implied) on behalf of Franchisor. Franchisee will be responsible for their own taxes (including any taxes levied upon the Clinic with respect to compensation or otherwise).

B. Franchisor and Franchisee agree and acknowledge that Franchisee and only Franchisee shall possess and/or exercise substantial direct and immediate control over the essential terms and conditions of employment of Franchisee's employees. Franchisee is, subject to compliance with applicable local, state, and federal laws, solely responsible for: (1) setting the wages, benefits, and related compensation of Franchisee's employees; (2) setting the work schedules and hours requirements for Franchisee's employees; (3) assigning work duties to Franchisee's employees; (4) establishing, communicating, and enforcing rules, directions, means and methods of performance, and employee discipline to Franchisee's employees; (5) hiring and firing its employees; and (6) establishing and maintaining safety standards for Franchisee's employees. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which it is required to comply with under this Agreement, whether set forth in the Confidential Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Clinic, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising its control of the day-to-day operations of the Clinic. Franchisee shall defend, indemnify, and hold Franchisor harmless against any and all, damages, costs, fees, expenses, settlements, payments, or liabilities incurred by Franchisor as a result of or in connection with claims, investigations, demands, suits, actions, inquiries, or allegations made by one or more of Franchisee's employees or by a governmental authority that Franchisor is, in any manner or for any purpose, a joint employer of one or more of Franchisee's employees.

C. Franchisor will have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, gross revenue, property, or other tax levied upon Clinic, Franchisee's property, the Clinic or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Clinic with respect to purchases from Franchisor).

18. **General Release.** You (on behalf of yourself and your subsidiaries and Affiliates), all individuals who execute this Agreement and all guarantors of your obligations under this Agreement (collectively "**Franchisee Releasers**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and Affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Pet Dental USA Franchise Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "**Released Claims**"), which you or any Clinic Releaser now own or hold or may at any time have owned or held, including, without limitation, Released Claims arising under federal, state and local laws, rules and ordinances, and Released Claims arising out of, or relating to this Agreement and all other agreements between you or any Clinic Releaser and any Pet Dental USA Franchise Releasee, the sale of a franchise to you or any Clinic Releaser, the development and operation of your Clinic and the development and operation of all other Clinics operated by you or any Clinic Releaser that are franchised by any Pet Dental USA Franchise Releasee. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document or its exhibits or otherwise impair or affect any Released Claims arising after the date of this Agreement. You (on behalf of the Franchisee Releasers)

expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

19. Covenants

A. **Confidential Information.** During and after the Term, you may not communicate, divulge, or use for any purpose other than the operation of your Clinic any Confidential Information. You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your Clinic. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity. Pet Dental USA shall be a third-party beneficiary of such agreement, and Franchisee shall not amend, modify, or terminate any such agreement without Pet Dental USA's prior written consent.

B. Restrictions.

(1) You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Clinics if our franchisees were permitted to hold interests in “**Competing Businesses**” (which are defined as businesses that provide dental and wellness care for dogs and cats). You acknowledge that restrictions on your right to hold interests in or perform services for Competing Businesses will not hinder your activities. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(2) You therefore agree that, during the term of this Agreement and for the “Restricted Period” following the expiration or earlier termination of this Agreement, you and your Owners will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record,

beneficially, or otherwise) or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in a Competing Business; or

(b) not knowingly directly or indirectly: (i) solicit a prospect, customer or client for any competitive purpose; or (ii) accept an order from a prospect, customer or client: (A) of Pet Dental USA or any Clinic as of the date of such termination, expiration, non-renewal or Transfer; (B) to whom Pet Dental USA or any Clinic, as of the date of such expiration, termination, non-renewal or Transfer, has submitted a bid or quotation; or (C) that was a customer or client of Pet Dental USA or any Clinic at any time during the twelve (12) months immediately preceding such expiration, termination, non-renewal, or Transfer.

(3) For purposes of this Agreement, the term “**Restricted Period**” shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(4) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 19.B. During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Clinic in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 19.B begin to comply with Section 19.B (the “**Restricted Area**”).

(5) If, at any time during the Restricted Period, you or your Owners fail to comply with your obligations contained in this Section 19.B, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 19.B. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 19.B.

(6) If any restriction in this Section 19.B. is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant’s validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(7) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers, and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

C. **Covenants are Independent of Other Covenants or Provisions of This Agreement.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall, where applicable, survive the termination, expiration, non-renewal, or Transfer of this Agreement for any reason. Should any part of one or more of these restrictions

be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Pet Dental USA agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Pet Dental USA may unilaterally, at any time and at its sole discretion, revise any of the covenants in this Section so as to reduce the obligations hereunder. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which a Franchisee is in violation of any restrictive covenant. Franchisee further expressly agrees that the existence of any claim it may have against Pet Dental USA, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Pet Dental USA of the covenants set forth in this Section.

20. Termination

A. **Termination by Franchisor Without Cure Period.** In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section within 12 months of the Effective Date of this Agreement.

(2) you abandon or fail to actively to operate your Clinic for a period of three (3) or more consecutive days, unless you close your Clinic for a purpose we approve in writing, or because of Force Majeure, as defined in Section 25.C;

(3) you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Clinic is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Clinic is not vacated within 30 days following the order's entry;

(4) there is a material breach by you of any covenant or obligation set forth in Section 12;

(5) If Franchisee's Owners, officers, directors, employees, Staff, or independent contractors commit any fraud, whether or not directly related to the operation of the Clinic.

(6) any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.

(7) we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a franchise to you.

(8) you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us.

(9) if an incident occurs at your Clinic that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee.

(10) we make a reasonable determination that continued operation of your Clinic by you will result in an imminent danger to public health or safety.

(11) you lose the right to occupy the Premises.

(12) you, the Operating Principal, or any of your Owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our Affiliates, the goodwill associated with the Marks, or the System.

(13) you, or your Operating Principal, your lead veterinarian (if your Operating Principal is not a veterinarian), your administrative lead, and your lead technician do not satisfactorily complete the Initial Training Program.

(14) your or any of your Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Owners otherwise violate any such law, ordinance, or regulation; you or your Owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our Affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Clinic; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Clinic; or (d) fail to pay when due any taxes or assessments relating to your Clinic or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;

(15) you interfere with our relations with other franchisees and third parties and/or negatively impact our ability to operate and/or grant franchises under our System.

(16) you materially breach any representation or warranty set forth in Section 29;

(17) You fail to maintain all insurance policies required by Section 15 of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate;

(18) Clinic or Franchisee's Affiliates, Owners, officers, directors, employees, Staff, or independent contractors materially breach any other agreement with Pet Dental USA or any of Pet Dental USA's Affiliates, or threaten any material breach of any such agreement, or the lease for the Clinic, and fail to cure such breach within any permitted period for cure; or

(19) you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.

B. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 20.A or 20.B(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you

will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 20.B(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 20.B(1), if you default in the payment of any monies owed to us or our Affiliates when such monies become due and payable and you fail to pay such monies within five (5) days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(3) **Termination Following Inspection.** We (or our designee) may periodically conduct inspections of your Clinic to evaluate your compliance with the System and this Agreement. Following each Inspection, we will provide to you an Inspection report and Inspection score on the Inspection and those conditions at your Clinic that must be rectified. If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.

(4) Notwithstanding the provisions of preceding Section 20.B(1), if Franchisee's Owners, officers, directors, employees, Staff or independent contractors fail to immediately endorse and deliver to Pet Dental USA any payments due to Pet Dental USA from any third party that is erroneously made to Franchisee, or fail to deposit customer payments in the designated bank account within the within five (5) days of the receipt of such payment(s).

C. **Management Rights.** In addition to Pet Dental USA's right to terminate this Agreement, and not in lieu of such right, or any other rights Pet Dental USA may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Pet Dental USA has the right, but not the obligation, to enter the Clinic Premises and exercise complete authority with respect to the operation of the Clinic until such time that Pet Dental USA determines, at its sole discretion, that the default has been cured and Clinic is otherwise in compliance with this Agreement. In the event Pet Dental USA exercises the rights described in this Section, Franchisee must reimburse Pet Dental USA for all reasonable costs and overhead, if any, incurred in connection with its operation of the Clinic including, without limitation, costs of personnel for supervising and staffing the Clinic and their travel and lodging accommodations. If Pet Dental USA undertakes to operate the Clinic pursuant to this Section, Franchisee agrees to indemnify and hold Pet Dental USA (and Pet Dental USA's representatives and employees) harmless from and against any fines, claims, suits, or proceedings which may arise out of Pet Dental USA's operation of the Clinic.

D. **Non-Waiver.** Pet Dental USA's delay in exercising or failing to exercise any right or remedy under this Agreement or Pet Dental USA's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Pet Dental USA's rights or remedies against Franchisee.

21. **Obligations Upon Termination or Expiration**

A. **Your Obligations.** Upon termination or expiration of this Agreement:

- (1) The rights granted to you immediately will terminate.
- (2) You and your Owners must continue to abide by the covenants in Section 19.

(3) Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us and our Affiliates all sums due and owing to us and our Affiliates.

(4) Obtain an Errors & Omissions Tail Policy that is reasonably satisfactory to Pet Dental USA, at Franchisee's expense, for a period of three (3) years following the date of termination, expiration, non-renewal, or Transfer.

(5) You must immediately discontinue all use of the Marks in connection with your Clinic and of any and all items bearing the Marks; remove the Marks from your Clinic and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Clinic; cancel all advertising for your Clinic that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your Clinic that contain any Marks. You must comply with this Section 21 before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders.

(6) You must immediately cease using any of our Confidential Information (including the Technology System or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Technology System, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;

(7) Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Clinic that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Clinic.

(8) Promptly turn over all lists and information Franchisee may have about former, existing, or potential customers.

(9) Set up mail and electronic mail forwarding from the former Clinic as directed by Pet Dental USA.

(10) You will execute any necessary papers, documents, and assurances to effectuate the intent of this Section 21, and otherwise comply with Pet Dental USA's off boarding process; and

(11) If we do not have or do not exercise an option to purchase the Assets of Franchisee under Section 22 below, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish your Clinic clearly from its former appearance and from other Clinics in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.

B. Power of Attorney. Clinic hereby irrevocably appoints Pet Dental USA as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Marks and Confidential Information, or to otherwise effectuate the obligations set forth in Section 20 above.

C. Evidence of Compliance. You must furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by you or by your

chief executive officer if you are a corporation; by your manager, if you are a limited liability company; or by your general partner, if you are a partnership) satisfactory to us of your compliance with Section 21.

D. Prohibition from Engaging in Future Conduct. Upon termination or expiration of this Agreement and your satisfaction of the covenants set forth in Section 19, you agree that you will not, except with respect to a business franchised by us or our Affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our Affiliates or have any right to use the System or the Marks; (2) make, use or avail yourself of any of the materials or Confidential Information furnished or disclosed by us or our Affiliates under this Agreement or disclose or reveal any such materials or Confidential Information or any portion of those materials or Confidential Information to anyone else; or (3) assist anyone not licensed by us or our Affiliates to construct or equip a business substantially similar to a Clinic.

E. Continuing Obligations. All of our and your (and your Owners) obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding the expiration or termination and until the obligations are satisfied in full or by their nature expire.

F. No Exclusive Remedy. No right or remedy conferred upon or reserved to us in this Section 21 is exclusive of any other right or remedy provided or permitted by law or equity.

22. **Our Option to Purchase Certain Assets of Your Clinic**

A. Scope. Upon the expiration or termination of this Agreement for any reason, we will provide written notice to you, within 30 days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of the Assets. As used in this Agreement, the term "Assets" means and includes, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs, and inventory (non-perishable products, materials, and supplies) used in your Clinic, real estate interests (including the fee simple rights or the Lease), and any licenses necessary to operate your Clinic. We will have the unrestricted right to assign this option to purchase the Assets. We or our assignee will be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition, and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets ("**Purchase Price**") will be their fair market value (or, for leased assets, the fair market value of your Lease), determined as of the effective date of purchase in a manner that accounts for customary depreciation and condition of the Assets; provided, however, that the Purchase Price will account for the termination of this Agreement. Further, the Purchase Price for the Assets will not contain any factor or increment for any of the Marks, or other trademarks, service marks or commercial symbols used in connection with the operation of your Clinic nor any goodwill or "going concern" value for your Clinic. We may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a Clinic or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

C. Certified Appraiser. If we and you are unable to agree on the fair market value of the Assets within 30 days after your receipt of our notice of our intent to exercise our option to purchase the Assets, the fair market value will be determined by a certified appraiser selected by us. The appraiser will be given full access to your Clinic, the Premises and your books and records during customary business

hours to conduct the appraisal and will value the Assets to be purchased in accordance with the standards of this Section 22. The appraiser's fees and costs will be borne equally by you and us.

D. **Exercise of Option.** Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing (“**Purchase Notice**”). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase (“**Closing**”), which will take place no later than 60 days after the date of the Purchase Notice. For a period of 30 days after the date of the Purchase Notice (“**Due Diligence Period**”), we will have the right to conduct such investigations as we deem necessary and appropriate to determine: (1) the ownership, condition, and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Premises; and (4) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. You will give us and our representatives access to your Clinic and the Premises at all reasonable times for the purpose of conducting inspections of the Assets, provided that such access does not unreasonably interfere with the operations of your Clinic. Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title search, lien search, survey, environmental assessment, or inspection. If you cannot or elect not to correct any such title defect, environmental objection, defect in the working condition of the Assets or any other objection, we will have the option to either accept the condition of the Assets as it exists or rescind our Purchase Notice, on or before the Closing.

E. **Leased Premises.** If the Premises are leased, you agree to use reasonable efforts to effect a termination of the existing Lease for the Premises. If the Lease for the Premises is assigned to us or we sublease the Premises from you, we will indemnify and hold you harmless from any ongoing liability under the Lease from the date we assume possession of the Premises, and you will indemnify and hold us harmless from any liability under the Lease prior to and including that date.

F. **Premises Owned by You.** If you own the Premises, we, at our option, may purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased; or remove the Assets from the Premises in a manner consistent with the Lease Agreement. The initial term of the Lease between you and us under such circumstances must be at least ten (10) years, and the rent must be the fair market rental value of the Premises. The Lease must include no less than one renewal term of at least ten (10) years. If you and we cannot agree on the fair market rental value of the Premises, then local real estate appraisers (selected in the manner described in Section 22.C) will determine the rental value.

23. **Clinic Representations and Warranties.** Clinic represents and warrants to Franchisor that:

A. Clinic, if a registered business entity, is duly organized, existing and in good standing under the laws of the state in which it was organized and/or incorporated.

B. the execution of this Agreement, the operation of the Franchisee's Clinic, and the performance of all of the terms and conditions of this Agreement by Franchisee, Staff and Franchisee's Owners, officers, directors, and employees will not and shall not violate the terms of any contractual, legal, or other obligations with any third party.

C. Franchisee's Owners, officers, directors, employees or independent contractors that are required to be duly and fully licensed by any regulatory organization, governmental agency or any Contracted Company shall be, at all times during the term of this Agreement, duly and fully licensed and appointed as insurance agents under Pet Dental USA's master licenses and appointments as required by Pet Dental USA, and shall have and maintain all other required licenses, registrations, and authorities to provide veterinary services at the Clinic.

D. Franchisee will immediately notify Pet Dental USA of any and all litigation to which Franchisee or any of Franchisee's Affiliates, Staff, Owners, directors, officers, employees, or independent contractors may become a party, whether as plaintiff or defendant, and represents and warrants that no such litigation is now pending.

E. Franchisee will notify Pet Dental USA of any and all investigations of or hearings related to Franchisee or any of Franchisee's Affiliates, Staff, Owners, directors, officers, employees, or independent contractors that are conducted by any regulatory organization, governmental agency, or Contracted Company, and represents and warrants that no such investigations or hearings are now pending.

F. Clinic represents and warrants that Franchisee has taken all necessary action, including but not limited to binding resolutions/actions of all of its managers, directors and/or shareholders, to enter into this Agreement and to carry out the terms and conditions set forth in this Agreement.

G. Clinic certifies that neither Clinic, nor Franchisee's Owners, Staff or anyone associated with Clinic is listed in the Annex to Executive Order 13224 (the "**Annex**"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Clinic certifies that Franchisee has no knowledge or information that, if generally known, would result in Clinic, Franchisee's Owners, Staff, or anyone associated with Clinic being listed in the Annex. Franchisee agrees to comply with and assist Pet Dental USA to the fullest extent possible in Pet Dental USA's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Clinic certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. As used in this Agreement, "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Premises of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

24. **Severability and Construction.**

A. **Severability.** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

B. **Alteration to Agreement by Rule of Law.** If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within

any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

C. **No Third Party Beneficiaries.** Except as otherwise provided in Section 19, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you as the parties to this Agreement and our Affiliates and such of our heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

D. **Interpretation.** No provision of this Agreement should be interpreted in favor of, or against any party because of the party that drafted this Agreement.

E. **Our Discretion.** Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or its right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other individual interest; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or Affiliate-owned operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

25. **Consents, Approvals and Waivers.**

A. **Consents.** Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us for that approval or consent, and any approval or consent received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

B. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) because of: any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Clinics; the existence of agreements for other Clinics which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction.

C. **Variance by Reason of Force Majeure.** If the performance of any obligation by any party under this Agreement is prevented, hindered, or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered, or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term “Force Majeure” means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) may not constitute Force Majeure.

26. **Entire Agreement.** We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, you and we will deal with each other in good faith. This Agreement and its attachments, the Manual, and the documents referred to in this Agreement constitute the entire, full, and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and its attachments, the Manual, and the documents referred to in this Agreement (including our Franchise Disclosure Document). No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by you and us and executed in writing.

27. **Enforcement**

A. **Mediation.** Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27.A will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

B. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 19 shall be interpreted and construed under the laws of the jurisdiction in which your Clinic is located.

C. **Consent to Jurisdiction and Venue.** You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Clinic is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

D. **Waiver of Certain Damages and Rights.** You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

E. **Reimbursement of Costs and Expenses.** If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. **Rights and Remedies Cumulative.** No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

G. **Limitations of Claims.** Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your Clinic, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

H. **Injunctive Relief.** You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our Affiliates, and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

28. **Miscellaneous**

A. **Gender and Number.** All references to gender and number will be construed to include such other gender and number as the context may require.

B. **Captions.** All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

C. **Counterparts.** This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

D. **Time.** Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted will be the day or month of the designated action, event, or notice. Days will be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically will be extended to the next day that is not a Saturday, Sunday, or national holiday.

E. **Delegation of Performance.** You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

Notices and Payments. No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and: (A) if to us, is sent to Pet Dental USA Franchising, LLC_7595 South Thoroughbred Lane, Mayer, AZ 86333 (Attn: Legal Department) and/or bredmon@pdusa.net; or (B) if to you, is sent to the address and to the individual specified on Exhibit 4 or is sent to the Premises of your Clinic. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first refusal of delivery) and may be: (1) delivered personally; (2) transmitted by electronic mail to the e-mail address(es) or number(s) set forth above (or in Exhibit 4) with electronic confirmation of receipt; (3) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

29. **Acknowledgments.** You represent, acknowledge, and warrant to us (and you agree that these representations, acknowledgements, and warranties will survive termination of this Agreement) that:

A. you have independently investigated the Clinic franchise opportunity and recognize that, like any other business, the nature of the business of Franchisees may, and probably will, evolve and change over time.

B. an investment in a Clinic involves business risks that could result in the loss of a significant portion or all of your investment.

C. your Clinic abilities and efforts are vital to your success.

D. attracting customers for your Clinic will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of in-store promotional materials.

E. you must maintain a high level of customer service and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards.

F. you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Clinic, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Clinic;

G. in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

H. you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement.

I. you have read this Agreement and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Clinic, and to protect and preserve the goodwill of the Marks.

J. you understand we may license others to operate businesses that offer insurance sales and servicing at Clinics and other businesses with similar and different names and marks, and these businesses may operate in close proximity to your Clinic.

K. we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your Clinic professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

L. you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Clinic franchise opportunity, and we have not refused to answer any questions, inquiries, or requests.

M. you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so; and

N. we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

PET DENTAL USA FRANCHISING, LLC

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**EXHIBIT 1 TO FRANCHISE AGREEMENT
FRANCHISE INFORMATION**

1. Location of the Clinic (the "Premises"): The Clinic will be located at: _____
_____. If the Premises have not been approved in writing by us as of the Effective Date, we will insert the address of the Premises after you execute a Lease, or otherwise secure the approved site for your Clinic.

2. **The Site Selection Area:** If the Premises have not been determined as of the Effective Date, we will identify the Site Selection Area on a map attached to this Exhibit 1. Your rights in the Site Selection Area are subject to the limitations described in Section 5 of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries and will terminate immediately, without any further action, upon your identification of a Premises for your Clinic.

3. **The Initial Franchise Fee:** \$25,000.

4. **Effective Date:** This Exhibit 1 is current and complete as of _____

5. **Form of Ownership.**

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows: _____

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____. The following is a list of your directors, if applicable, and officers as of the Effective Date shown above:

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____

6. **Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Equity Owner's Name	Percentage/Description of Interest
_____	_____%
_____	_____%
_____	_____%
_____	_____%

7. **Operating Principal.** Your Operating Principal's name and contact information is _____

FRANCHISEE:

By: _____
Title: _____
Date: _____

SITE SELECTION AREA

Your rights in the Site Selection Area are subject to the limitations described in Section 5.A of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

The Site Selection Area is depicted in the map above:

FRANCHISEE

PET DENTAL USA FRANCHISING, LLC

Initials:

Initials:

**EXHIBIT 2 TO FRANCHISE AGREEMENT
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS**

THIS ASSIGNMENT is entered into this _____, in accordance with the terms of that certain PET DENTAL USA FRANCHISING, LLC Franchise Agreement (the “Franchise Agreement”) between Franchisee (“You”) and PET DENTAL USA FRANCHISING, LLC (“we”, “us” or “Pet Dental USA”), executed concurrently with this Assignment, under which we granted you the right to own and operate a Clinic.

FOR VALUE RECEIVED, you hereby assign to us all of your right, title and interest in and to those certain telephone numbers utilized in the operation of your Clinic, classified or other telephone directory listings, and listings or advertisements on or in any other directory, internet website, domain name, social media site or channel (such as, but not limited to, Facebook, Instagram, and Twitter accounts or sites), and other digital or electronic marketing channel or media that includes or is associated with our trademarks and service marks and used from time to time in connection with the operation of the Clinic (collectively, the “Telephone Numbers and Listings”). Except as specified herein, we shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company or other directory provider and/or the listing agencies with which you have placed telephone directory listings (all such entities are collectively referred to herein as the “Telephone Company”) to effectuate the assignment pursuant to the terms hereof.

FRANCHISEE

By: _____

Title: _____

Date: _____

FRANCHISOR

By: _____

Title: _____

Date: _____

**EXHIBIT 3 TO FRANCHISE AGREEMENT
FORM OF COLLATERAL ASSIGNMENT OF LEASE**

THIS COLLATERAL ASSIGNMENT OF LEASE (“Assignment”) is entered on _____, 201__ between PET DENTAL USA FRANCHISING, LLC (“Franchisor”), and _____ (“Clinic”) located at _____, and _____ (“Landlord”), located at _____.

Subject to the provisions of this Assignment, Clinic, to secure its obligations to Franchisor to affect various provisions of the Franchise Agreement dated _____ between Franchisor and Clinic (“Franchise Agreement”), and for other reasons, hereby assigns, transfers and sets over unto Franchisor and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate, all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to, and under that certain lease dated _____, ____, (“Lease”), as attached to this Assignment for the Premises located at _____, between Franchisee and Landlord, respecting that property commonly known as the Clinic (“Clinic”). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its reasonable discretion, takes possession of the Clinic pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

Franchisor will not take possession of the Clinic until and unless Clinic defaults, and/or receives notice of default, (and/or until there is a termination, cancellation, or rescission of Franchisee's rights) under the Lease, any sublease, Franchise Agreement, any other document, or instrument, related to the operation of the Clinic. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the Clinic, expel Franchisee from the Clinic, and, in such event, Franchisee shall have no further right, title, or interest in or under the Lease or to the Clinic, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise all options to extend the term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Clinic hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options for the sole purpose of effecting any extension, renewal, or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Franchisor's failure to exercise any remedy hereunder shall not be construed or deemed a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This document may be recorded by, and at the expense of, Franchisor.

PET DENTAL USA FRANCHISING, LLC

Signature: _____

By: _____

Its: _____

Date: _____

FRANCHISEE: _____

Signature _____

By: _____

Its: _____

Date: _____

LANDLORD: _____

Signature _____

By: _____

Its: _____

Date: _____

[ATTACH COPY OF EXECUTED LEASE]

EXHIBIT 4
TO THE PET DENTAL USA CLINIC FRANCHISE AGREEMENT
EDTA FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS AND CREDITS

(Name of Person or Legal Entity)
(ID Number)

The undersigned depositor (“**Depositor**” or “**Clinic**”) hereby authorizes PET DENTAL USA FRANCHISING, LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below, and the depository designated below (“**Depository**” or “**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions. A voided check to the Depositor’s account must be included with this EDTA form.

_____ Depository	_____ Branch	
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number	

This authority is to remain in full force and effect until 60 days after Franchisor has received written notification from Clinic of its termination or expiration.

Depositor

Date: _____

Attach a voided check to Depositor’s account here.

EXHIBIT 5
TO THE PET DENTAL USA CLINIC FRANCHISE AGREEMENT
AGREEMENT TO BE BOUND AND TO GUARANTEE

This Agreement to Be Bound and to Guarantee (“**Agreement**”), dated as of the date stated at the end of this Agreement, executed by the guarantors identified in Section 19 of this Agreement (each a “**Guarantor**”) in favor of **PET DENTAL USA FRANCHISING, LLC**, doing business as **Pet Dental USA** (“**Franchisor**”).

WHEREAS, as an inducement for Franchisor to execute and deliver, and to perform its obligations under, that certain Franchise Agreement (“**Franchise Agreement**”), dated as of the date stated in Section 19 of this Agreement, by and between Franchisor and the Clinic identified in Section 19 of this Agreement (“**Clinic**”), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee to Franchisor and its Affiliates (including, without limitation, obligations under the Franchise Agreement (and the assignment of concession agreement, if applicable) executed in connection therewith) and to be bound by certain of the provisions contained in the Franchise Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a 5% or greater equity interest in Clinic.

WHEREAS, Guarantor acknowledges and agrees that Franchisor will materially rely upon Guarantor’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the execution and delivery of the Franchise Agreement by Franchisor, and the performance of Franchisor’s obligations thereunder, Guarantor agrees, for the benefit of Franchisor and its Affiliates, as follows:

1. **Guaranty.** Guarantor unconditionally guarantees and promises to pay to Franchisor and/or its Affiliates and to perform, for the benefit of Franchisor and/or its Affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchise Agreement as well as any other agreements executed by Franchisee in conjunction with the Franchise Agreement, if applicable, executed in connection therewith and/or any other agreement with Franchisor or its Affiliates.

2. **Confidentiality.**

A. Guarantor acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets and other confidential and proprietary information, processes, materials and rights relating to the development, promotion and operation of the Clinic (as defined in the Franchise Agreement), including, without limitation, Franchisor’s Manual, method of operation, processes, techniques, formulae and procedures (collectively, the “**Proprietary Information**”). Guarantor further acknowledges that the **Proprietary Information** constitutes valuable trade secrets.

B. Guarantor agrees not to use for any purpose or disclose or reveal (and must cause all of Franchisee’s directors, officers, and employees not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any person any contents of Franchisor’s Manual, any **Proprietary Information** or any other information relating to the operation of the Clinic. Guarantor must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all **Proprietary Information**.

C. Guarantor acknowledges that to breach her or her obligations under this Section 2 would cause damage to Franchisor and to Franchisor’s other franchisees and that Guarantor would be liable for this damage.

D. Notwithstanding the foregoing, Guarantor may disclose Proprietary Information to a person who is bound by the confidentiality obligations to Franchisor and the covenants contemplated by Section 12 of the Franchise Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Clinic.

E. Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 2:

- (1) Information which is in the public domain as of the date of receipt by Franchisee.
- (2) Information which is known to Franchisee prior to the date of receipt by Franchisee.
- (3) Information which becomes known to the public without a breach of the provisions of this Section 2 of the Agreement or any other agreement executed in connection with the Franchise Agreement; and
- (4) Information which is required by law to be disclosed or revealed, but only strictly to the extent required by law.

3. Covenants

A. **Confidential Information.** During and after the Term, Guarantor may not communicate, divulge, or use for any purpose other than the operation of the Clinic any Confidential Information. Guarantor may divulge Confidential Information only to their professional advisers and to employees who must have access to the information to operate the Clinic. All Confidential Information, relating to Pet Dental USA, its business plans, or the System are deemed confidential for purposes of this Agreement, except information that Guarantor can demonstrate came to their attention by lawful means prior to disclosure; or which, at the time of disclosure to you, had become a part of the public domain. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity.

B. Restrictions.

(1) Guarantor acknowledges and agrees that: (a) pursuant to this Agreement, they will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees if our franchisees were permitted to hold interests in "**Competing Businesses**" (which are defined as businesses that provide dental and wellness care for dogs and cats). Guarantor acknowledges that restrictions on the right to hold interests in or perform services for Competing Businesses will not hinder their activities. Guarantor expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive Guarantor of personal goodwill or the ability to earn a living.

(2) Guarantor therefore agrees that, during the term of this Agreement and for the "Restricted Period" following the expiration or earlier termination of this Agreement, Guarantor will not, either directly or indirectly, on their own behalf, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in a Competing Business; or

(b) not knowingly directly or indirectly: (i) solicit a prospect, customer or client for any competitive purpose; or (ii) accept an order from a prospect, customer or client: (A) of Pet Dental USA or any Clinic as of the date of such termination, expiration, non-renewal or Transfer; (B) to whom Pet Dental USA or any Franchisee, as of the date of such expiration, termination, non-renewal or Transfer, has submitted a bid or quotation; or (C) that was a customer or client of Pet Dental USA or any Clinic at any time during the twelve (12) months immediately preceding such expiration, termination, non-renewal, or Transfer.

(3) For purposes of this Agreement, the term “**Restricted Period**” shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(4) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 3. During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Clinic in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 3 begin to comply with Section 3 (the “**Restricted Area**”).

(5) If, at any time during the Restricted Period, Guarantor fails to comply with your obligations contained in this Section 3, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 3. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 3.

(6) If any restriction in this Section 3 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Guarantor and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant’s validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

C. Covenants are Independent of Other Covenants or Provisions of This Agreement. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall, where applicable, survive the termination, expiration, non-renewal, or Transfer of this Agreement for any reason. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Pet Dental USA agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Pet Dental USA may unilaterally, at any time and at its sole discretion, revise any of the covenants in this Section so as to reduce the obligations of Guarantor hereunder. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which a Guarantor is in violation of any restrictive covenant. Franchisee further expressly agrees

that the existence of any claim it may have against Pet Dental USA, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Pet Dental USA of the covenants set forth in this Section.

4. **Restriction on Hiring.** Guarantor may not, during the term of this Agreement and for the one-year period after the expiration or termination of this Agreement for any reason, directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, Franchisor or otherwise), employ, hire or engage as an independent contractor or otherwise any person who is or was (at any time during the term of this Agreement) employed or engaged as an independent contractor or otherwise by Franchisor or any of its Affiliates.

5. **Use of Name and Likeness.** Franchisor will be entitled to use the name, likeness, and voice of Guarantor for purposes of promoting the franchise, Franchisor, and its products, including, without limitation, all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto. Guarantor acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as moral rights, artist's rights, publicity rights or the like associated with such photos and audio and video recordings and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

6. **Innovations.** Guarantor may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to the manufacturing, production, marketing and sale of customized professional skincare services, skincare retail products, or other similar services and products in connection with the Clinic (the "**Innovations**"). Guarantor assigns any and all of its rights, title, and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

7. **Copyrights; Works-for-Hire; Solicitation.** All advertising and promotional materials generated by or for Franchisee or its officers, managers or employees for the Franchisee will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to Franchisor. In addition, Guarantor will cooperate in the protecting any items or materials suitable for copyright protection by Franchisor. Guarantor must not solicit other franchisees or Franchisees, or use the lists of franchisees and Franchisees, for any commercial or other purpose other than purposes directly related to the operation of the Clinic.

8. **Guaranty of Payment.** This is a guarantee of payment and not of collection. This Agreement will remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally, and irrevocably paid in full and all obligations to be performed by Guarantor shall have been validly, finally, and irrevocably performed in full.

9. **Waiver.** Guarantor waives: (a) Any right to require Franchisor to (i) proceed against any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Franchisor may exercise or not exercise any right or remedy it has against Franchisee or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting Guarantor's liability hereunder; (b) any defenses from disability or other defense of Franchisee or from the cessation Franchisee's liabilities; (c) any setoff, defense or counterclaim against Franchisor; (d) any defense from the absence, impairment or loss of any right of reimbursement or subrogation or any other rights against Franchisee. Until Franchisee's obligations (except inchoate indemnification obligations) to Franchisor have been paid in full, Guarantor has no right of subrogation or reimbursement or other rights against Franchisee; (e) Any right to enforce any remedy that Franchisor has against Franchisee; (f) any rights to participate in any security held by

Franchisor' (g) any demands for performance, notices of nonperformance or of new or additional indebtedness incurred by Franchisee to Franchisor. Guarantor is responsible for being and keeping itself informed of Franchisee's financial condition; (h) the benefit of any act or omission by Franchisor which directly or indirectly results in or aids the discharge of Franchisee from any of the obligations by operation of law or otherwise; (i) the benefit of California Civil Code Section 2815 permitting the revocation of this Guaranty as to future transactions and the benefit of California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2848, 2849, 2850, 2899 and 1432 with respect to certain suretyship defenses.

10. **Subrogation.** Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Franchisor or its Affiliates, and all obligations for the benefit of Franchisor or its Affiliates, shall have been validly, finally, and irrevocably paid and performed in full.

11. **Reasonable Restraints; Remedies.** Guarantor acknowledges that the covenants contained in this Agreement (including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that her failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to Franchisor, and to Franchisor's other franchisees. In the event of any breach by Guarantor of any of the terms of this Agreement, Franchisor and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor and/or Franchisee may be entitled. Guarantor agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's and Franchisee's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof, without the necessity of posting bond therefor or proof of actual damages.

12. **Enforceability.** If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Guarantor hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Agreement is independent and severable and, to the extent that any such covenant shall be declared by a court of competent jurisdiction to be illegal, invalid, or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity, or enforceability of such covenant in any other jurisdiction.

13. **No Waiver.** No failure or delay on the part of Franchisor or its Affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be Deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges, or remedies provided by law.

14. **Attorneys' Fees.** Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses that may be incurred by Franchisor or its Affiliates in connection with enforcing this Agreement.

15. **Arizona Law to Govern; Jurisdiction; Right to Jury Trial and Class Action Waived; Certain Damages Waived; Statute of Limitations.**

A. This Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary. Each party agrees that any

litigation between the parties will be commenced and maintained only in the courts located in Los Angeles County, California, and each party consents to the jurisdiction of those courts; provided, however, that Franchisor may seek to obtain injunctive relief in any court that Franchisor may select.

B. GUARANTOR HEREBY WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION, AND WAIVES THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, GUARANTOR AGREES THAT ANY CLAIMS UNDER, ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE BROUGHT WITHIN TWO YEARS OF THE DATE ON WHICH THE UNDERLYING CAUSE OF ACTION ACCRUED, AND GUARANTOR HEREBY WAIVES ANY RIGHT TO BRING ANY SUCH ACTION AFTER SUCH TWO-YEAR PERIOD.

16. **Binding Nature of Agreement.** This Agreement will be binding upon Guarantor and her respective successors, heirs and assigns and will inure to the benefit of Franchisor, its Affiliates and their respective successors and assigns.

17. **Joint and Several.** If more than one person signs this Agreement as a Guarantor, her, her, or its obligation will be joint and several.

18. **Entire Agreement; Amendment.** This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral, or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties. The provisions of Section 18 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

SIGNATURE PAGE

Date of Franchise Agreement: _____

Printed Name(s) of Guarantor(s):

Name of Franchisee: _____

GUARANTORS

Signature: _____

Name: _____

(Print Name)

Date _____

Address: _____

Signature: _____

Name: _____

(Print Name)

Date _____

Address: _____

Signature: _____

Name: _____

(Print Name)

Date _____

Address: _____

Signature: _____

Name: _____

(Print Name)

Date _____

Address: _____

**CONSENT AND ACKNOWLEDGEMENT
OF SPOUSE OF GUARANTOR**

The undersigned spouse of _____ (“Guarantor”) hereby consents to the execution of the foregoing Guaranty by his/her spouse and to be bound thereby to the extent of her interest in any assets or property of Guarantor and further agrees that their community assets shall be bound thereby. To the fullest extent permitted by law, each of the undersigned hereby acknowledges and agrees that the obligations incurred by him or her under the Guaranty are incurred in the interest of his or her marriage or family.

Signature: _____

Name: _____

(Print Name)

Date _____

Address: _____

**EXHIBIT C:
SAMPLE RELEASE AGREEMENT**

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of [PICK ONE]: the transfer of a Clinic between Franchisee and PET DENTAL USA FRANCHISING, LLC (“Pet Dental USA”) [or] renewal of the Franchise Agreement dated _____ (“Franchise Agreement”) between Franchisee and Pet Dental USA [or] between Franchisee and a new franchisee [or] the termination of the Franchise Agreement dated _____ (“Franchise Agreement”) between Franchisee and Pet Dental USA.

1. Release by Franchisee and Guarantors. Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, “Franchisee Releasors”) freely and without any influence forever release and covenant not to sue Pet Dental USA and its parent, subsidiaries and affiliates and their respective past and present officers, directors, members, shareholders, agents and employees, in their corporate and individual capacities, (collectively “Pet Dental USA Releasees”) with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Franchisee Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Franchisee Releasor and any Pet Dental USA Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. IF FRANCHISEE OR GUARANTORS ARE BASED IN CALIFORNIA: Franchisee and Guarantors (on behalf of the Franchisee Releasors) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

3. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

4. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Franchisee Releasors are the sole owners of all Claims and rights released hereunder and that the Franchisee Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

5. Covenant Not to Sue. Franchisee and Guarantors (on behalf of the Franchisee Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or

by way of crossclaim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

6. Complete Defense. Franchisee and Guarantors: (A) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (B) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

7. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of Pet Dental USA and each Franchisee Releasor.

8. Governing Law. This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Arizona. Pet Dental USA, Franchisee, and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Pet Dental USA's principal offices are located. Pet Dental USA may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee or Guarantors reside or do business, or where the claim arose.

9. Miscellaneous.

A. This Release constitutes the entire, full, and complete agreement between the parties concerning the release of Claims by the parties and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. Except as expressly identified in this Release, no amendment, change or variance from this Release shall be binding on either party unless mutually agreed to by the parties and executed in writing.

B. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

C. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders, or regulations.

D. All terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

E. All captions in this Release are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Release.

F. This Release may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

(IF FRANCHISEE IS AN ENTITY)

Signature

Print Name: _____

Title: _____

Date: _____

GUARANTOR:

Signature

Print Name: _____

Date: _____

GUARANTOR:

Signature

Print Name: _____

Date: _____

GUARANTOR:

Signature

Print Name: _____

Date: _____

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**EXHIBIT E:
LISTS OF PET DENTAL USA FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE
SYSTEM.**

None.

EXHIBIT F
STATE SPECIFIC ADDENDA

**EXHIBIT G:
DEVELOPMENT AGREEMENT**

DEVELOPMENT AGREEMENT

This Development Agreement ("Development Agreement"), dated as of the date set forth on the last page of the Development Agreement, by and between **PET DENTAL USA FRANCHISING, LLC**, an Arizona limited liability company ("Franchisor"), and the party identified on the last page of the Development Agreement ("Franchisee").

RECITALS

A. Franchisor and Franchisee have signed that certain Franchise Agreement, dated as of _____ (the "First Franchise Agreement"), with respect to the operation by Franchisee of a Clinic (the "First Clinic");

B. Franchisee desires to develop, open, and operate additional Clinics (the "Additional Clinics") in a defined geographic area set forth on Schedule A and the map attached thereto (the "Development Area"); and

C. Subject to the terms and conditions of the Development Agreement, Franchisor is willing to grant additional Clinic franchises to Franchisee.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in the Development Agreement, and for other good and valuable consideration, the parties agree as follows:

1. Grant of Option to Establish Additional Clinics.

(a) Subject to and in accordance with the terms of the Development Agreement, Franchisor grants to Franchisee, and Franchisee accepts, an option to execute additional franchise agreements (each a "Franchise Agreement") establish and operate additional Clinics within the Development Area set forth on Schedule A hereto in accordance with the development schedule set forth on Schedule A (the "Development Schedule"):

(b) Subject to and in accordance with the terms of the Development Agreement, Franchisee (and his Principals, directors, officers, managers, and employees) will sign and deliver to Franchisor, in connection with each Clinic:

(i) a fully executed Franchise Agreement and such other ancillary agreements.

(ii) the applicable Franchise Fee and other fees required to be paid at the time that a Franchise Agreement is executed. The Franchise Fee is not refundable and will be used for our general purposes.

(iii) documents as Franchisor may then require in connection with the signing of Franchise Agreements in the form then being signed by new franchisees and will be subject to the terms of such Franchise Agreement (including, without limitation, the royalties, the advertising payments, and other fees).

2. Development Fee. The Development Fee is calculated by multiplying \$25,000 by the number of Additional Clinics that you and we agree are to be opened in the Development Area (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of the Development

Agreement in consideration of lost development opportunities and is nonrefundable under any circumstances.

3. Fees. Unless otherwise provided in the Development Agreement, the fees and other compensation payable to us in conjunction with each Franchise Agreements and each Additional Clinics will be set forth in the Franchise Agreement executed in conjunction with each Clinic.

4. Notwithstanding anything contained in the Development Agreement to the contrary, Franchisor may refuse to grant Franchisee a franchise or sign a Franchise Agreement or to allow Franchisee to open an Additional Clinic contemplated by the Development Agreement due to Franchisee's failure to satisfy (in Franchisor's sole discretion) all of the conditions set forth in Section 5 of the Development Agreement. In such event, any Option Fee paid to Franchisor with respect to the Additional Clinic(s) will not be refunded to Franchisee.

5. Conditions to Establishing Additional Clinics. Franchisee acknowledges and agrees that it is critical for Franchisor to protect the Trademarks and to maintain a high quality of services and products provided under the Trademarks. Accordingly, Franchisee acknowledges that Franchisor has a significant interest in granting franchises only to persons who operate their Clinics in accordance with the highest integrity and operational excellence, and agrees that Franchisee's right to establish and operate the Clinics will be subject to the satisfaction (in Franchisor's sole discretion) of each of the following conditions:

(a) Franchisee must sign a Franchise Agreement with respect to each Additional Clinic by the development deadline.

(b) At the time that Franchisee seeks to sign a Franchise Agreement with respect to an Additional Clinic, Franchisee (and his Affiliates and their respective Principals, directors, officers, managers and employees) must not be in breach of his (or their) obligations under, or related to, the Development Agreement, any Franchise Agreement or any other agreement with Franchisor or its Affiliates, and no fact or condition exists that, with the passage of time or the giving of notice, would constitute a breach;

(c) At the time that Franchisee seeks to sign a Franchise Agreement with respect to an Additional Clinic, (i) all Clinics operated by Franchisee (and all of his Affiliates) must be in full compliance with all operational and other requirements, rules and policies contained in Franchisor's Operation Manual and (ii) Franchisee must qualify (in Franchisor's sole discretion) for acceptance as a franchisee under Franchisor's then-current qualifications (including, without limitation, financial qualifications) for franchisees;

(d) Franchisee (and his Principals, directors, officers, managers and employees) signs and delivers to Franchisor, in connection with any such Additional Clinic, the Franchise Agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of Franchise Agreements) in the form then being signed by new franchisees and will be subject to the terms of such Franchise Agreement including, without limitation, the royalties, the advertising payments and other fees; and

(e) At the time that Franchisee seeks to sign a Franchise Agreement with respect to an Additional Clinic, Franchisee must sign a general release of Franchisor and its Affiliates, in the form attached hereto as Exhibit A, or in such other form as Franchisor may then require. Franchisee agrees that if Franchisee fails to satisfy (in Franchisor's sole discretion) each of the above conditions, Franchisee will not be entitled to establish or operate the Additional Clinics contemplated by the Development Agreement and that Franchisor will not be obligated to grant Franchisee any additional franchises or sign any additional Franchise Agreements with Franchisee; provided, however, that Franchisee's rights with respect to Additional Clinics to which both Franchisee and Franchisor have previously signed Franchise Agreements

will not be subject to the terms of this Section 5, but will be subject to the terms of those Franchise Agreements.

6. Location of Additional Clinics.

(a) Franchisee must establish and operate each Additional Clinic within the Development Area, subject to the approval of that location by Franchisor, which approval may not be unreasonably withheld. Franchisee assumes all costs, liabilities, expenses, and responsibilities for locating, obtaining, financing, and developing sites, and for constructing and equipping Clinics at those sites. The selection of a site and the development of a Clinic at any site is the responsibility of Franchisee. The selection of a site by Franchisee is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Franchisee. Franchisee must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Clinic until Franchisor has approved the proposed site. Franchisee specifically acknowledges that the selection of a site by Franchisee in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise, or guarantee by Franchisor that the site and the Clinic to be operated at that site will be profitable or successful. Franchisee acknowledges that factors governing the success of a Clinic are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Franchisee or to any other person or entity if a site approved by Franchisor fails to meet Franchisee's expectations for revenue or operational criteria.

(b) Subject to Section 6(c), if Franchisor desires to operate, or grant any other Person the right to operate a Clinic within the Development Area, Franchisor will provide to Franchisee written notice of the location at which Franchisor intends that Franchisee to be located (the "Initiating Notice"). If Franchisee provides to Franchisor, within ten (10) days after the date of the Initiating Notice, written notice of Franchisee's intent to sign the Franchise Agreement with respect to that Franchisee at the location specified in the Initiating Notice and that Franchise Agreement (and all other documents to be signed in connection therewith) is signed by Franchisee (and the balance of the franchise fee (and all other amounts payable in connection therewith) is paid) within 30 days after the date of the Initiating Notice, Franchisor will not operate, or grant any other Person the right to operate a Clinic at the location specified in the Initiating Notice. If Franchisee fails to satisfy either of those requirements, or the Development Agreement is terminated, Franchisor will not be subject to the restrictions set forth in this Section 6(b). Notwithstanding the foregoing, if Franchisee fails to satisfy any of the conditions contained in Section 6 at the time that Franchisee's rights under this Section 6(b) would otherwise arise, Franchisor will not be subject to the restrictions set forth in this Section 6(b).

(c) Notwithstanding anything contained in the Development Agreement to the contrary, including, without limitation, Section 6(b):

(i) Franchisor and/or its Affiliates may market, directly or indirectly, services and/or products (including, without limitation, identical, similar, or other services and products) under the Trademarks (or under other trademarks) through channels of distribution other than Clinics, including the Internet.

(ii) Franchisor may operate or grant any other Person the right to operate Clinics within certain dense retail traffic areas or unique or non-traditional marketplaces (such as airports, train stations, hotels, and casinos,) as designated by Franchisor, in its discretion.

(iii) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Marks (or under other trademarks) or otherwise on the Internet. Franchisee may not market his Clinics or use the Trademarks on the Internet.

(iv) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Marks (or under other trademarks) outside of the Development Area.

(v) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under trademarks other than the Marks within the Development Area.

(d) Franchisee acknowledges that Franchisor presently intends to develop Franchised Businesses (including franchised and company-owned units) throughout the United States and perhaps internationally and that one or more future Franchised Businesses (including franchised and company-owned units) may have an adverse effect on the revenues and profitability of existing Franchised Businesses, including Franchisee's Franchised Businesses. Franchisee further acknowledges that Franchisor has not made any representation or agreement, or provided Franchisee any assurance, that no future Franchised Business (including franchised and company-owned units) would adversely affect the revenues and profitability of Franchisee's Franchised Businesses.

7. Non-Development Fee. We may charge you a non-development fee of \$2,500 per month ("Non-Development Fee") for each Additional Clinic that is not open and operating on or before the Development Deadline for that particular Additional Clinic. You will pay us a Non-Development Fee for each whole or partial calendar month after the Development Deadline for an Additional Clinic during which that Additional Clinic is not open for business.

8. Termination. This Agreement will terminate upon the earlier of:

(a) the date of the last development deadline specified in Section 1 of the Development Agreement.

(b) the Insolvency of Franchisee.

(c) the breach by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, the Development Agreement, any Franchise Agreement or any other agreement with Franchisor or its Affiliates.

(d) the date on which any Franchise Agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.

9. Provisions. Each provision, condition and term of the Development Agreement is material, and a breach or violation of any of them will constitute a default of that party's obligations under the Development Agreement.

10. Definitions. All capitalized terms used, but not defined, in the Development Agreement have the meanings given in the Franchise Agreement.

11. Notices. All communications or notices required or permitted to be given or served under the Development Agreement must be in writing and will be deemed to have been duly given or made if (a) delivered in person or by courier (including by Federal Express or other courier), (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (c) faxed, and addressed to the address or fax number set forth on the last page of the Development Agreement. All communications and notices will be effective upon delivery in person or by courier to the address set forth in the Development Agreement, upon being deposited in the United States mail in the manner set forth above or upon being faxed in the manner set forth above. Any party may change his, her or its address or

fax number by giving notice in writing, stating his, her or its new address, to the other party to the Development Agreement as provided in the foregoing manner.

12. Transfers; Successors and Assigns.

(a) Notwithstanding anything contained in the Development Agreement, or in any other agreement, to the contrary, Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under the Development Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 12. Any attempt by Franchisee to assign his rights under the Development Agreement without Franchisor's prior written consent will be void.

(b) Notwithstanding anything contained in the Development Agreement to the contrary, Franchisor may assign its rights under the Development Agreement, or delegate any of its obligations hereunder, without the consent of Franchisee or any other person.

(c) Subject to Section 12(a) of the Development Agreement, the Development Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors.

13. Amendment, Modification or Waiver.

(a) Except as stated in the Development Agreement, no amendment, modification or waiver of any condition, provision or term of the Development Agreement will be valid or of any effect unless made in writing, signed by the parties, and specifying with particularity the nature and extent of the amendment, modification, or waiver.

(b) Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues, will not constitute a waiver by that party of his, her or its rights under the Development Agreement. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default.

(c) Franchisee understands and agrees that any and all individual Franchise Agreements executed by Franchisee and Franchisor for Clinics within the Development Area are independent of the Development Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area Development Agreement. If any conflict arises with the Development Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority (except with respect to the opening deadline for each Clinic Franchisee is granted the right to open under the Development Agreement).

14. Entire Agreement. This Agreement, including the exhibits, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits is incorporated in the Development Agreement by this reference and constitutes a part of the Development Agreement.

15. Terminology. All captions, headings or titles in the paragraphs or sections of the Development Agreement are inserted for convenience of reference only and do not constitute a part of the Development Agreement or a limitation of the scope of the particular paragraph or section to which they apply. All personal pronouns used in the Development Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

17. Dispute Resolution.

(a) Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27.A will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

(b) Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, the Development Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your Clinic is located.

(c) Consent to Jurisdiction and Venue. You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Clinic is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

(d) Waiver of Certain Damages and Rights.

(i) YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, WE EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

(ii) THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT OR THE PERFORMANCE OF EITHER PARTY.

(iii) YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A MEMBER IN ANY CLASS ACTION SUITS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY

(e) Reimbursement of Costs and Expenses. If either party brings an action to enforce the Development Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with the Development Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

(f) Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by the Development Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in the Development Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 7 shall survive the expiration or earlier termination of the Development Agreement.

(g) Limitations of Claims. Any and all claims and actions arising out of or relating to the Development Agreement, the relationship between you and us, or your operation of your Clinic, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

(h) Injunctive Relief. You recognize that your failure to comply with the terms of the Development Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our Affiliates, and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of the Development Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of the Development Agreement.

18. Covenants

(a) Confidential Information. During and after the Term, you may not communicate, divulge, or use any Confidential Information for any purpose other than the operation of your Clinic. You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your Clinic. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity. Pet Dental USA shall be a third-party beneficiary of such agreement, and Franchisee shall not amend, modify, or terminate any such agreement without Pet Dental USA's prior written consent.

(b) Restrictions.

(i) You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Clinics if our franchisees were permitted to hold interests in "Competing Businesses" (which are defined as businesses that provide dental and wellness care for dogs and cats). You acknowledge that restrictions on your right to hold interests in or perform services for Competing Businesses will not hinder your activities. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(ii) You therefore agree that, during the term of this Agreement and for the "Restricted Period" following the expiration or earlier termination of this Agreement, you and your Owners will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(A) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in a Competing Business; or

(B) not knowingly directly or indirectly: (i) solicit a prospect, customer or client for any competitive purpose; or (ii) accept an order from a prospect, customer or client: (A) of Pet Dental USA or any Clinic as of the date of such termination, expiration, non-renewal or Transfer; (B) to whom Pet Dental USA or any Franchisee, as of the date of such expiration, termination, non-renewal or Transfer, has submitted a bid or quotation; or (C) that was a customer or client of Pet Dental USA or any Franchisee at any time during the twelve (12) months immediately preceding such expiration, termination, non-renewal, or Transfer.

(iii) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall be one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall be six (6) months from the date the Franchise Agreement expires or is terminated.

(iv) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 18(b). During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Clinic in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 19.B begin to comply with Section 18(b) (the "Restricted Area").

(v) If, at any time during the Restricted Period, you or your Owners fail to comply with your obligations contained in this Section 18(b), that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 18(b). Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 18(b).

(vi) If any restriction in this Section 18(b) is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(vii) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers, and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

(c) Covenants are Independent of Other Covenants or Provisions of This Agreement. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall, where applicable, survive the termination, expiration, non-renewal, or Transfer of this Agreement for any reason. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Pet Dental USA agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Pet Dental USA may unilaterally, at any time and at its sole discretion, revise any of the covenants in this Section so as to reduce the obligations of Covenantors hereunder. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which a Covenantor is in violation of any restrictive covenant. Franchisee further expressly agrees that the existence of any claim it may have against Pet Dental USA, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Pet Dental USA of the covenants set forth in this Section.

19. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to the Development Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

20. Construction. The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with the Development Agreement and that each of them and his, her or its counsel have reviewed the Development Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of the Development Agreement or any amendments or any exhibits hereto or thereto.

21. Additional Actions. Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of the Development Agreement.

22. Computation of Time. Whenever the last day for the exercise of any privilege or discharge of any duty under the Development Agreement falls upon Saturday, Sunday or any legal holiday under Arizona law, the party having that privilege or duty will have until 5:00 p.m. Phoenix, Arizona time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

23. Currency. Unless otherwise directed by Franchisor in writing, all amounts contemplated by the Development Agreement will be paid in United States Dollars and deposited in the bank account specified

by the recipient. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

24. Authority. Any individual signing below on behalf of a corporation, partnership, Limited Liability Company, or other entity personally represents that he has full authority to bind the party or parties on whose behalf he is signing.

25. Terrorist and Money Laundering Activities. Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the "Included People"), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text currently available at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar law. Franchisee agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Franchisee further agrees that he will immediately notify Franchisor of the occurrence of any event, or the development of any circumstances, which might render any of the foregoing representations or warranties to be false, inaccurate, or misleading.

26. Insurance. Franchisee will purchase and at all times maintain in full force and effect those insurance policies, in the amounts and on the terms prescribed by the Manual, issued by an insurance company acceptable to Franchisor at all times during the Initial Term of this Agreement and any Renewal Term. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance, errors and omissions, business interruption and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than the amount set forth in the Manual and adjusted by Franchisor periodically, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the Clinic. Insurance policies must insure Franchisee, Franchisor, Franchisor's Affiliates, their respective officers, directors, shareholders, members, and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance, or operation by Franchisee of the Clinic. The policies must also stipulate that Franchisor will receive thirty (30) day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, is furnished to Franchisor together with proof of payment within ten (10) days of issuance thereof. Franchisee will also furnish Franchisor with certificates and endorsements evidencing this insurance coverage within 10-days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but is not obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee will reimburse Franchisor for the full cost of this insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure this insurance, within five (5) days of the date Franchisor delivers an invoice detailing these costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain

insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 8 of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements at any time by updating the Operations Manual. All liability insurance policies procured and maintained by Franchisee in connection with the Franchisee will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor's Affiliates and their respective officers, directors, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

27. Indemnification. Franchisee will, during the term of this Agreement, and after the termination or expiration of the Agreement, indemnify Franchisor, its Affiliates and their respective officers, owners, directors and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "Damages") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy the Premises.

(b) any injury to or loss of property of any person in, or on, the Premises or any other premises used by Franchisee.

(c) Franchisee's taxes, liabilities, costs, or expenses.

(d) any negligent or willful act or omission of Franchisee, its employees, agents, servants, contractors, or others for whom it is, in law, responsible; and

(e) any advertising or promotional material distributed, broadcasted, or in any way disseminated by Franchisee or on its behalf unless this material has been produced, or approved in writing, by Franchisor.

28. Proprietary Rights. Franchisee expressly acknowledges Franchisor's exclusive right, title, and interest in and to the Marks. Franchisee agrees not to represent in any manner that Franchisee has any ownership in the Marks. This Agreement is not a franchise agreement. Developer may not open a Clinic or use the Marks at a particular site until it executes a franchise agreement for that site. Franchisee's use of the Marks shall be limited to those rights granted under each individual franchise agreement. Franchisee further agrees that its use of the Marks shall not create in its favor any right, title, or interest in or to the Marks, but that all of such use shall inure to the benefit of Franchisor, and Franchisee has no rights to the Marks except to the degree specifically granted by the individual Franchise Agreements. Clinic designs and specifications, equipment, color schemes and combinations, sign design specifications, and interior Clinic layouts (including equipment, equipment specification, equipment layouts, and interior color schemes and combinations) are acknowledged by Developer to comprise part of the System. Developer shall have no right to license or franchise others to use the Marks by virtue of this Agreement. Franchisee recognizes the unique value and secondary meaning attached to the Marks and the System, and Franchisee agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Franchisee, therefore, agrees that if it should engage in any such unauthorized or improper use during, or after, the term of this Agreement, Franchisor shall be entitled to both seek temporary and permanent injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

29. Acknowledgement of Franchisee. Franchisee acknowledges that, except as expressly set forth in the Disclosure Document delivered to Franchisee, neither Franchisor, nor anyone acting on behalf of Franchisor, has made any claims or representations whatsoever regarding potential sales, profits, or earnings achievable by Franchisee in connection with the conduct of the Franchised Business at the Clinics. Franchisee acknowledges that he has been informed and he understands that the successful operation of the Franchised Business at the Clinics will depend primarily upon the efforts, capabilities and management skills of Franchisee and general economic conditions and trends, and that he cannot rely upon the information set forth in the Disclosure Document as representations or warranties of the results that will be achieved by Franchisee in connection with his operation of the Clinics. Franchisee acknowledges and confirms that he has selected, or will select, the Premises at which the Clinics will be established and operated by him, and that the decision to establish and operate the Clinics in those Premises was, or will be, made solely by him, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by Franchisor, its Affiliates or any of their respective shareholders, directors, officers, employees, representatives or agents. Franchisee accepts full responsibility for the consequences of his decision.

IN WITNESS WHEREOF, the parties have executed the Development Agreement, or caused the Development Agreement to be executed, as of _____.

PET DENTAL USA FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

CONSENT OF SPOUSE
(to be signed if Franchisee is a married individual)

In consideration of the execution of the Development Agreement to which this Consent is attached (including the exhibits thereto, the "Agreement") by PET DENTAL USA FRANCHISING, LLC, and knowing that PET DENTAL USA FRANCHISING LLC will rely upon this Consent of Spouse, the undersigned spouse of the franchisee identified in the Agreement acknowledges that he/she has read the Agreement, agrees to be bound by provisions and agrees that he/she will make, execute and deliver such instruments and documents that may be necessary to carry out the provisions of the Agreement.

Dated: _____

(Signature of Spouse)

(Print Name of Spouse)

SCHEDULE A TO DEVELOPMENT AGREEMENT

INFORMATION SHEET

1. Development Area: The Development Area is the following area and as set forth on the attached map.

[ATTACH MAP OF DEVELOPMENT AREA]

Any inconsistency between the map and the description shall be interpreted in a manner consistent with the description. Your rights in the Site Selection Area are subject to the limitations described in the Development Agreement. Any boundaries contained in the description of the Development Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries and will terminate immediately, without any further action, upon your satisfaction of the Development Agreement or termination of the Development Agreement.

2. The Development Schedule:

Clinic #	Development Deadline

3. The Development Fee: _____.

4. Effective Date: The Development Agreement and Development Schedule is effective as of: _____

5. Form of Ownership.

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows: _____

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____. The following is a list of your directors, if applicable, and officers as of the Effective Date shown above:

Name of Each Director/Officer

Position(s) Held

6. Owners. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Equity Owner's Name	Percentage/Description of Interest
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

7. Point of Contact. Your point of contact's name and contact information is _____

FRANCHISEE:

By: _____
Title: _____
Date: _____

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of the execution of a Franchise Agreement pursuant to the Development Agreement by and between Franchisor and Franchisee dated _____ (“Franchise Agreement”) between Franchisee and Franchisor.

1. **Release by Franchisee and Guarantors.** Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, “Franchisee Releasers”) freely and without any influence forever release and covenant not to sue Franchisor and its parent, subsidiaries and affiliates and their respective past and present officers, directors, members, shareholders, agents and employees, in their corporate and individual capacities, (collectively “Franchisor Releasees”) with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Franchisee Releaser ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Franchisee Releaser and any Franchisor Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

IF FRANCHISEE OR GUARANTORS ARE BASED IN CALIFORNIA: Franchisee and Guarantors (on behalf of the Franchisee Releasers) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

2. **Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Franchisee Releasers are the sole owners of all Claims and rights released hereunder and that the Franchisee Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. **Covenant Not to Sue.** Franchisee and Guarantors (on behalf of the Franchisee Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal,

or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. **Complete Defense.** Franchisee and Guarantors: **(A)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(B)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisor and each Franchisee Releasor.

7. **Governing Law.** This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Arizona. Franchisor, Franchisee and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Franchisor's principal offices are located. Franchisor may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee or Guarantors reside or do business, or where the claim arose.

8. **Miscellaneous**

A. This Release constitutes the entire, full, and complete agreement between the parties concerning the release of Claims by the parties and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

B. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

C. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

D. All terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

E. All captions in this Release are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

F. This Release may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown below.

FRANCHISEE

By: _____
Title: _____
Date: _____

GUARANTORS

Signature

Print Name
Date: _____

Signature

Print Name
Date: _____

Signature

Print Name
Date: _____

EXHIBIT H
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Federal Trade Commission
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, DC 20580
202-326-2970

State Franchise Regulators

CALIFORNIA:

Department of Financial Protection
and Innovation
1-866-275-2677

Los Angeles

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

Sacramento

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco

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

HAWAII:

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

ILLINOIS:

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

INDIANA:

Securities Commissioner
Securities Division, Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND:

Office of the Attorney General,
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN:

Franchise Administrator Antitrust
and Franchise Unit
Consumer Protection Division
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA:

Commissioner
Department of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
(651) 539-1600

NEW YORK:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, NY 10005
212-416-8285

NORTH DAKOTA:

North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON:

Div. of Finance & Corp. Securities
(608) 266-8557
Department of Consumer & Business
Services, Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:

Department of Business Regulation
Securities Division
Bldg. 69, First Floor
John O. Pasture Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:

Franchise Administrator
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA:

State Corporation Commission
Division of Securities &
Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

WASHINGTON:

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

WISCONSIN:

Division of Securities
Bureau of Regulation & Enforcement
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, WI

Agents for Service of Process

ARIZONA

Jennifer Redmon, DVM
7595 South Thoroughbred Lane
Mayer, AZ 86333

CALIFORNIA

Commissioner of Department of Financial
Protection and Innovation
2101 Arena Blvd.
Sacramento 95834
www.dfpi.ca.gov and email,
Ask.DFPI@dfpi.ca.gov.

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA

Minnesota Commissioner of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101-2198
651-539-1500

NEW YORK

New York Secretary of State
99 Washington Ave.
Albany, NY 11231-0001

NORTH DAKOTA

Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

OREGON

Director of the Department of Consumer and
Business Services
350 Winter Street NE, Room 410
Salem, OR 97301-3881

RHODE ISLAND

Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA

Director
South Dakota Division of Securities
445 East Capitol Avenue
Pierre, SD 57501

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON

Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

WISCONSIN

Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

EXHIBIT I
CLINIC MANAGEMENT AGREEMENT

This **Clinic Management Agreement** (“Agreement”) is made effective as of _____, 20__ (the “Effective Date”), by and between _____, a [State] [corporation/limited liability company] (“Manager”), and _____, a [State] [professional service corporation] (“PC”), with regard to the following:

Agreement

1. **Background.**

1.1 Manager is a [corporation/limited liability company] duly organized, validly existing and in good standing under the laws of the State of _____ and in the business of providing non-veterinary, non-licensed practice management services to veterinary medicine providers such as PC.

1.2 PC is a [professional corporation] duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of veterinary medicine in the State of _____;

1.3 PC owns a veterinary practice employing Professional Staff and desires to engage Manager to facilitate administrative and other non-professional expenses pursuant to the terms and conditions set forth in this Agreement.

1.4 NOW, THEREFORE, in consideration of the foregoing premises and the mutual and dependent covenants hereinafter set forth, Manager and PC agree as follows:

2. **Definitions.**

2.1 “**Franchise Agreement**” shall mean that certain franchise agreement between Franchisor and Manager, as franchisee.

2.2 “**Franchisor**” shall mean PET DENTAL USA FRANCHISING, LLC.

2.3 “**Management Fee**” shall have the meaning set forth in Section 9.1 of this Agreement.

2.4 “**Management Services**” shall have the meaning set forth in Section 8 of this Agreement.

2.5 “**Owner**” means the owner of a Clinic patient.

2.6 “**Practice Location**” shall mean the location at which PC provides veterinary services, located at the address identified in Exhibit A hereto.

2.7 “**Professional Staff**” means PC’s Providers and other veterinary professionals.

2.8 “**Provider(s)**” shall mean PC's licensed veterinarians.

3. **Appointment.** PC hereby engages Manager and Manager hereby agrees, upon the terms and subject to the conditions set forth in this Agreement, to be the sole provider of Management Services as described in Section 7.

4. **Practice of Veterinary Medicine.** Only PC and the Providers, with the assistance of appropriate Professional Staff, shall provide veterinary medicine services at the Clinic. Notwithstanding anything else to the

contrary set forth herein, Manager agrees that PC and the Providers shall retain the authority to direct the veterinary, professional, and ethical aspects of the veterinary practice and shall conduct the practice of veterinary medicine at the Clinic. PC and its licensed veterinarians shall be entitled to counsel, advise, and instruct Owners on any veterinary issue as the PC, or such licensed veterinarian deems reasonably advisable.

5. Furnishings and Equipment, Use of Practice Location.

5.1 Title and Maintenance to Equipment. During the term of this Agreement, Manager grants to the PC the exclusive right to use the equipment and furnishings at the Clinic (collectively “**Equipment**”), on the terms and conditions of this Agreement. All Equipment selected for use at the Clinic must be reviewed and approved by the PC. PC shall use, and shall cause its Providers to use, the Equipment only in connection with the operation of the Clinic pursuant to this Agreement. Title to the Equipment, including any improvements thereto, shall be and remain in Manager at all times. PC agrees to take no action that would adversely affect Manager’s title to or interest in the Equipment. During the term of this Agreement, the PC shall be responsible for maintaining the Equipment in good condition and repair, reasonable wear and tear from normal use excepted, including, when necessary, the replacement or substitution of parts. All maintenance, repair, and replacement, if necessary, of the Equipment shall be performed by Manager on behalf of the PC, in accordance with Section 5.1 of this Agreement. PC agrees to assume the cost and expense of all supplies used in connection with the Equipment, and the PC agrees to make the Equipment available for inspection by Manager or its designee at all times.

5.2 Liens, Encumbrances, Etc. PC shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ, or other lien or encumbrance on the Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created by Manager.

5.3 Use of Practice Location. Manager will provide the Practice Location for use by the PC at which PC will conduct and provide its veterinary services during the term of this Agreement (“**Clinic**”). This Agreement shall not be construed as a lease or sublease of the Practice Location and shall not be deemed to create a relationship of landlord and tenant. PC shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Practice Location except for the right to perform professional veterinary services at the Practice Location as expressly set forth in this Agreement.

6. Provider Responsibilities.

6.1 Veterinary Services. PC shall be solely responsible for all aspects of the diagnostic, therapeutic, and related professional veterinary services delivered by PC, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Professional Staff. PC shall ensure the presence of a licensed veterinarian at the Practice Location at all times the Clinic is open for business.

6.2 Time Commitment. PC shall employ or engage and make available to the Clinic, sufficient Professional Staff in adequate numbers to meet the needs and demands of the Clinic. PC shall establish the Franchisee’s hours of operation and provide such services during normal business hours, as established in consultation with Manager. PC shall ensure that all work and coverage schedules meet the needs of Owners and patients of the Clinic in a competent, timely, and responsive manner. PC shall determine the number of patients a Provider must see in a given period of time or how many hours a Provider must work.

6.3 Quality of Service. PC shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness, and efficacy of all veterinary services provided to Owners and patients of the Clinic. PC shall require each of its Providers who are licensed, registered, or certified to perform professional veterinary services to participate in and cooperate with any quality assurance, risk management, quality improvement, accreditation, or other similar program or study to review the performance such Providers as may be

required by the PC, governmental agencies, professional review organizations, or other third parties with which the PC may contract or affiliate.

6.4 **Licensure.** PC shall ensure that each Provider associated with PC maintains, if applicable, an unrestricted license to practice veterinary medicine in the State of _____. If Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience, and skill comparable to that prevailing in the community where such Provider provides professional veterinary services.

6.5 **Recordkeeping.** PC and its Providers shall maintain, in a timely manner, complete, accurate, and legible records for all patients of the Clinic, and all such records shall be the property of the PC. PC and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of veterinary records. PC shall own and control all veterinary records, including determining the contents thereof. PC hereby grants Manager access to the information contained in the veterinary records owned by the PC and completed by the Providers to the extent that access to such information is permitted by law and is required in connection with Manager's administrative responsibilities hereunder. PC shall, upon the termination of this Agreement (as permitted by law), transfer all of the PC's veterinary records to a successor PC or veterinarian identified by Manager who will provide veterinary services at the Practice Location.

7. **Power of Attorney.** PC appoints Manager as PC's true and lawful agent and attorney in fact and grants to Manager a power of attorney to act for PC and in PC's name (in any way PC could act) with respect to all matters related to and necessary to the Management Services. Manager accepts such power of attorney and appointment and acknowledges that such power of attorney and agency does not include the provision of professional veterinary services. Notwithstanding anything to the contrary herein, Manager will not take any action or make any decision on behalf of PC that may directly or indirectly impact the professional services delivered by PC.

8. **Management Services**

8.1 **General Administrative Services.** Manager shall provide PC with overall supervision and management of the non-veterinary aspects of its veterinary practice. Manager will retain, employ, train, compensate and provide to PC all non-veterinary support personnel which now or may hereafter be needed by PC to provide professional services. All support personnel which Manager provides to work with PC shall not be the employees of PC, and PC shall not be responsible for the payment to all such persons of all compensation, including salary, benefits, bonuses, health and disability insurance, workers' compensation insurance, and any other benefits which may be made available to such employees.

8.2 **Maintenance, Repair and Servicing of Equipment.** During the term of this Agreement, the PC engages Manager and Manager agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment to be maintained in good working condition, reasonable wear and tear excepted.

8.3 **Contract Administration.** Manager shall provide PC with administrative services to enable PC to perform all non-veterinary aspects of the contractual obligations of PC. Manager shall serve as PC's exclusive agent for purposes of negotiating, administering, and entering into new or renewal contracts for PC's services (including but not limited to pre-paid veterinary health plans, preferred provider organizations, other group veterinary plans, independent veterinarian associations, veterinary hospitals, and other veterinary care providers). However, any fee arrangements contained within a new or renewal contract for PC's services must be approved by PC prior to Manager entering into said contract. To assist Manager in performing its contract negotiations, PC shall provide Manager with current copies of all such existing agreements between itself and such entities. PC shall not enter into any new contractual relationships or renew any existing relationship with any payer or enter into any such

arrangement for the offering of services to the public generally or to any other person or professional corporation other than through Manager or with Manager's prior written consent.

8.4 **Bank Account.** Manager shall establish and maintain, in a manner to indicate the custodial nature thereof, with a bank, whose deposits are insured by the Federal Deposit Insurance Corporation, a separate bank account as agent of Company for the deposit of revenues generated by PC (the "**Operating Account**"), which shall not be commingled by Manager's bank accounts or other funds. Manager has authority to draw thereon (a) for any payments to be made by Manager pursuant to the terms of this Agreement, (b) to discharge any liabilities or obligations incurred pursuant to this Agreement, and (c) for the payment of the Management Fee described in 9 hereof and the various expense reimbursements due Manager hereunder.

8.5 **Accounting.** Manager shall provide all bookkeeping and accounting services necessary or appropriate to support the PC's practice, including, without limitation, maintenance, custody and supervision of all business records, papers, documents, ledgers, journals and reports, and the preparation, distribution and recordation of all bills and statements for professional services rendered by PC, including the billing and completion of reports and forms required by insurance companies or governmental agencies, or other third-party payers. All such business records, papers and documents will be the sole property of Manager, who shall make such records available for inspection by PC at all times. Upon expiration of this Agreement, Manager shall provide PC with a copy of any such records upon request, at PC's expense. Manager will not be responsible for the preparation of any patient charts, patient files, or other veterinary records, reports, and documents which relate to patient diagnosis or treatment, which records shall be prepared by PC. Without limiting Manager's bookkeeping and accounting services to support the PC, Manager shall also furnish assistance to PC in the preparation of PC's tax returns associated with PC's operations.

8.6 **Hardware and Software.** Manager shall develop or otherwise obtain hardware and software to be utilized by PC for the following functions: (i) creation and maintenance of, and access to, electronic veterinary records; and (ii) customer relations management.

8.7 **Legal Services.** Manager shall arrange for the provision of legal services to PC at PC's sole cost and expense, in which case PC agrees to consent to and waive any conflicts of interest to the extent such counsel also represents the Manager or any affiliates on other matters.

8.8 **Human Resources.** Manager will pay, on behalf of the PC and at the direction of the PC: (a) salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes for all Professional Staff including Providers at the Clinic; (b) expenses incurred in the course of recruiting Professional Staff to work for and/or join the PC; and (c) the cost of payroll administration and administration of benefits.

8.9 **Taxes.** Manager will pay on PC's behalf: (a) any state and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the PC, or the professional licensure and board certification fees assessed against the Providers; and (b) any federal income taxes, including the cost of preparation of the annual income tax returns of the PC and its Providers.

8.10 **Market Research.** Manager shall monitor market conditions with respect to rates, charges, competitive conditions, competition and business opportunities for Manager and PC. Manager shall periodically report on such marketing conditions to PC.

8.11 **Insurance.** Manager shall assist PC in obtaining veterinary malpractice and other insurance coverages on behalf of PC. The policies shall name Manager, when permissible, as an additional insured. Following the termination of this Agreement for any reason, PC shall maintain such coverage in effect for the period of the

statute of limitations applicable to any claim arising during the term of this Agreement. PC shall furnish Manager with a certificate of such insurance satisfactory to Manager. PC shall assure that all professional personnel, upon termination of employment for any reason, are covered by tail insurance. PC is responsible for all liabilities in excess of policy limits.

8.12 **Billing and Collection.** On behalf of, as agent to, and for the account of PC, Manager shall establish and maintain credit and claims processing and collection policies and procedures and shall use reasonable efforts to bill and collect timely all professional and other fees for services provided by or on behalf of PC. Manager shall advise and consult with PC regarding the fees for professional services provided by PC, but PC shall establish the reasonable and customary fees to be charged for professional veterinary services. The fee schedules shall be in general accordance with local fees for comparable services.

8.12.1 Manager shall have no authority with respect to the establishment of fees for Providers' veterinary services.

8.12.2 The extent to which Manager endeavors to collect such charges, the methods of collecting, the settling of disputes with respect to charges, and the "writing off" of charges that may be or appear to be uncollectible will at all times be within the sole discretion of Manager (but subject to all applicable governmental regulations and the terms and conditions of applicable provider agreements), and Manager does not guarantee the extent to which any charges billed will be collected.

8.12.3 PC shall comply with applicable laws for billing and collection practices and customary professional practices. PC shall cooperate and participate in any audit or review of claims or services that is conducted by Manager or its designees for the purpose of assuring compliance with laws. PC shall provide Manager upon reasonable prior notice with reasonable access to PC's books and records in order to assure PC's compliance with this Agreement.

8.12.4 PC or its duly authorized agent may at all reasonable times and upon the giving of reasonable notice examine, inspect, and copy the records of Manager pertaining to such fees, charges, billings, and collections.

9. **Compensation for Management Services.**

9.1 **Management Fee.** In consideration of Manager: (a) licensing the use of Equipment to the PC; (b) permitting the PC to operate the Clinic and perform professional veterinary services at the Practice Location; (c) granting to the PC the right to use the personal property and leasehold improvement at the Practice Location; and (d) providing the Management Services described in this Agreement, the PC hereby agrees to pay to Manager a management fee equal to all revenues received by the PC, less the expenses of the PC, including Provider salaries, that Manager pays on behalf of the PC (the "**Management Fee**").

9.2 **Monthly Reports.** Manager will provide a report to PC, on a monthly basis, detailing the revenue collected, expenses incurred, and Management Fee paid pursuant to this Agreement for the Clinic (the "**Monthly Report**"). The Monthly Report will be delivered to PC's appointed representative, electronically, on or before the 5th of each calendar month for the revenue, expenses, and Management Fee for the prior calendar month. PC shall have five (5) days to object to the Monthly Report (the "**Objection Period**"). Any objections to the Monthly Report shall be in writing ("**Objection Notice**") and stated with reasonable specificity including all related dollar amounts (the "Objection Amount"). If PC does not object to the Monthly Report, in writing, prior to the expiration of the Objection Period, the Management Fee shall be deemed earned by Manager. If PC timely objects to the Monthly Report, the Management Fee minus the Objection Amount shall be paid to Manager and the Objection Amount shall be held in the Operating Account but shall not be used for the PC's operating purposes. Manager and PC shall cooperate, in good faith, to resolve any disputes about the Management Fee. If Manager and PC are unable to

resolve such dispute within 30 days of the delivery of the date the Objection Notice is delivered to Manager, such matter shall be resolved in a manner consistent with Section 14.9.

9.3 **No Referral Fees.** The Management Fee paid by the PC to Manager hereunder has been determined by the parties through good-faith and arm's length negotiations. The Management Fee does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referrals of Owners or patients by the PC to Manager or by Manager to the PC.

10. **Use of Trade Name.** Manager provides PC with a sub-license to use the name "Pet Dental USA" in compliance with the Franchise Agreement and applicable law.

11. **Term and Termination.**

11.1 **Term.** The term of this Agreement shall be for ten (10) years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

11.2 **Termination.**

11.2.1 Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party:

- (a) the making of a general assignment for the benefit of creditors.
- (b) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition, or extension.
- (c) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition, or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced.
- (d) suspension of the transaction of the usual business of either party for a period in excess of thirty (30) days.
- (e) the termination of the Franchise Agreement between Manager and Franchisor.

11.2.2 Manager may terminate this Agreement if the PC fails, within seven (7) days after receiving written notice from Manager, to remove from the Clinic any member of PC's Professional Staff who Manager determines has materially disrupted or interfered with the performance of the PC's obligations hereunder. This provision shall not be construed as permitting Manager to control or impair the PC's or the Providers' medical judgment, professional performance, or patient care.

11.2.3 Manager may terminate this Agreement at any time, with or without cause, by giving the PC sixty (60) days' prior written notice.

11.2.4 Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof if such

breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

11.2.5 If, in the opinion (the “**Opinion**”) of Manager’s counsel, it is determined that it is more likely than not that applicable legislation, regulations, rules or procedures (collectively referred to herein as a “**Law**”) in effect or to become effective as of a date certain, or if Manager or the PC receives notice (the “**Notice**”) of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as an “**Action**”), which Law or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then Manager or the PC shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Law or to avoid the Action, as applicable, and shall utilize mutually agreed upon, joint, legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eighty (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 11.2.5, then the restrictions contained in Section 12 of this Agreement shall be waived and shall be of no further effect.

12. **Obligations After Termination.** Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

12.1 **Payment of all Expenses and Management Fees.** Upon termination or expiration of this Agreement by either party, Manager shall be entitled to pay all expenses incurred and Management Fees due and payable through the date of termination or expiration.

12.2 **Cooperation.** PC and Manager shall cooperate: (a) to assure the appropriate transfer of patient cases and patient records; (b) in connection with the termination or assignment of provider contracts; (c) in the management, assignment, or termination of other contractual arrangements; and (d) in the preparation of final financial statements and the final reconciliation of expenses and Management Fees paid and/or payable hereunder; and

12.3 **Return of Proprietary Property and Confidential Information.** All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of Manager’s products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into PC and/or its Providers possession or control, whether prepared by PC, its Providers, or others: (a) are the property of Manager; (b) will not be used by PC or its Providers in any way adverse to Manager or to the benefit of PC and/or its Providers; (c) will not be removed from the Clinic (except as PC and/or its Providers’ duties hereunder require); and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to Manager, and PC and such Providers shall discontinue use of such materials.

12.4 **Indemnification**

12.4.1 **By PC.** PC hereby agrees to indemnify, defend, and hold harmless Manager, and each of Manager’s officers, directors, members, shareholders, agents and employees, from and against any and all claims,

demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the PC of this Agreement or any acts or omissions by the PC or its Professional Staff in their performance of this Agreement, including, but not limited to, negligence of the PC or its Professional Staff arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. PC shall immediately notify Manager of any lawsuits or actions, or any threat thereof, against PC, or any member of the Professional Staff, or Manager that may become known to the PC

12.4.2 **By Manager.** Manager hereby agrees to indemnify, defend, and hold harmless the PC, and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by Manager of this Agreement or any willful or grossly negligent act or omission by Manager in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. Manager shall immediately notify the PC of any lawsuits or actions, or any threat thereof, against Manager, PC or any Provider that may become known to Manager.

12.5 **Covenants.**

12.5.1 **Non-Solicitation of Company Employees.** To the extent permitted by law, the PC shall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the PC and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ, or offer employment to any employee or former employee of Manager or its affiliates, including, but not limited to any personnel provided by Manager to PC hereunder, without the prior written consent of Manager.

12.5.2 **Non-Solicitation of Owners.** To the extent permitted by law, during the term of any Provider's employment with the PC and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the PC, such Provider shall not, without the express written consent of the PC, solicit verbally or in writing, any Owner, or otherwise interfere with such Owner's relationship with the PC in connection with the provision of veterinary medical services.

12.5.3 **Confidentiality and Proprietary Rights.**

(a) **Confidential Information.** PC recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by Manager in rendering services hereunder, or relating to the operations of Manager, belong to and shall remain the property of Manager, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of Manager's business ("Confidential Information"). PC shall not and shall assure that each of its Professional Staff shall not, during or after the term of this Agreement, disclose any Confidential Information of Manager, or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of Manager or its respective affiliates.

(b) **Inventions, Concepts, and Ideas.** All works, discoveries and developments, whether or not copyrightable, relating to Manager's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by PC and/or its Providers, acting alone or in conjunction with others, in connection with Manager's management of the PC or, during the course of the PC's employment or engagement of Providers (or, if based on or related to any Confidential Information, made by PC and/or any Provider during or after such management by Manager or employment or engagement by the PC) and all concepts and ideas known to PC or any Provider at any time during Manager's management of the PC which

relate to Manager's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to PC and/or any Provider on the date of this Agreement or acquired by PC and/or any Provider during the term of this Agreement shall be the property of Manager, free of any reserved or other rights of any kind on PC and/or any Provider's part with respect thereto, and PC and/or any such Provider hereby assign all rights therein to Manager. PC and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to Manager. Further, PC and/or its Providers shall, at Manager's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including executing and delivering instruments of further assurance or confirmation) deemed by Manager to be necessary or desirable at any time or times in order to effect the full assignment to Manager of PC and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm Manager's rights, PC and/or its Providers will also assign to Manager any and all copyrights and reproduction rights to any written material prepared by PC and/or its Providers in connection with Manager's management of the PC or the Providers' employment or engagement by the PC and/or its Providers further understand that the absence of a request by Manager for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of Manager under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the PC or Manager in or to any Inventions, Concepts and Ideas or modifications which Manager has or may have by virtue of Manager's management activities hereunder or the PC's engagement of its Providers.

12.6 **Employment Agreements.** PC agrees that it shall obligate its Providers, by written agreement, to comply with the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. Manager and its affiliates are intended to be third-party beneficiaries of such contracts and Manager may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages paid to the PC by Providers pursuant to contracts between the PC and such Providers shall be assigned by the PC and paid over to Manager (pursuant to this Agreement).

12.7 **Enforcement.** PC agrees that the covenants set forth in Sections 12.5 are reasonable in nature, duration, and geographical scope. PC further acknowledges that any violation of those restrictive covenants will cause Manager irreparable damage, which a monetary award would be inadequate to remedy, and that a court of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court determines that any of the restrictive covenants set forth in Sections 12.5 are unreasonable in nature, duration or geographic scope, then the PC agrees that such court shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court finds that the PC and/or any Provider has breached the restrictive covenants set forth in Section 12.5 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

12.8 In the event that any of the PC's Providers shall violate any provision of this Section 12.5, the PC shall immediately notify Manager of such activity and the PC shall immediately take all necessary and appropriate corrective action.

13. **Notices.**

13.1 All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when personally delivered; (b) when received by the addressee if sent by a nationally recognized overnight courier; (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective

parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13).

MANAGER	PROVIDER
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13.2 During such time as the Franchise Agreement is in effect, a copy of any notice sent pursuant to this Section 11 shall also be sent to Franchisor at:

Pet Dental USA Franchising LLC
7595 South Thoroughbred Lane
Mayer, AZ 86333

14. **Miscellaneous.**

14.1 **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

14.2 **Successor and Assigns.** This Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective successors and permitted assigns. However, during such time as the Franchise Agreement is in effect, neither this Agreement nor any of the rights of the parties hereunder may otherwise be transferred or assigned by PC to any other party without the written consent of Franchisor. Any attempted transfer or assignment in violation of this Section 14.2 shall be void.

14.3 **Independent Contractors.** Nothing herein shall be construed to create a joint venture or partnership between the parties hereto or an employee/employer relationship. Manager shall be an independent contractor of PC pursuant to this Agreement.

14.4 **No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express, or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

14.5 **Amendment and Modification; Waiver.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. During such time as the Franchise Agreement is in effect, Sections 7, 7, 12.4, and 12.5 of this Agreement shall not be amended. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

14.6 **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

14.7 **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a

mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

14.8 **Compliance with Laws.** Manager and PC intend that this Agreement shall comply with all applicable federal, state, and local laws, regulations, and rules, as well as the rules and regulations of any regulatory body or authority of competent jurisdiction regarding the provision of professional services by PC and its Professional Staff. Manager shall provide all Management Services in conformance with an in support of PC's professional independence.

14.9 **Governing Law; Binding Arbitration; Venue.**

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of _____ without giving effect to any choice or conflict of law provision or rule.

(b) Any dispute arising out of or relating to this contract or the subject matter thereof, or any breach of this contract, including any dispute regarding the scope of this clause, will be resolved through arbitration administered by the American Arbitration Association ("AAA"), or its successor, in accordance with the AAA rules and procedures then in effect. Judgment on the award may be entered and enforced in any court having jurisdiction.

(c) The seat or place of arbitration shall be in the State of _____.

(d) The arbitrator shall award the prevailing party to any arbitration hearing its reasonable attorney's fees and costs incurred in connection with any arbitration held pursuant to this Agreement.

14.10 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

14.11 **Regulatory Matters.**

(a) PC's Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the PC. No provision of this Agreement is intended, nor shall it be construed, to permit Manager to affect or influence the professional judgment of any of the PC's Providers. To the extent that any act or service required or permitted of Manager by any provision of this Agreement may be construed or deemed to constitute the practice of veterinary medicine, the ownership or control of a veterinary clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by Manager shall be deemed waived by the PC.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of law, with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the Practice Location of the Clinic. To the extent that this Agreement must be amended to comply with applicable state law, the parties shall work together, in good faith, to make such amendments to it as to comply with such laws.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Clinic Management Agreement as of the Effective Date.

MANAGER: _____ PROVIDER: _____

By: _____ By: _____

Its: _____ Its: _____

Date: _____ Date: _____

EXHIBIT A

1. Practice Location: _____

**EXHIBIT J:
FRANCHISE DISCLOSURE QUESTIONNAIRE**

This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.

Maryland franchisees are not to sign the Questionnaire if they are a resident of Maryland or the business is to be operated in Maryland.

Do not sign this questionnaire if you are a resident of the state of Washington or if the business is to be operated in the state of Washington.

As you know, PET DENTAL USA FRANCHISING, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Clinic and/or a Development Agreement for the operation of additional Clinics over an agreed upon period of time. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make because of the purchase and operation of your Clinic. You must sign and date this Questionnaire the same day that you sign the Franchise Agreement. You cannot sign or date this Questionnaire the same day as the Receipt for the Disclosure Document. Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

	Question	Yes	No
1.	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
2.	Have you received and personally reviewed the Development Agreement and each exhibit or schedule attached to it?		
3.	Have you received and personally reviewed the Disclosure Document we provided?		
4.	Have all of your questions regarding the Disclosure Document, Franchise Agreement, and Development Agreement been answered to your satisfaction?		
5.	Did you sign a receipt for the Disclosure Document indicating the date you received it? If yes, on what date did you receive it: _____		
6.	Do you understand all of the information contained in the Disclosure Document, all of the terms of the Franchise Agreement, and all of the terms of the Development Agreement?		
7.	Have you reviewed the Disclosure Document, Franchise Agreement and Development Agreement with a lawyer, accountant, or other professional advisor?		
8.	Do you understand the risks of developing and operating Pet Dental USA franchises?		
9.	Do you understand that the success or failure of your Clinic will depend in large part upon your skills, abilities, and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10.	Do you understand that, subject to applicable state law, any applicable mediation, arbitration, or litigation must take place in Arizona?		

	Question	Yes	No
11.	Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating Clinics, or otherwise, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
12.	Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn or the total amount of revenue a Clinic will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
13.	Do you understand that the Franchise Agreement and the exhibits to the Franchise Agreement, the Development Agreement and the exhibits to the Development Agreement, and the Disclosure Document contain the entire agreement between us and you concerning your purchase of Pet Dental USA franchises and that any oral or written statements, if any, not contained in the Franchise Agreement or Disclosure Document will not be binding?		

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER AND ADD ADDITIONAL PAGES IF NECESSARY]:

PLEASE ADD ADDITIONAL SHEETS OF PAPER IF NECESSARY TO EXPLAIN NEGATIVE RESPONSES.

THE UNDERSIGNED UNDERSTANDS THAT HIS ANSWERS ARE IMPORTANT TO PET DENTAL USA FRANCHISING, LLC, AND THAT PET DENTAL USA FRANCHISING, LLC WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, THE UNDERSIGNED REPRESENTS AND WARRANTS THAT HE HAS CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO EACH OF THE ABOVE QUESTIONS.

EXECUTED as of _____ day of _____ 20__

FRANCHISEE:

By: _____

Name: _____

Title: _____

EXHIBIT J:
PET DENTAL USA FRANCHISING, LLC
STATE EFFECTIVE DATES — 2024

The following states 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, Texas, Virginia, Washington, and Wisconsin.

This Franchise Disclosure 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:

CALIFORNIA	N/A
FLORIDA	N/A
HAWAII	N/A
ILLINOIS	N/A
INDIANA	N/A
MARYLAND	N/A
MICHIGAN	N/A
MINNESOTA	N/A
NEW YORK	N/A
NORTH DAKOTA	N/A
RHODE ISLAND	N/A
SOUTH DAKOTA	N/A
UTAH	N/A
VIRGINIA	N/A
WASHINGTON	N/A
WISCONSIN	November 7, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

**EXHIBIT K:
RECEIPTS**

RECEIPT
(RETAIN 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 DENTAL USA FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with or make payment to it or its affiliates in connection with the proposed sale or sooner if required by applicable state law. New York require that PET DENTAL USA FRANCHISING, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that PET DENTAL USA FRANCHISING, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PET DENTAL USA FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

Franchisor is PET DENTAL USA FRANCHISING, LLC, located at 7595 South Thoroughbred Lane, Mayer, AZ 86333. Its telephone number is (928) 772-1181. The resident agents authorized to receive service of process for PET DENTAL USA FRANCHISING, LLC are identified in Exhibit B of the disclosure document.

Issuance Date: **April 29, 2024**

I received a disclosure document dated **April 29, 2024** that included the following Exhibits:

Exhibits

- | | | | |
|-----------|--|-----------|--|
| Exhibit A | Financial Statements | Exhibit G | Development Agreement |
| Exhibit B | Franchise Agreement | Exhibit H | List of State Administrators/Agents for Service of Process |
| Exhibit C | Sample Release Agreement | Exhibit I | Clinic Management Agreement |
| Exhibit D | Table of Contents of Operating Manual | Exhibit J | Franchisee Disclosure Questionnaire |
| Exhibit E | List of Franchisees and Former Franchisees | Exhibit K | State Effective Dates Page |
| Exhibit F | State Specific Addenda | Exhibit L | Receipt Pages |

Instructions for returning the receipt: If the Disclosure Document is not delivered in person, the prospective franchisee must sign both copies of this Receipt, retaining one (1) for the prospective franchisee's records and returning one copy to Franchisor via email, electronic delivery, or certified mail.

Franchise seller's name: _____
Principal business address: _____
Email: _____
Telephone number: _____

Franchise seller's name: _____
Principal business address: _____
Email: _____
Telephone number: _____

(Prospective Franchisee Print Name)

Prospective Franchisee Print Name)

Signature
Date _____

Signature
Date _____

RECEIPT
(RETURN THIS COPY TO US)

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 DENTAL USA FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with or make payment to it or its affiliates in connection with the proposed sale or sooner if required by applicable state law. New York require that PET DENTAL USA FRANCHISING, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that PET DENTAL USA FRANCHISING, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PET DENTAL USA FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

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Exhibits

Exhibit A	Financial Statements	Exhibit G	Development Agreement
Exhibit B	Franchise Agreement	Exhibit H	List of State Administrators/Agents for Service of Process
Exhibit C	Sample Release Agreement	Exhibit I	Clinic Management Agreement
Exhibit D	Table of Contents of Operating Manual	Exhibit J	Franchisee Disclosure Questionnaire
Exhibit E	List of Franchisees and Former Franchisees	Exhibit K	State Effective Dates Page
Exhibit F	State Specific Addenda	Exhibit L	Receipt Pages

Instructions for returning the receipt: If the Disclosure Document is not delivered in person, the prospective franchisee must sign both copies of this Receipt, retaining one (1) for the prospective franchisee's records and returning one copy to Franchisor via email, electronic delivery, or certified mail.

Franchise seller's name: _____
Principal business address: _____
Email: _____
Telephone number: _____

Franchise seller's name: _____
Principal business address: _____
Email: _____
Telephone number: _____

(Prospective Franchisee Print Name)

Prospective Franchisee Print Name)

Signature
Date _____

Signature
Date _____