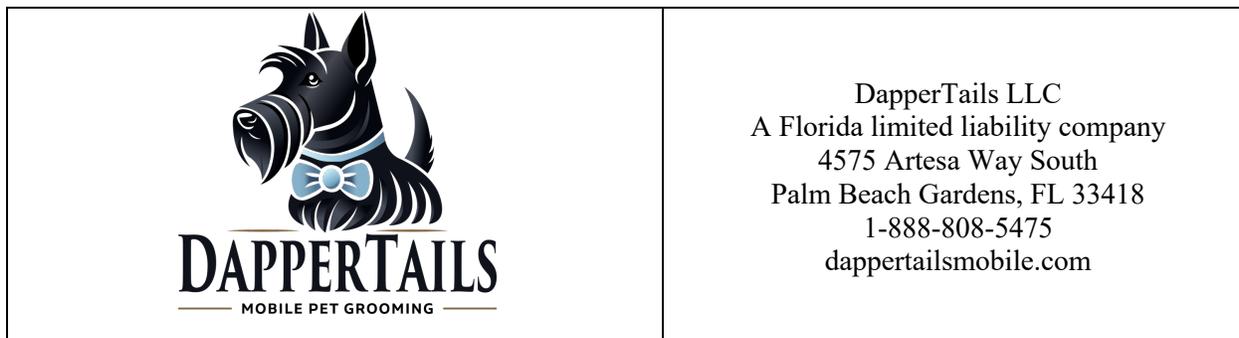


## FRANCHISE DISCLOSURE DOCUMENT



The franchise that we offer is for the operation of a DapperTails franchised business offering mobile pet grooming and related products and services from a grooming van.

The total investment necessary to begin the operations of a single DapperTails franchise ranges from \$103,500 to \$242,000. This includes \$55,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of 2-5 DapperTails franchises is \$123,500 to \$322,000. This includes \$70,000 to \$130,000 that must be paid to the franchisor or its affiliate.

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

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 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 Operations Manual to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 3, 2025

## 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only DapperTails business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a DapperTails franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in New Jersey. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in New Jersey than in your own state.
2. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with longer operating history.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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

**DapperTails**  
**Franchise Disclosure Document**  
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**LIST OF EXHIBITS**

EXHIBIT A: List Of State Franchise Administrators And Agents For Service Of Process

EXHIBIT B: Franchise Agreement

ATTACHMENT 1: Territory

ATTACHMENT 2: Disclosure of Principals

ATTACHMENT 3: Personal Guaranty

ATTACHMENT 4: Confidentiality and Non-Competition (owners/managers)

ATTACHMENT 5: Example Forms: Confidentiality and Non-Competition (employees); Release; Bank Authorization; and optional Call Center Addendum

EXHIBIT C: Multi-Unit Development Agreement

EXHIBIT D: Financial Statements

EXHIBIT E: Operations Manual Table of Contents

EXHIBIT F: Outlets as of the date of this Disclosure Document

EXHIBIT G: State Addenda

EXHIBIT H: State Effective Dates

EXHIBIT I: Receipt

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means DapperTails LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a DapperTails franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company, including any guarantors.

We were formed as a limited liability company in the State of Florida on January 14, 2025. Our principal business address is 4575 Artesa Way S, Palm Beach Gardens, FL 33418 and our telephone number is 1-888-808-5475. We do business under our company name, “DapperTails” and its associated design (the “Mark”). We do not own or operate any businesses of the type you will be operating, except through our affiliates as described below. We have not offered franchises in any other line of business. We only offer franchises which operate under the “DapperTails” Mark. We began offering franchises in March, 2025.

The principal business addresses of our agents for service of process are shown on Exhibit A.

**Our Parents, Predecessors and Affiliates:**

We do not have any parents or predecessors.

We have an affiliate, ENC Grooming Corp d/b/a The Ruff Life, a New York corporation with a principal business at 158 N. Kings Avenue, Massapequa, NY 11758, which was formed on February 1, 2017. The Ruff Life has not offered franchises in this or in any other lines of business previously. This affiliate operates our “company outlets” described in Item 19 and Item 20 of this disclosure document, which offer products and services like those offered by our franchisees but under “The Ruff Life” mark. As of December 31, 2024, The Ruff Life operates 17 outlets.

We have an affiliate, Drops of Jupiter LLC, a Florida limited liability company, which shares our principal place of business at 4575 Artesa Way S, Palm Beach Gardens, FL 33418, and was formed on September 5, 2023. Drops of Jupiter LLC has not offered franchises in this or in any other lines of business previously. This affiliate is the owner of the Mark and has granted us a license to use the Mark and sublicense the right to the Mark to our franchisees.

**The Franchise Offered:**

We grant franchises for the right to operate a mobile pet grooming business under the “DapperTails” Mark, using our distinctive operating procedures and standards, on a protected basis in a limited Territory (the “Franchised Business”).

The distinguishing characteristics of the Franchised Business includes, among other things, our distinctive interior and exterior design, décor, color schemes, graphics, fixtures and furniture, our proprietary products, operation methods, customer services standards, advertising and marketing specifications, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing DapperTails and affiliate outlets, all of which we may change, improve, and further develop (collectively, our “System”).

Franchisees are required to sign our franchise agreement for the Franchised Business. Our current form of franchise agreement is attached to this disclosure document as Exhibit B (the “Franchise Agreement”). Each Franchised Business is also referred to as a “Unit”.

If you qualify, we may allow you to sign the Multi-Unit Option Agreement on the form attached to this disclosure document as Exhibit C and develop a designated number of Franchised Businesses under our Mark. Under A Multi-Unit Option Agreement, you will have the right to open three or more Franchised Businesses in accordance with a specified development schedule. As each Franchised Business is developed after the first, you will be required to sign the then-current Franchise Agreement, which may differ from the current Franchise Agreement with this Franchise Disclosure Document.

### **Market and Competition:**

The market for your Franchised Business consists of pet owners seeking mobile pet grooming services. The Franchised Business will be operated from a commercial van upfitted for mobile pet grooming (each a “Grooming Van”). You will drive the Grooming Van directly to customers to deliver grooming services and related products.

The pet grooming industry is highly competitive. You will compete with businesses, including national, regional and local businesses, offering products and services similar to those offered by your Franchised Business including other mobile grooming businesses, traditional brick-and-mortar grooming businesses, non-traditional grooming businesses, and other establishments that offer pet grooming services and related products. There are many other pet grooming franchises, as well as independent businesses throughout the United States that may offer similar products and services to those offered by your Franchised Business. The market for our products and services may experience seasonal variations, and may be affected by economic conditions, which may vary based on the location you select to develop the Franchised Business.

### **Industry Specific Regulations:**

At all times during the operation of your Franchised Business, you must comply with all laws, rules, ordinances, and regulations (“Laws”) imposed on the federal, state or local level, which apply specifically to the pet industry and apply to businesses generally. Some states or localities may impose licensing, certification, or inspection requirements for pet groomers or grooming facilities. Your state or locality may also impose specific requirements for gray water disposal. Many Laws may impact the ongoing operation of your business, but we are not aware of other current Laws that are specific to the pet grooming industry.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

**ITEM 2: BUSINESS EXPERIENCE**

**Chris Elias - Chief Executive Officer and President**

Chris Elias has served as our Chief Executive Officer since our formation in January 2025. Mr. Elias has also served as President of ENC Grooming Corp in Palm Beach Gardens, Florida since its formation in January 2017.

**Emily Elias - Chief Operating Officer**

Emily Elias has served as our Chief Operating Officer since our formation in January 2025. Mrs. Elias has also served as Chief Operating Officer of ENC Grooming Corp in Palm Beach Gardens, Florida since its formation in January 2017.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

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

**ITEM 5: INITIAL FEES**

**Single Unit Initial Franchise Fee**

You must pay us an initial fee (“Initial Franchise Fee”) when you sign a Franchise Agreement. A Franchise Agreement grants you the right to operate one (1) Franchised Business within a single Territory (also referred to as a “Single Unit”). You may operate one (1) or more Grooming Vans within the boundaries of a Single Unit. The Initial Franchise Fee for a Single Unit is \$50,000.00. The Initial Franchise Fee is fully earned by us and is due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

**Multi-Unit Development Fee**

We offer qualified individuals a multi-unit package to develop two (2) or more Franchised Businesses by signing a Multi-Unit Development Agreement and paying an option fee (the “Development Fee”). A Multi-Unit Development Agreement is signed at the same time as a Franchise Agreement for the first Franchised Business. Each new Franchised Business opened under the Multi-Unit Development Agreement will allow to you operate in a new Territory. The total Development Fee you be required to pay is based on the number of Franchised Businesses (or Territories) you desire to develop (each a “Development Right”) during the term of the Multi-Unit Development Agreement.

The Initial Franchised Fee for the first Franchised Business remains \$50,000 as set forth above. However, the Initial Franchise Fee for each additional Franchised Business after the first is locked in at a discounted rate of \$40,000. The Development Fee will be equal to the Initial Franchise Fee for

the first Franchised Business plus \$20,000 for each Development Right. As each Franchised Business is developed after the first, you will be required to sign the then-current Franchise Agreement and pay us an additional \$20,000 (the discounted \$40,000 Initial Franchise Fee less a \$20,000 credit from the Development Fee). All other fees under the then-current Franchise Agreement will apply.

The number of Development Rights, the development schedule, and a description of each Territory to be developed will be defined in the Multi-Unit Development Agreement. Once paid to us, all amounts are nonrefundable under any circumstances, even if you fail to open any Franchised Businesses. The Development Fee due upon execution of a Multi-Unit Development Agreement for two (2) to five (5) Franchised Businesses is \$70,000 to \$130,000.

#### Grand Opening Advertising

You must pay us a \$5,000 fee for initial marketing and advertising support (the “Grand Opening Advertising Fee”) at least thirty (30) days prior to the Opening Date of your first Franchised Business. We will deploy \$2,500 or more of this fee in direct advertising using third party suppliers. The remainder of the fee will be used to defray our costs in onboarding, supporting your Grand Opening and sending a member of our team to your location prior to your launch. We may waive collection of this fee for second or subsequent locations opened under a Multi-Unit Development Agreement.

#### Discounts

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. Since we were not offering franchises in 2024, we did not collect any Initial Fees during the past year.

Except as described in this Item 5, the Initial Fees are uniformly imposed and non-refundable.

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**ITEM 6: OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty Fee	7% of monthly Gross Revenue	Monthly via ACH for Gross Revenues of the prior month.	Payable to us. See Note 1.
Technology Fee	Our then-current fee (currently, \$400 per month plus \$200 per month for each Grooming Van after the first Grooming Van; subject to increase as set forth in Remarks).	Monthly along with first Royalty Fee and Brand Fund Contribution payments of each month.	<p>The “Technology Fee” is payable to us in exchange for the technology required to operate your Franchised Business. Currently, the technology we provide as part of this fee includes a license to use our designated customer relationship management (“CRM”) system with scheduling and payment functionality, an assigned telephone number, an assigned email address, assigned social media accounts, access to our franchise portal, and a business listing on our website.</p> <p>We may increase the Technology Fee, up to a maximum of our actual costs incurred in paying third-party providers for the underlying technologies (calculated system-wide and on a pro-rata basis) plus a 10% administrative fee, based on supplier pricing increases, introduction of new technology and/or changes in vendor.</p>
Required Minimum Expenditure for Local Marketing and Advertising	A minimum of \$500 per calendar month.	As incurred.	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See Note 2.

Type of Fee	Amount	Due Date	Remarks
Brand Fund Contribution	2% of monthly Gross Revenue (Not currently assessed)	Monthly via ACH for Gross Revenues of the prior month.	We do not presently have a Brand Fund; however, we reserve the right to create a Brand Fund as the system grows for the benefit of our franchisees. Any Brand Fund Contribution will be payable directly to the Brand Fund. See Note 3.
Optional Call Center Fee	The then-current price based on the number of Grooming Van's in operation (currently, \$550/month per Grooming Van in operation; subject to increase as set forth in Remarks).	Optional, Monthly Paid	We offer a Call Center to provide telephone answering services to prospective customers (inquiries) and schedule services on Franchisee's behalf. Franchisee may in its discretion elect to utilize the Call Center by signing the Call Center addendum and paying the then-current recurring monthly fee for such services (the "Call Center Fee"). The monthly fee for utilizing the Call Center will vary based on the number of Grooming Vans Franchisee has in operation. We may increase the Call Center Fee up to a maximum of 10% per year.
Additional Training Fee	\$250/day	As incurred	Your Initial Management Training and the Master Groomer Training for one (1) lead groomer will be provided as part of your Initial Franchise Fee. You will pay this fee if you additional training is required (for example, you replace your lead groomer). See Item 8 and Item 11.

Type of Fee	Amount	Due Date	Remarks
Late Charge	\$50	As incurred.	If you fail to pay us the Continuing Royalty Fee or Brand Fund Fee (if applicable) we may charge you \$50 for each late submission in addition to interest charges explained below.
Interest Charge	1.5% per month from due date, or maximum allowed by law.	As incurred.	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$75	As incurred.	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Renewal Fee	25% of the then current Initial Franchise Fee, up to a maximum of \$15,000.	When you renew your Franchise Agreement for an additional term.	Payable to us. See Item 17.
Transfer Fee	50% of the then current Initial Franchise Fee, up to a maximum of \$30,000.	Before we approve the transfer.	Payable to us. See Item 17.
Examination of Books and Records	Actual cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns pertaining to the Franchised Business. If an examination reveals that you have understated any Gross Revenue report by 2% or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note 4.

Type of Fee	Amount	Due Date	Remarks
Reimbursement of Cost and Expenses for Non-compliance	Actual costs and expenses.	As incurred.	See Note 5.
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As incurred.	Payable to us.
Insurance	Reimbursement of our costs	As incurred.	If you do not obtain the required insurance, we may (but are not required to) obtain insurance on your behalf.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

**Note 1: Continuing Royalty Fee.** You will pay a Continuing Royalty Fee equal to seven percent (7%) of the Gross Revenue generated monthly by your Franchised Business.

The term “Gross Revenue” includes all revenues and income from any source derived or received by you from, by or on account of the operation of the Franchised Business or made pursuant to the rights granted under the Franchise Agreement. Gross Revenue are determined based on the total amount of money paid by your customers, without deduction for your costs or expenses; however, Gross Revenue does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) property documented refunds to customers, (iii) properly documented promotional discounts, or (iv) properly documented tips left by customers for your groomer. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. We will typically initiate an ACH on or before the fifth day of each month for the prior month’s Gross Revenues. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

**Note 2: Required Minimum Expenditure for Local Marketing and Advertising.** We recommend you spend \$500-\$1,000 per month on your local marketing and advertising efforts; however, you must spend a minimum of \$500 per month. Upon our request, you must furnish us with a monthly report and documentation of local advertising expenditures during the previous calendar month. If you do not spend the minimum required amount, and we reasonably determine it is adversely affecting your business, then we have the right, but not the obligation, to spend the minimum required amount on

your behalf and demand reimbursement from you. If we exercise this right, we will take commercially reasonable efforts to deploy these funds for the benefit of your Franchised Business.

**Note 3: Brand Fund Contribution.** If we establish a System brand promotion fund ("Brand Fund")( you must pay directly to our Brand Fund a Brand Fund Contribution 2% of weekly Gross Revenue generated by your Franchised Business. Payments are due at the same and in the same manner as the Royalty Fee. You may be required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund's bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report your revenues for the month, then we will collect 120% of the last Brand Fund collected and settle the balance the next period in which you report revenue.

**Note 4: Indemnification.** You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

**Note 5: Reimbursement of Cost and Expenses for Non-compliance.** In our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Business location upon your breach of the Franchise Agreement, or upon the termination or expiration of the Franchise Agreement, if you fail to do so. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

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**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT  
SINGLE UNIT FRANCHISE**

Type of Expenditure (*)	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee (Note 1)	\$50,000	\$50,000	Check or Wire transfer	Upon signing the Franchise Agreement.	Us
Grand Opening Advertising (Note 2)	\$5,000	\$5,000	Check or Wire transfer	Thirty days prior to opening.	Us
Traveling for Initial Training (Note 3)	\$2,000	\$5,000	As Incurred	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Grooming Van Finance/Purchase and Upfitting (Note 4)	\$13,000 (Finance Estimate)	\$125,000 (Purchase Estimate)	As required by providers.	As incurred.	Suppliers
DapperTails Vehicle Wrap (Note 5)	\$4,000	\$4,500	As required by providers.	As incurred.	Suppliers
Transport and Delivery Fees (Note 6)	\$1,500	\$4,000	As required by providers.	As incurred.	Suppliers
Initial Inventory and Supplies (Note 7)	\$5,000	\$10,000	As required by providers.	As incurred.	Suppliers
Initial Technology Package (Note 8)	\$2,000	\$4,000	As required by providers.	As incurred.	Suppliers
Professional Fees (Note 9)	\$1,000	\$3,500	As required by providers.	As incurred.	Attorney, Accountant, Other Professional Service Providers
Business Licenses and Permits (Note 10)	\$500	\$1,000	As required by government agencies.	Before opening, as required by government agencies.	Government Agencies

Insurance (Note 11)	\$1,500	\$2,500	As required by insurer.	Before opening.	Insurer
Master Groomer Training (Note 12)	\$3,000	\$7,500	As Incurred	As required by employee and labor laws (Employee's wage), suppliers of transportation, lodging & meals.	Employee, suppliers of transportation, lodging & meals.
Operating Expenses / Additional Funds – 3 months (Note 13)	\$15,000	\$20,000	As incurred.	Payroll weekly, other purchases according to agreed-upon terms.	Employees, utilities, suppliers, etc.
<b>TOTAL</b>	<b>\$103,500 - \$242,000</b>				

**YOUR ESTIMATED INITIAL INVESTMENT  
MULTI-UNIT DEVELOPMENT AGREEMENT (2 TO 5)**

Type of Expenditure (*)	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Development Fee (Note 14)	\$70,000	\$130,000	Check or Wire transfer	Upon signing the Franchise Agreement.	Us
Initial Investment for Your First Franchised Business (Note 15)	\$53,500	\$192,000	See the table above in this Item 7.	See the table above in this Item 7.	See the table above in this Item 7.
<b>TOTAL (Note 16)</b>	<b>\$123,500 - \$322,000</b>				

**Notes:**

\*These estimated initial expenses reflect our current best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our owners and our officers, the experience of our affiliates, and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Franchised Business may be greater or less than the estimates given, depending upon the location of your Franchised Business, and current relevant market conditions. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to vendors or third parties are non-refundable, except

as you may arrange for utility deposits and other payments, or as otherwise negotiated in your agreements between you and the vendor or third party.

Note 1: Initial Franchise Fee. The Initial Franchise Fee for a Single Unit is \$50,000.00. The Initial Franchise Fee is fully earned by us and is due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

Note 2: Grand Opening Advertising. You must pay us a \$5,000 fee for initial marketing and advertising support (the “Grand Opening Advertising Fee”) at least thirty (30) days prior to the Opening Date of your first Franchised Business. We will deploy \$2,500 or more of this fee in direct advertising using third party suppliers. The remainder of the fee will be used to defray our costs in onboarding, supporting your Grand Opening and sending a member of our team to your location prior to your launch. We may waive collection of this fee for second or subsequent locations opened under a Multi-Unit Development Agreement.

Note 3: Traveling for Initial Training. You must complete our pre-opening training program before opening your Franchised Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 4: Grooming Van Lease/Purchase and Upfitting. Your Franchised Business will be operated out of a Grooming Van. You must purchase or lease at least one (1) Grooming Van that meets our standards and specifications and is upfitted by our designated supplier. We maintain high standards and have only approved one designated supplier for the design, engineering, and manufacturing of our Grooming Vans.

If you lease or finance the Grooming Van, we estimate the down payment will be at least 10% of the total Grooming Van purchase price (van with upfitting) but will vary based on your credit worthiness. Therefore, the low end of this estimate assumes you lease or finance the Grooming Van and includes your first lease payment. The high end of this estimate reflects the full purchase price (before taxes and fees). The price you pay may depend on current market conditions.

Note 5: Your Grooming Van must be wrapped with our DapperTails branding and to our specifications by an approved vendor before you can begin operation of your Franchised Business. These fees will vary based on current market prices.

Note 6: Transport and Delivery Fees. Your Grooming Van must be transported by an approved or designated supplier of ours between dealers, vendors, and yourself during the purchase, upfitting, and delivery process. These fees will vary based on current market prices.

Note 7: Initial Inventory and Supplies. Your initial inventory and supplies must be purchased from our approved or designated suppliers. Your initial inventory must consist of various Approved Products and Services used in the operation of your Franchised Business, as well as your employees’ uniforms and certain spare parts for your Grooming Van. The initial inventory expenditure will vary according to current market prices for products and supplies.

Note 8: Initial Technology Package. You are required to purchase, license and use the computer system and customer relationship management system and applications that we designate. This

estimate includes a computer and iPad with cellular wireless internet access. The license for our designated business management system is included in the ongoing Technology Fee and taken into account in the Additional Funds estimate. See Item 6 for details on the Technology Fee.

Note 9: Professional Fees. This estimate is for costs associated with the engagement of professionals such as attorneys and accountants for advisories consistent with the start-up of a Franchised Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, and the Franchise Agreement. It is also advisable to consult these professionals to form a new entity for operation of the Franchised Business and review any other contracts that you will enter into as part of the development and operation of your Franchised Business.

Note 10: Business Licenses and Permits. You must apply for, obtain, and maintain all required permits and licenses necessary to operate a Franchised Business. The licenses will vary depending on local, municipal, county and state regulations.

Note 11: Insurance Deposits. You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance, and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 12: Master Groomer Training. Your lead groomer must complete our Master Groomer Training Program before opening your Franchised Business. We do not charge a fee for the first lead groomer you send to our Master Groomer Training Program. See Item 5. This estimate is for estimated employee wages, travel and lodging expenses that you will incur to attend our pre-opening initial training program. The Master Groomer Training Program is a minimum of one week, but we will provide up to two weeks of training upon request. See Item 11.

Note 13: Operating Expenses / Additional Funds – 3 months. This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, vehicle payments, and required payments to us, and is only for the initial three-month period following the opening of your Franchised Business. We base these figures on the experience of our officers and affiliates in the industry.

Note 14: Development Fee. The low end of this estimate includes the Initial Franchise Fee for your first location plus one-half the Initial Franchise Fee for your second location (\$50,000 + \$20,000). The high end of this estimate includes the Initial Franchise Fee for your first location plus one-half the Initial Franchise Fee for four (4) additional locations (\$50,000 + \$80,000). The high end will increase by \$20,000 for each additional Development Right you desire to purchase. You will pay the Development Fee when you sign the Multi-Unit Development Agreement. You will pay the remaining one-half of the Initial Franchise Fee for your second and subsequent locations at the time you enter into Franchise Agreements for each Franchised Business.

Note 15: Initial Investment for Your First Franchised Business. The low-end of this estimate equals the low-end estimate from the first table estimating your initial investment for a single unit franchise less the Initial Franchise Fee for the first location as it is included in the Development Fee. The high-end of this estimate equals the high-end estimate from the first table estimating your initial investment

for a single unit franchise less the Initial Franchise Fee for the first location as it is included in the Development Fee. The estimates in this Multi-Unit Development Agreement chart assume that you will be entering into an Multi-Unit Development Agreement for the right to open and operate two to five Franchised Businesses and the cost of opening the first Franchised Business.

Note 16: Total (Multi-Unit Development Agreement Table). This figure represents the total estimated initial investment required to open your initial Franchised Business under the Franchise Agreement you must enter into with us at the same time as the execution of your Multi-Unit Development Agreement. Other than the Development Fee, this estimate does not include the costs associated with opening a second or any subsequent locations which will incur additional costs.

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

We have developed our System through the operation of our company owned outlets and we want to ensure that our high level of quality and customer satisfaction is maintained with each franchised outlet. We have documented our process to ensure that each Franchised Business follows the same methods, standards, and specifications in our operations manual(s) (“Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components.

Each franchisee receives the Operations Manual and is required to act in strict compliance with the methods, standards, specifications and guidelines in our Operations Manual. We can and expect to modify or add to these methods, standards, specifications, and guidelines as we deem necessary. Any changes will be made through amendments, supplements, or updates in our Operations Manual or through written communication directly with you as we continue to improve the System. We will issue copies of our standards and specifications to you and approved and proposed suppliers.

You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Franchised Business. You must manage all customer complaints and requests for returns in a manner that will not detract from our Marks and goodwill.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Operations Manual or otherwise in writing. You must use the computer hardware and software, including the CRM platform and point-of-sale system that we designate to operate your Franchised Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

You must not use, offer, or sell any products or services in connection with your Franchised Business that do not meet our System standards and specifications, or that we have discontinued or otherwise notified you that you are no longer able to use or offer in connection with your Franchised Business. If you wish to offer any product or service in your Franchised Business other than our approved products and services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, you must obtain our prior written approval as described more fully in this Item 8.

We maintain written lists of approved the above-referenced items, products and services, and a list of designated suppliers and vendors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

Additionally, you must obtain and maintain, at your own expense, such insurance coverage as we require in the Operations Manual and as required by federal, state, or local laws. You may elect to obtain higher coverage or obtain any other insurance to cover any risk associated with your activity. Our current specifications are:

Type	Minimum Amount
Comprehensive General Liability	\$1,000,000 per occurrence, \$2,000,000 aggregate
Pet Groomers Professional Liability	\$1,000,000 per occurrence, \$2,000,000 aggregate
Commercial Automobile Liability	\$1,000,000 each accident
Property Insurance	100% replacement cost coverage
Umbrella	\$2,000,000 excess of other policies
Workers Compensation	\$500,000 each accident/incident
Business Interruption Insurance	12 Months
Any other insurance required by federal, state, or local law	

All insurance policies must name us as an “additional insured” party and contain a wavier by the franchisee and its insurer of any subrogation right against us and our officers, employees, and agents. On execution of a Franchise Agreement, and thereafter 30 days before the expiration of any policy, you must deliver to us the Certificates of Insurance and Endorsements evidencing the existence and continuation of proper coverage with limits not less than those we require. In addition, if we request, you must deliver to us a copy of the insurance policy or policies we require. Further, all insurance policies must expressly provide that no less than 30 days’ prior written notice will be given to us in the event of a material alteration to or cancellation of the policies. Should you, for any reason, fail to procure or maintain the insurance we require, as these requirements may be revised occasionally by us in writing, we will have the right and authority, but not the obligation, to immediately procure the insurance and charge you, which you must pay immediately on notice. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

We have the right to require you to purchase or lease certain products or services necessary to operate your Franchised Business from our approved or designated suppliers by updating the Operations Manual. We currently have one designated supplier for the Grooming Van purchase and upfitting. Likewise, we currently have one designated supplier for each of the products and services provided to you as part of the ongoing Technology Fee, which currently includes: a license to use our designated CRM system with scheduling and payment functionality, an assigned telephone number, an assigned email address, assigned social media accounts, access to our franchise portal, and a business listing on our website. You may not use any alternative supplier for the products and services provided by our designated suppliers. The franchisor or its affiliate is the only approved supplier for the training programs (service). Except as provided above in this Item 8, neither we nor any affiliate is an approved or designated supplier of any product or service you are required to purchase or lease. Further, neither we nor any affiliate or officer owns any ownership in any supplier (other than us).

**Alternative Suppliers**

You must not use, offer, or sell any products or services in connection with your Franchised Business that do not meet our System standards and specifications, or that we have discontinued or otherwise

notified you that you are no longer able to use or offer in connection with your Franchised Business. If you wish to propose an alternative supplier, you must submit a request in writing to us. If we are not familiar with the product or service we may require you to provide us with a sample of the supplier's products or services at your own expense. We will review the products or services within fifteen (15) days of our receipt and determine whether to consider adding the supplier to our list of approved vendors. We do not provide franchisees with any specific criterion for approving suppliers, but we generally consider the specifications and quality of the product. We will test products and may inspect the premises of suppliers. After our review, we will notify you if we approve or disapprove of an alternative supplier in writing. We reserve the right to approve or revoke approval of any supplier. If we revoke approval for a supplier, we will provide written notice to you.

### **Purchase Arrangements**

We have negotiated purchase agreements with suppliers to provide discounts from standard pricing for items such as inventory, marketing, supplies, and software. We anticipate continuing to negotiate purchase agreements with suppliers. These discounts will be for us and our franchisees. While we cannot guarantee any supplier will honor or continue to offer a discount, we intend to maintain purchase agreements with our current suppliers and continue to negotiate purchase agreements with suppliers for us and our franchisees to obtain discounted prices systemwide. It is possible that some suppliers may only offer products and services on a regional or local basis and that you may not be eligible for products from these suppliers as a result of your geographic location.

### **Purchasing or Distribution Cooperatives**

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document.

### **Right to Derive Revenue from Required Purchases**

We began offering franchise opportunities on the Issuance Date, therefore, in our last fiscal year we did not derive any revenue from franchisees required purchases or leases.

Currently, we and our affiliates do not receive rebates or other benefits from suppliers for our franchisees' transactions with them. However, in the future, we may receive rebates or other benefits from supplier for our franchisees' transactions with them. If we derive revenue from any required purchase from a third-party vendor or supplier, then will contribute any such amounts into the Brand Fund for the benefit of the system.

### **Required Purchases as a Proportion of Costs**

We estimate that required purchases described above will be 70 to 90% of all purchases and leases by you of goods and services to establish a franchise and approximately 10 to 20% of your operating costs after the initial start-up phase.

We provide no material benefits based on your use of designated sources; however, failure to use approved items or designated suppliers and vendors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

## **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.**

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Section or Article in Multi-Unit Development Agreement</b>	<b>Item in Franchise Disclosure Document</b>
a. Site Selection and Acquisition/Lease	5.2	Not Applicable	11
b. Pre-Opening Purchase/Leases	5.1, 7.5	Not Applicable	7, 11
c. Site Development & other Pre-Opening Requirements	Article V, VI, VII.	Exhibit A to MUDA	11
d. Initial and Ongoing Training	6.1, 6.2, 6.3	Not Applicable	11
e. Opening	5.4	Exhibit A to MUDA	11
f. Fees	4	Exhibit A to MUDA	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article VII	2, 3.	8, 11
h. Trademarks and Proprietary Information	8.2	Not Applicable	13, 14
i. Restrictions on Products/Services Offered	7.2	Not Applicable	8
j. Warranty and Customer Service Requirements	7.6	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	Not Applicable	2, 3, Exhibit A	12
l. Ongoing Product/Service Purchases	7.3, 7.4, 7.10, 7.11	Not Applicable	8

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Section or Article in Multi-Unit Development Agreement</b>	<b>Item in Franchise Disclosure Document</b>
m. Maintenance, Appearance and Remodeling Requirements	7.10, 7.11	Not Applicable	Item 11
n. Insurance	Article XIII	Not Applicable	7
o. Advertising	Article XII	Not Applicable	6, 11
p. Indemnification	18.4, 20.4	Not Applicable	14
q. Owner's Participation, Management, Staffing	7.6, 17.1	Not Applicable	11, 15
r. Records /Reports	11.1, 11.2, 11.3	Not Applicable	6
s. Inspections and Audits	11.5	Not Applicable	6, 11
t. Transfer	14.2, 14.3	7	17
u. Renewal		Not Applicable	17
v. Post-Termination Obligations	Article XVI	Not Applicable	17
w. Non-Competition Covenants	17.2, 17.3	Not Applicable.	17
x. Dispute Resolution	Article XXV	9	17
y. Guaranty	18.4, Attachment 3	Not Applicable	15

**ITEM 10:  
FINANCING**

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

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

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

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. provide you with the specifications and a list of designated and approved suppliers for the procurement, layout, design, features, appearance, and signage (vehicle wrap) of your Grooming Van. (Franchise Agreement, Section 3.1,           ).
- b. provide you with standards for site selection and vehicle storage. We do not otherwise assist you with site selection. We will not own and/or lease any site to you. (Franchise Agreement, Section 3.1).
- c. loan to you the DapperTails Operations Manual and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 3.6).
- d. provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We provide the names of all designated and approved vendors or specifications for these items. We and our affiliates do not deliver or install any of these items (Franchise Agreement, Section 3.1).
- e. recommend minimum and maximum prices for products and services at your DapperTails outlet (Franchise Agreement, Section 3.7).
- f. provide you with initial training at an affiliate or company owned outlet. We will determine, in our sole judgment, whether you satisfactorily complete the initial training. (Franchise Agreement, Section 3.2 and
- g. provide your lead groomer with initial training at an affiliate or company owned outlet. We also provide guidance on how to hire and train employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 3.2 and Article VI).
- h. provide you with marketing assistance by establishing website and social media accounts as more fully described below in this Item 11 (Franchise Agreement, Section 3.2 and Article XII).
- i. provide you with assistance in setting up the computer software and/or software as a service platforms provided as part of the Technology Fee (Franchise Agreement, Section 3.7).
- j. approve sites (territories) for future/additional units under an Area Development Agreement using its then-current site criteria if not already defined in your Area Development Agreement at the time of signing.

## 2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your DapperTails Franchised Business is 3 months. Factors that may affect this time period include your ability to: (i) acquire financing, (2) acquire the Grooming Van, (3) obtain licenses and permits, (4) hire and train qualified groomers, (5) acquire necessary inventory and supplies, and (6) complete required training. Within thirty (30) days of signing the Franchise Agreement, you must

order and fund your initial Grooming Van. If you do not order and fund an initial Grooming Van within thirty (30) days, more time may be given upon your request. We will not unreasonably withhold our approval for more time, but we reserve the right to terminate the Franchise Agreement if you fail to order and fund an initial Grooming Van by the Opening Deadline. You must open the Franchised Business within one hundred eight (180) days after signing the Franchise Agreement. Failure to open your Franchised Business by the opening deadline, is a default of the Franchise Agreement. (Franchise Agreement, Section 5.4).

### 3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to one (1) week each year at a location we designate and attend an annual business meeting or franchisee conference for up to one (1) week each year at a location we designate. (Franchise Agreement, Section 3.2 and 6.3).
- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. (Franchise Agreement, Section 3.4).
- c. provide individualized assistance and coaching to you on the proper implementation of the System and operation of the Franchised Business within reasonable limits by telephone, email, and/or video conferencing, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 3.4).
- e. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 3.4).
- f. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 3.1).
- h. upon your request and subject to our availability, provide you with on-site opening assistance for up to 3 days (Franchise Agreement, Section 3.3).
- i. recommend minimum and maximum prices for products and services. Certain metrics may be integrated into designated software platforms to assist you in establishing prices. This information is for training or educational purposes. You are solely responsible for establishing your own prices (Franchise Agreement, Section 3.8).
- j. maintain website and social media as more fully described below in this Item 11.
- k. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 15 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within 15 business days, the proposed material and/or campaign is deemed “disapproved”. (Franchise Agreement, Section 12.6).

#### 4. Advertising

##### **Local Advertising** (Franchise Agreement, Article XII)

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, unless they have been approved by us in advance.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory, except as provided as part of the Grand Opening Advertising described more fully in Item 5. After opening, you are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other DapperTails franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site except as provided or approved by us.

##### **Systemwide Brand Fund (the "Brand Fund")** (Franchise Agreement, Section 12.4)

We do not presently have a Brand Fund. Therefore, no fees are currently assessed. However, we reserve the right to create a Brand Fund as the System grows for the benefit of our franchisees. Any Brand Fund Contribution will be payable directly to the Brand Fund and you will be required to contribute 2% of weekly Gross Revenue generated by your Franchised Business to the Brand Fund. Each Dapper Tail outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so. The Brand Fund will be maintained and administered by Franchisor or its affiliate.

The Brand Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor or its affiliate believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Social Media Accounts and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; review of locally produced advertisements; door hangers, mailers, inserts and coupons; brochures and promotional materials; market research, market surveys, and sponsorships; web site design and maintenance; public relations and related retainers; mystery shoppers for the System and competitors; celebrity endorsements; trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment); association dues; search engine optimization; employing advertising and/or public relations agencies; purchasing promotional items; product and service development; providing promotional and other marketing materials and services to the businesses operating under the System.

Brand Fund contributions will not be used to solicit new franchise sales.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

No Brand Fund Contributions were required, made or expended in our most recently concluded fiscal year. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions

It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

### **Regional Advertising** (Franchise Agreement, Section 12.8).

We do not currently have a regional advertising fund or cooperative. Therefore, no fees are currently assessed. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. If we establish a regional cooperative, you and other franchisees may be required to contribute up to \$250 per month into the fund. Any amounts you pay into an advertising cooperative will count towards your minimum local advertising obligations. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. The structure of the cooperative and governing documents must be approved by us, but franchisees participating in the cooperative will be responsible for administering the cooperative. The cooperative will make decisions based on a majority vote by the members contributing to the cooperative. Each franchisee will be required to work with us or a designated advertising agency to coordinate and place advertising in the cooperative area. Each cooperative will prepare annual reports, and we have the right to audit and review the books and records of each cooperative. The costs and expenses of each cooperative must be paid by that cooperative. We do not currently have any cooperative; however, we have the power to require cooperatives to be formed, changed, or dissolved. You will be required to sign a membership agreement for a cooperative if one is formed.

### **Advertising Council**

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement does not preclude us from creating a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and outlet profitability. The council will serve in an advisory capacity only. We have the right to form, change or dissolve the council at any time.

### **5. Website/Social Media** (Franchise Agreement, Sections 3.7, 8.6, 8.7, 8.8-8.10)

You may not establish your own website or use social media platforms for the promotion of your Franchised Business without our prior written consent. You must sign such documents as we may require, that grant us the right to change, transfer or terminate your email addresses, domain names, social media platforms and comparable electronic identities that use our trademarks if the Franchise Agreement expires or is terminated, or if your franchise is not renewed. Likewise, if you establish any website or social media associated with our trademarks despite our prohibitions then you will assign all rights to such accounts to us upon our request.

Except for the social media presence that we will establish on your behalf, you are not permitted to promote your Franchised Business or use any of the Marks in any manner on any social or networking websites, including, but not limited to: Facebook, Instagram, FourSquare, LinkedIn, Pinterest, Snapchat, Telegram, TikTok, Twitch, X (formerly Twitter), personal blogs, virtual worlds, audio and video-sharing sites, and other similar social networking or media sites or tools presently existing or developed in the future (collectively, “Social Media”) without our prior written consent.

We will decide which Social Media accounts to create and we will control all such accounts along with their initiatives. We alone will be, and at all times will remain, the sole owner of the intellectual property rights to all material which appears on any Social Media or website we establish or maintain. We may permit you to utilize such accounts subject to our standards and control.

You must comply with our System standards regarding the use of Social Media in your Franchised Business’s operation, including prohibitions on your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us.

**6. Computer Systems** (Franchise Agreement, Section 8.3)

You must comply with our computer hardware, software, and point of sale specifications, which includes designated vendors, as provided in our Operations Manual. As of the Issuance Date we require the following smart technologies and computer systems:

Description	Purpose	Cost
Computer with high-speed internet and video conferencing capabilities	Manage the Franchised Business	\$500-\$1,500
POS System (iPad, other mobile device, and credit card reader, all compatible with our Designated CRM Software)	Manage the Franchised Business and process customer payments	\$800-\$1,200
Phone	Manage the Franchised Business	\$500-\$1,000
Designated CRM Software	Manage customer relations, schedule grooms, and process payments	Initial license and ongoing software access fees included in the ongoing Technology Fee.
Digital Booking	Manage finances and create financial reports	\$30-100 per month

We will have independent, unlimited electronic access to the information generated by and stored in your computer software and applications. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer data stored in the CRM Software.

We have no obligation to maintain, repair, update or upgrade your computer and software, except that we will provide an ongoing license to use the CRM Software (subject to your compliance with the Franchise Agreement and timely payment of the Technology Fee). At your cost, you must provide ongoing maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the CRM Software or any

replacements thereto. We estimate the cost of maintaining, updating and upgrading your computer hardware and software will range from \$500 to \$1,500 per year; however, your costs will depend on the make and model of your computer, phone and tablet, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area, technological advancements that we cannot predict, and your preferences for upgrading to new devices.

7. **Table of Contents of Operations Manual**

The Table of Contents of our DapperTails Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit E. The Operations Manual has approximately 153 pages.

8. **Training** (Franchise Agreement, Article 7)

Initial Training consists of two components for all new franchisees of ours.

First, you (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete an initial training for management of the Franchised Business (the "Initial Management Training Program") to our satisfaction prior to opening your Franchised Business. The purpose of the Initial Management Training Program is to introduce you to our brand and provide you with tools you will need to launch and manage the Franchised Business. If you hire a new general manager during the term of the Franchise Agreement, then they will be required to complete the Initial Management Training Program to our satisfaction within thirty (30) days of their start date.

Second, your lead groomer must complete an initial training for operation of the Franchised Business (the "Master Groomer Training Program") to our satisfaction prior to opening your Franchised Business. The purpose of Master Groomer Training Program is to provide your lead groomer with the tools they will need to offer our approved products and services according to our standards and specifications and train any additional groomers you hire. If you hire a new lead groomer during the term of the Franchise Agreement, then they will be required to complete the Master Groomer Training Program to our satisfaction prior to training any new employees of yours. We do not provide this Initial Training when if you are expanding existing operations under a Multi-Unit Development Agreement.

We recommend that you complete our training program 30-45 days before your planned opening date.

The following tables provide additional information about our initial training programs:

**INITIAL MANAGEMENT TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
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<b>Initial Management Training, on:</b> <ul style="list-style-type: none"> <li>• Sales and Marketing Strategies</li> <li>• Financial Management</li> <li>• Fleet Management and Maintenance</li> </ul>	8		Long Island, NY, West Palm Beach, FL, or via Video Conference, at your election
<b>Initial Office Training, on:</b> <ul style="list-style-type: none"> <li>• Capturing Clients &amp; Customer Retention</li> <li>• Reading Reports &amp; Learning the Business Applications</li> <li>• Managing Staff &amp; Daily Operations</li> <li>• Handling Crisis Situations</li> </ul>	8		Long Island, NY, West Palm Beach, FL, or via Video Conference, at your election
<b>Total Hours</b>	16		

### MASTER GROOMER TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Hands-on Groomers Training in a Mobile Environment, including: <ul style="list-style-type: none"> <li>• Learning the Grooming Van</li> <li>• Grooming Techniques</li> <li>• Truck Operations</li> <li>• Time Management</li> <li>• Grooming Expectations</li> <li>• Client Communications</li> <li>• Rebooking Clients</li> </ul>	0	40	Long Island, NY or West Palm Beach, FL, at your election
<b>Total Hours</b>	0	40	

We periodically conduct our Initial Management Training Program and Master Groomer Training Program throughout the year, as needed.

The Initial Management Training Program is led by Chris Elias. Mr. Elias has worked in the mobile pet grooming industry for eight (8) years and has extensive management and coaching experience. Guest instructors may also present with at least two (2) years' experience in the mobile pet grooming industry.

The Master Groomer Training Program is led by Emily Elias. Mrs. Elias has worked in the mobile pet grooming industry for eight (8) years and has extensive grooming and training experience. Attendees will also be assigned to a mobile pet groomer with at least two (2) years' experience in delivering mobile pet grooming services.

Our training materials for each program consist of the Operations Manual, digital presentations and tutorials, web-based instruction marketing and promotional materials, and any other materials that we believe will be beneficial to our trainees in the training process. Hands-on training also includes observation and active instruction. A majority of the Master Groomer Training Program will be conducted in the field from a grooming van.

The cost of our instructors and training materials for up to three (3) attendees at our Initial Management Training Program and one (1) attendee at our Master Groomer Training Program is included in the Initial Franchise Fee. We will extend the in the field training for the Master Groomer Training Program to up to two (2) weeks (or eighty (80) hours) upon your request.

If you, your general manager, and/or lead groomer does not complete the respective training program to our satisfaction, we have the right to terminate the Franchise Agreement; however, we will allow the attendee (or a new designee of yours) to complete the applicable training program at an additional fee of \$250 per person per day. If you hire a new general manager and/or lead groomer during the term of the Franchise Agreement, they will be required to complete the applicable training program at an additional fee of \$250 per person per day.

During the grand opening of your Franchised Business, we will provide you with on-site training, supervision and assistance for opening assistance for up to three (3) days.

Additionally, the primary owner and/or managers of the Franchised Business will be required to attend additional training during the three (3) month period following the grand opening of the Franchised Business via video conference, as follows:

**SUPPLEMENTAL MANAGEMENT TRAINING AFTER GRAND OPENING**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Management Training*	10	0	Via Video Conference
Office Training*	3	0	Via Video Conference
<b>Total Hours</b>	13	0	

\*During Months 1 and 2, there will be two 2-hour conferences per month (4 hours total per month) on supplemental management training and one 1-hour conference per month on supplemental office training. During Month 3, there will be two 1-hour conferences on supplemental management training and one 1-hour conference per month on supplemental office training. Additional conferences may be required at our discretion to address individual needs and business challenges. Attending managers/owners must join a single video conference, which will be scheduled based on the party's mutual availability with reasonable flexibility.

You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel to attend any training program, conference, or other meeting with us. You will also be responsible for paying your employees' wages and any reimbursable expenses for their time at any such programs or events.

## **ITEM 12** **TERRITORY**

Under the Franchise Agreement, we will grant to you the right to develop and operate one (1) Franchised Business within a designated geographic region (your "Operating Territory"). Your Franchised Business may operate one (1) or more Grooming Vans within the Territory.

The franchise is for a location to be approved by us. The scope and size of your Operating Territory will vary from the scope and size of the operating territories of other franchisees in our System and will be determined by us based on population density, demographics, and geographical boundaries. While there is no minimum size for an operating territory, your Operating Territory will, generally, be a geographic area that contains a population of approximately 100,000 people. Our determination as to population within your Operating Territory will be made at the time of signing your Franchise Agreement and will be based on estimates provided by a commercially available mapping tool that utilizes data, demographics, estimates, projections, and other factors to define a geographical region. We may identify your Operating Territory by zip code, boundary streets, highways, county lines, census tracts, designated market area, and/or other recognizable demarcations. We will provide you with a territory report as a supplement to this disclosure document during the territory selection process and your selected Operating Territory will be defined and attached to the Franchise Agreement. If you also execute a Multi-Unit Operating Agreement, then this same process will be utilized for each location where you wish to develop a Franchised Business and each Operating Territory will be defined and attached to the Multi-Unit Operating Agreement.

Your Franchised Business may be operated from anywhere within the Operating Territory. We may approve relocation of your Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision. We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises, unless you also execute a Multi-Unit Operating Agreement.

However, you may ask us at any time to purchase additional franchises. When evaluating your ability to purchase additional franchises we will consider factors such as your financial history, performance, and adherence to the terms of the Franchise Agreement. Additionally, you may ask us one time to expand your Operating Territory to add a geographical area containing a population of up to 50,000

additional people. The cost of an expansion will be \$500.00 per 1,000 people and all other terms of your Franchise Agreement will remain the same.

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

You may not solicit or accept orders from consumers outside of your Operating Territory, nor may you use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Operating Territory, except that we will include a listing on our website of your DapperTails location. Additionally, your right to operate a Franchised Business in the Territory are subject to certain rights reserved by us.

We may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept consumers within your Operating Territory using our principal trademarks (or another trademark) without any compensation to you.

We may operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere, except within your Operating Territory.

Under the Multi-Unit Development Agreement, you will develop, open and operate multiple Franchised Businesses within a defined Development Area (the "Development Area"). We determine the Development Area using the same criteria that we use in designating the Operating Territory for your first Franchised Business as set forth below. The Development Area will define each Operating Territory, and you will execute the then-current Franchise Agreement for each Operating Territory as you seek to open further outlets under the Multi-Unit Development Agreement. Your Multi-Unit Development Agreement will contain a Development Schedule. If you do not meet the Development Schedule, we may terminate your rights to open future territories under the Multi-Unit Development Agreement but may not terminate any franchise agreements already in place. 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.

As set forth in Item 1 of this disclosure document, our affiliate ENC Grooming Corp has operated a mobile pet grooming business that sells mobile pet grooming services similar to those that you will offer, but under "The Ruff Life" mark. ENC Grooming Corp has operated since 2017. We and ENC Grooming Corp have no plans to franchise except as offered through this disclosure document. ENC Grooming Corp will not solicit or accept any order from within your Operating Territory. Additionally, any new locations established by ENC Grooming Corp will be operated under the DapperTails mark.

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**ITEM 13**  
**TRADEMARKS**

Drops of Jupiter LLC (“Licensor”) is the owner of the Marks and has granted us the exclusive right to use the Mark and license to others the right to use the Mark in the operation of a DapperTails Franchised Businesses under an agreement (“License Agreement”) in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the following principal trademarks (“Marks”) registered with the United States Patent and Trademark Office (“USPTO”):

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
	7955890	Principal	September 23, 2025
<b>DapperTails</b> (Word Mark)	7939690	Principal	September 9, 2025

The License Agreement is perpetual, but either we or Licensor may terminate the agreement with 30 days’ notice to the other party. However, termination of the License Agreement will not affect existing franchise agreements. No other agreement limits our right to use or license the Marks. We are not aware of any superior rights or infringing uses that could materially affect your use of our trademarks.

The Licensor has filed all required affidavits. No registration has been renewed, and the earliest date renewal can be filed is September 9, 2030.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We or the Licensor and we will take any action we think is appropriate in our sole judgment and, if you have given us timely notice and are in full compliance with the Franchise Agreement. However, the Franchise Agreement does not require us to take any affirmative action when notified of these claims.

Franchisor will participate and defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor will reimburse Franchisee for its out-of-pocket costs in doing such acts.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, or to use one or more additional or substitute Marks.

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

We do not hold any patents and there are no pending patent applications that are material to the franchise. We claim a copyright on certain materials developed by us, such as our Operations Manual, marketing and promotional material, and other printed material. However, we have not presently filed a registration of those copyright with the United States Copyright Office.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding any of our copyrights.

There are no agreements currently in effect which limit your right to use any of our copyrights. We are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them.

During the term of the Franchise Agreement, you will have access to and become acquainted with our Confidential Information. The term "Confidential Information" means our non-public sensitive or proprietary information or data (oral, written, electronic or otherwise) including, without limitation, any trade secret, knowledge, or know-how that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Franchise Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise System, all other materials relating to our System that are not a matter of public record, and all information generated during the performance of the Franchise Agreement. For example, Confidential Information includes but is not limited to: customer lists, employee data, end-user information, development plans, instructional materials, know-how, financial statements, methods, processes,

protocols, plans, pricing metrics, product mix, programing code, research and development, sales and technical information, standards and specifications, strategic plans, supplier and vendor relationships, unpatented ideas, and our Operations Manual along with other information that may or may not be designated as "confidential" or "proprietary". (Franchise Agreement, Article X).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information. However, you have no rights under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by the copyright.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, that your managing shareholder or partner be personally responsible for the daily management and supervision of the Franchised Business (the "Managing Owner"). We must approve your Managing Owner, and your Managing Owner must dedicate his or her full-time efforts to the management and operation of the Franchised Business and be on-site at the location of the Franchised Business facility. Your Managing Owner must have satisfactorily completed our Initial Management Training Program and must have obtained all required licenses and permits necessary to operate a Franchised Business within the Operating Territory.

You may hire a manager ("Business Manager") to fulfill your obligations of day-to-day management; however, you are still ultimately responsible. You must inform us in writing of the identity of your Business Manager, furnish information to us regarding the candidate's background, experience and credentials, and secure our advance written approval before you engage him or her to manage the Franchised Business. We will not unreasonably withhold or deny our approval. Your Business Manager must successfully complete our Initial Management Training Program and all other training courses we require. Your Business Manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your Business Manager is not required to have an equity interest in the franchisee entity.

All owners of the Franchised Business must sign the Franchisee Agreement and thereby guarantee the obligations under the Franchise Agreement. However, your spouse is not required to guarantee your performance under the franchise agreement or franchisor's practice. This means your spouse is not bound by their own personal guaranty, duty of confidentiality or duty not to compete; however, that does not mean you can circumvent your obligations by sharing our Confidential Information and know-how with your spouse (or any family member) nor assist them in competing with us.

Your owners and managers must sign our Confidentiality and Non-Competition Agreement for owners and managers provided as Attachment 4 to the Franchise Agreement. Additionally, your groomers and other workers who have access to our Confidential Information must sign a Confidentiality and Non-Competition Agreement as a condition of their employment with you and on the example, form provided for workers in Attachment 5 to the Franchise Agreement. These agreements are subject to state law.

**ITEM 16:**  
**RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You may only sell the products and services specified or approved by us in writing. You must sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered by Franchised Business. You are not limited to whom you may sell your products and services, provided you do so exclusively from within your Operating Territory and to/on behalf of customers that are located within your Operating Territory and in compliance with the standards we have determined for the System.

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

**THE FRANCHISE RELATIONSHIP  
(UNDER THE FRANCHISE AGREEMENT)**

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

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	Term is 10 years
b.	Renewal or extension of the Term	Sections 2.2	If you are in good standing as defined below, you can sign a successor agreement for an additional term of ten (10) years.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	You must provide notice to renew not less than three (3) months nor more than twelve (12) months prior to the end of the term, not be in default of any material provision of the Franchise Agreement, be current on all monetary obligations to us and our affiliates, execute our then-current franchise agreement which may differ from the terms of your Franchise Agreement, except that: (i) the Royalty Fee will not increase, (ii) the size of the Operating Territory will not decrease, and (iii) Franchisee will not be required to pay any initial franchise fee, you execute a general release, comply with our then-current training requirements and complete and required refurbishments, and pay a renewal fee of 25% of the then-current initial franchise fee.
d.	Termination by franchisee	Section 15.1	You may seek termination upon non-renewal, transfer, or if we do not cure within sixty (60) day's notice of a material breach, failure to comply with applicable law, or our bankruptcy or insolvency.
e.	Termination by franchisor without cause	Section 15.3	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise is transferred within six months to a replacement franchisee that we approve (subject to state law).
f.	Termination by franchisor with cause	Sections 15.3 and 15.4	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.

g.	“Cause” defined – curable defaults	Section 15.4	You have 30 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: (i) you fail to complete initial training; (ii) you fail to procure a Grooming Van within 180 days of the Effective Date; (iii) if cease to operate for five (5) days or more when active operation is reasonably possible; (iv) you are convicted of a felony, crime of moral turpitude or any other crime or offense that may have an adverse effect on the System; (v) your operation of the business causes a threat to public health or safety; (vi) you improperly assign or transfer your rights in the Franchise Agreement; (vii) a transfer is not timely completed after your death; (ix) you fail to comply with in-term restrictive covenants; (x) you disclose our confidential information; (xi) you knowingly submit false reports to us; (xii) you refuse to permit us to inspect your books, records or accounts; (xiii) you become insolvent; (xiv) you fail to cure a curable default within 30 days; (xv) you commit a curable default, cure, and then commit the same curable default again.</p> <p>This provision is subject to state law.</p>
i.	Franchisee’s obligations on termination/ non-renewal	Article XVI	Upon termination, you must: cease operations; cease to identify yourself as a DapperTails franchisee; cease to use our trademarks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys’ fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 14.1	No restrictions on our right to assign.

k.	“Transfer” by franchisee defined	Section 14.2	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 14.2	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 14.3	Conditions include: our decision not to exercise our right of first refusal; you are current on all monetary obligations to us and our affiliates; you are not in default; you execute a general release, the transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you and the transferee sign a General Release on our then-current form; if applicable; payment of a transfer fee equal to 50% of the then-current initial franchise fee.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.5	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 30 days to close after our notice and (e) you shall give us all customary seller’s representations and warranties.
o.	Franchisor’s option to purchase franchisee’s business	Section 16.8	Upon termination of the Franchise Agreement, we have the option to purchase your vehicles, furniture, equipment, signs, advertising materials, supplies and inventory at fair market value.
p.	Death or disability of franchisee	Sections 14.6	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise is transferred within six months to a replacement franchisee that we approve.

q.	Non-competition covenants during the term of the franchise	Section 17.2	You may not: divert, or attempt to divert, customers of any DapperTails outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; employ or seek to employ any person who is at that time employed by us or another franchisee of ours, or otherwise assist a competitive business that offers pet grooming services.
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.3	For 2 years after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any DapperTailsoutlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within the Operating Territory, within 10 miles of your Operating Territory, or within 10 miles of any other DapperTails location.
s.	Modification of the agreement	Sections 1.4, 8.3, 17.6 and Article XXIII	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our trademarks at any time upon written notice to you.
t.	Integration/merger clause	Article XXIII	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u.	Dispute resolution by arbitration or mediation	Sections 25.1, 25.2, and 25.3	Claims that are not resolved internally may be submitted to non-binding mediation and then binding arbitration in West Palm Beach, Florida, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations. This provision is subject to state law.
v.	Choice of forum	Section 20.5	Florida, subject to applicable state law.
w.	Choice of law	Section 20.5	Florida law applies, subject to applicable state law.

**THE FRANCHISE RELATIONSHIP  
(UNDER THE MULTI-UNIT DEVELOPMENT AGREEMENT)**

**This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document**

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Paragraph 6	Estimated at 2-5 years. The Multi-Unit Development Agreement expires on the date on which you open the last scheduled Franchised Business as stated in the Development Schedule set forth on the Multi-Unit Development Agreement.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Paragraph 8	You make seek termination upon non-renewal, transfer, or if we do not cure within sixty (60) day's notice of a material breach, failure to comply with applicable law, or our bankruptcy or insolvency.
e.	Termination by franchisor without cause	Paragraph 8	The Multi-Unit Development Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Development Rights are transferred within 6 months to a replacement developer that we approve.
f.	Termination by franchisor with cause	Paragraphs 3, 8, Exhibit A	We may terminate only if you default. The Multi-Unit Development Agreement describes defaults throughout. Please read it carefully. Additionally, if you fail to adhere to the Development Schedule we may (i) reduce the number of Development Rights by the number of Franchised Businesses not developed on schedule and (ii) eliminate a Territory from the Development Area (each a "Removed Territory").
g.	"Cause" defined – curable defaults	Paragraph 8	You have 30 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
h.	“Cause” defined - non-curable defaults	Paragraph 8	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: (i) you fail to complete initial training; (ii) you fail to procure a Grooming Van within 180 days of the Effective Date; (iii) if cease to operate for five (5) days or more when active operation is reasonably possible; (iv) you are convicted of a felony, crime of moral turpitude or any other crime or offense that may have an adverse effect on the System; (v) your operation of the business causes a threat to public health or safety; (vi) you improperly assign or transfer your rights in the Franchise Agreement; (vii) a transfer is not timely completed after your death; (ix) you fail to comply with in-term restrictive covenants; (x) you disclose our confidential information; (xi) you knowingly submit false reports to us; (xii) you refuse to permit us to inspect your books, records or accounts; (xiii) you become insolvent; (xiv) you fail to cure a curable default within 30 days; (xv) you commit a curable default, cure, and then commit the same curable default again.</p> <p>This provision is subject to state law.</p>
i.	Franchisee’s obligations on termination/ non-renewal	Not Applicable	Not Applicable
j.	Assignment of contract by franchisor	Paragraph 7	No restrictions on our right to assign.
k.	“Transfer” by franchisee defined	Paragraph 7	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Paragraph 7	No transfer is allowed without our consent, which we will not unreasonably withhold.

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
m.	Conditions for franchisor approval of a transfer	Paragraph 7	Conditions include: our decision not to exercise our right of first refusal; you are current on all monetary obligations to us and our affiliates; you are not in default; you execute a general release, the transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you and the transferee sign a General Release on our then-current form; if applicable; payment of a transfer fee equal to 50% of the then-current initial franchise fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Paragraph 7	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 30 days to close after our notice and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p.	Death or disability of franchisee	Paragraph 8	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise is transferred within six months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Not Applicable	The MUDA does not contain any restrictive covenant. You will be bound by the covenants contained in any franchise agreements executed between you and us.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	The MUDA does not contain any restrictive covenant. You will be bound by the covenants contained in any franchise agreements executed between you and us.
s.	Modification of the agreement	Not Applicable	Not Applicable.
t.	Integration/merger clause	Not Applicable	Not Applicable
u.	Dispute resolution by arbitration or mediation	Paragraph 9	Claims that are not resolved internally may be submitted to non-binding mediation and then binding arbitration in West Palm Beach, Florida, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations. This provision is subject to state law.

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
v.	Choice of forum	Paragraph 9	Florida, subject to applicable state law.
w.	Choice of law	Paragraph 9	Florida law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18:  
PUBLIC FIGURES**

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

**ITEM 19:  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following is historical financial information concerning a subset of our company-owned outlets, which are operated by ENC Grooming Corp d/b/a The Ruff Life, namely the outlets that were open for business for all calendar year 2024 (10 Grooming Vans between Long Island, NY and West Palm Beach, Florida, each as an "Outlet" or "Company-Owned Outlet" as disclosed in Item 20). All figures are presented without regard to the size of the territory, since our Company Owned Outlets do not operate within a defined territory.

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Table 1 shows the annual sales, expenses, and net ordinary income reported by EMC Grooming Corp. Table 1 encompasses 100% of the 10 Company-Owned Outlets that were open for business throughout the calendar year 2024, excluding 7 Company-Owned Outlets that were opened during calendar year 2024.

<b>TABLE 1</b>		
<b>Ordinary Income/Expense</b>		
	Income	
	Gross Sales	\$2,154,979.91
	Total Income	\$2,154,979.91
	Expense	
	Advertising & Marketing	\$46,613.67
	Auto Expense	\$74,138.93
	Auto Lease (Company Vehicle; Not a Grooming Van)	\$11,891.00
	Bank Charge	\$895.00
	Client Promotion	\$135.49
	Corp Tax	\$1,000.00
	Credit Card Fees	\$87,409.00
	Dues & Subscriptions	\$534.29
	Employee Benefits	\$9,061.27
	Insurance	\$106,750.31
	Licenses & Permits	\$2,396.12
	Meals	\$5,083.67
	Office Expense	\$10,451.44
	Outside Trade services	\$26,124.66
	Payroll	\$700,687.43
	Payroll Expenses	\$61,173.85
	Professional Fees	\$10,418.39
	Rent	\$2,752.75
	Repairs & Maintenance	\$25,566.76
	Retirement Plan	\$10,267.00
	Security	\$214.00
	Software	\$11,264.13
	Supplies	\$15,401.50
	Telephone	\$7,529.96
	Travel	\$16,519.23
	Utilities	\$360.32
	<b>Total Expense</b>	<b>\$1,244,640.17</b>
	<b>Net Ordinary Income*</b>	<b>\$910,339.74</b>

\*Net Ordinary Income does not consider any other expenses, such as, depreciation expenses, interest expenses, or pass through entity tax. Further, Company Owned Outlets do not pay the Royalty Fee and do not pay the Technology Fee. Payroll includes an officer salary of \$78,000. See Notes Applicable to All Tables below. Table 2 and Table 3 below utilize the historical performance information as disclosed in Table 1 and impute Royalty Fees and Technology Fees, which would be paid by franchisees but are not paid by Company Owned Outlets.

Table 2 imputes a Royalty Fee (7% of Sales) and adjusts the Software Expense (\$11,264.13) to reflect payment of a Technology Fee for 10 Grooming Vans (\$26,400).

<b>Table 2</b>	
<b>Net Ordinary Income*</b>	\$910,339.74
Imputed Royalty Fee (7% of Sales)	\$150,848.59
Imputed variance between Software Expense and Technology Fee	\$15,235.87
<b>Adjusted Net Ordinary Income</b>	<b>\$744,255.28</b>

Table 3 divides the total Net Ordinary Income of the Company Owned Outlets equally across 10 Grooming Vans and then imputes a Royalty Fee (7% of Sales) and adjusts the Software Expense ( $\$11,264.13/10 = \$1,126.42$ ) to reflect the Technology Fee which would be paid by a franchisee operating a single Grooming Van (\$4,800).

<b>Table 3</b>	
<b>Gross Sales (Divided by 10)</b>	\$215,497.99
<b>Net Ordinary Income (Divided by 10)</b>	\$91,033.97
Imputed Royalty Fee (7% of Sales)	\$15,084.86
Imputed variance between Software Expense and Technology Fee	\$3,673.58
<b>Adjusted Net Ordinary Income Per Grooming Van</b>	<b>\$72,275.53</b>

Table 4 discloses the average revenue per groom across the Company Owned Outlets as provided by ENC Grooming Corp. Table 4 encompasses 100% of the 10 Company-Owned Outlets that were open for business throughout the calendar year 2024, excluding 7 Company-Owned Outlets that were opened during calendar year 2024. Company-Owned Outlets operate in Long Island, NY and West Palm Beach, FL as disclosed in Item 20.

<b>Table 4</b>	
<b>Average Revenue Per Groom</b>	\$184.66

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

**NOTES APPLICABLE TO ALL TABLES:**

1. The term "Gross Sales" includes all revenue, excluding only sales tax, refunds and discounts.
2. Payroll costs will vary based on the compensation established, minimum wage requirements in the state in which you operate the Franchised Business, the number of grooms performed and whether your employees work full time or part-time.
3. Grooming rates can differ significantly depending on the region, influenced by factors such as local market demand, cost of living, and service availability.
4. ENC Grooming Corp. purchased each of their Grooming Vans. Choosing between purchasing and leasing a Grooming Van can impact net income, as purchasing typically involves higher upfront costs but may lead to long-term savings, while leasing offers lower initial expenses but includes ongoing payments that can reduce net income over time.
5. When operating a single location, costs per unit may be higher due to limited economies of scale, as expenses are spread across fewer units, whereas multiple locations can lower these costs by distributing them over a larger volume of production or sales.
6. ENC Grooming Corp. operates all of its outlets under one corporate entity and these disclosures are based on an equal division of revenue and expenses; therefore, 100% of outlets operating during the 2024 calendar year achieved these results.
7. Written substantiation for the financial performance representations described above will be made available to you on reasonable request. Please carefully read all of the information in these financial performance representations, and the notes following the tables, in conjunction with your review of the historical data. The information presented above has not been audited.
8. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a DapperTails Franchised Business.
9. Results may vary among DapperTails businesses depending on prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and lease rates,

your business and management skills, staff strengths and weaknesses, the cost and effectiveness of your marketing activities and weather/seasonal factors.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of any company-owned or franchised outlets. We also do not authorize our employees or representative to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chris Elias, DapperTails LLC, 4575 Artesa Way South, Palm Beach Gardens, FL 33418, 1-888-808-5475, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20:  
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

**Systemwide Outlet Summary  
For Years 2022 to 2024**

Column 1 Outlet Type*	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	7	8	+1
	2023	8	10	+2
	2024	10	17	+7
Total Outlets	2022	7	8	+1
	2023	8	10	+2
	2024	10	17	+7

\*Company owned outlets are substantially similar to those offered under this disclosure document but operated by our affiliate under "The Ruff Life" mark. See Item 1. Each Grooming Van is considered an Outlet.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

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Table No. 3

**Status of Franchised Outlets  
For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
None	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4

**Status of Company-Owned Outlets\*  
For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Florida	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	4	0	0	0	4
New York	2022	7	1	0	0	0	8
	2023	8	2	0	0	0	10
	2024	10	3	0	0	0	13
Total	2022	7	1	0	0	0	8
	2023	8	2	0	0	0	10
	2024	10	7	0	0	0	17

\*Company-Owned outlets are operated by our affiliate under "The Ruff Life" mark. See Item 1.

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Table No. 5

**Projected Openings as of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Florida	0	1	1
New York	0	1	1
North Carolina	0	1	0
Texas	0	1	0
Total	0	4	2

Exhibit F lists the location of each DapperTails outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21: FINANCIAL STATEMENTS**

Our audited financial statements as of February 3, 2025 and our unaudited balance sheet and profit and loss statement as of July 31, 2025 are included in Exhibit D.

Our fiscal year end is December 31.

DapperTails LLC was formed on January 14, 2025. Because we have not been in business for 3 years, we are not able to include 3 prior years of audited financial statements normally required by this Item 21.

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**ITEM 22: CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this disclosure document, as follows:

EXHIBIT B: Franchise Agreement

ATTACHMENT 1:	Territory
ATTACHMENT 2:	Disclosure of Principals
ATTACHMENT 3:	Personal Guaranty
ATTACHMENT 4:	Confidentiality and Non-Competition (owners/managers)
ATTACHMENT 5:	Example Forms: Confidentiality and Non-Competition (employees); Release; Bank Authorization; and optional Call Center Addendum

EXHIBIT C: Multi-Unit Development Agreement

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

**ITEM 23: RECEIPT**

Exhibit H contains two copies of a Receipt of our Disclosure Document. You must sign, date and deliver one copy of the Receipt Page to us for our records.

## EXHIBIT A

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
California	Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013 1515 K Street, Suite 200 Sacramento, CA 95814 1-866-275-2677  <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:Ask.DFPI@dfpi.ca.gov">Ask.DFPI@dfpi.ca.gov</a>	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013  <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:Ask.DFPI@dfpi.ca.gov">Ask.DFPI@dfpi.ca.gov</a>
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General	Kentucky Attorney General

	700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance Securities Regulation	Division of Insurance Securities Regulation

	124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Securities Division, Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

**EXHIBIT B**

**FRANCHISE AGREEMENT**

# **FRANCHISE AGREEMENT**



## **Summary Page**

- 1. Franchisee:**
- 2. Initial Franchise Fee:**
- 3. Territory Name:**
- 4. Principal Executive:**
- 5. Franchisee's Address:**
- 6. Outlet #:**

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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into on \_\_\_\_\_ (the "Effective Date"), by and between Dappertails LLC d/b/a DapperTails ("Franchisor", "we" or "us") and the corporate entity and all Principals identified on the signature page, in their personal capacity ("Franchisee", "you" or "your").

### RECITALS

Franchisor has expended time, skill, effort, and money to develop, and continues to develop, a distinctive system for the establishment, operation, and promotion of DapperTails businesses (the "System") to offer pet grooming services and related products from a mobile platform ("Grooming Van"), all of which may be changed, improved and further developed by Franchisor from time to time.

The System utilizes distinguish characteristics, including, without limitation, distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; uniform standards, specifications, and procedures for operations; procedures for screening, recruiting and training personnel; payroll and bookkeeping procedures and policies; training and assistance; marketing methods; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

The System is identified by certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the name "DapperTails" as are now designated and may in the future be designated by Franchisor in writing for use in connection with the System (the "Proprietary Marks");

Franchisee desires to use Franchisor's System and Proprietary Marks to operate a DapperTails business ("Franchised Business"), and wishes to execute this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection with the operation of its Franchised Business; and

Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised under this Agreement in conformity with Franchisor's standards and specifications, and commits to delivering an outstanding customer experience.

For mutual promises expressed in this Agreement, along with other valuable consideration, the receipt of which is acknowledged, Franchisor and Franchisee (collectively "the Parties") will be bound as follows:

### ARTICLE I. GRANT.

- 1.1. Grant of Franchise.** Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a DapperTails business under the Proprietary Marks and System (the "Franchised Business"), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor's sole judgment, solely in connection with the operation of the Franchised Business during the term of this Agreement.
- 1.2. Territory Description.** Franchisee will establish and operate the Franchised Business solely within the geographic boundaries identified in Exhibit A (the "Operating Territory"). Franchisee will not relocate the Franchised Business without the prior written approval of Franchisor. Franchisor will have the right, in its sole discretion, to withhold approval of any relocation. Franchisee may make a one-time request during the term of this Agreement to expand the Operating Territory by adding a geographical area containing a population of up to 50,000 additional people, subject to availability,

and execution of a mutually agreeable Amendment to this Agreement. The cost of an expansion will be \$500.00 per 1,000 people and all other terms of your Franchise Agreement will remain the same.

**1.3. Scope of Territory Rights.** Except as otherwise provided in this Agreement, during the term of this Agreement Franchisor will not establish or operate, nor license any other person to establish or operate, a DapperTails business under the System and the Proprietary Marks at any location within Franchisee's Operating Territory. However, Franchisor and its affiliates retain the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

- (a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept consumers within your Operating Territory using our principal trademarks (or another trademark) without any compensation;
- (b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Operating Territory, yet work in another, and other cross-territorial situations;
- (c) to establish and operate, and grant rights to others to establish and operate a DapperTails business under our System and Proprietary Marks at any location outside of the Operating Territory and on any terms and conditions we deem appropriate;
- (d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Operating Territory, however, we will not convert any acquired business in your Operating Territory to a franchise using the Proprietary Marks during the Term of your Franchise Agreement;
- (e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere, except within your Operating Territory;
- (f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,
- (g) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

**1.4. Supplementing the System.** Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products or services as specified by Franchisor.

**1.5. Additional Franchises.** This Agreement does not convey any option, right of first refusal, or similar right to acquire additional franchises. However, Franchisee may ask Franchisor at any time to purchase additional franchises. When evaluating Franchisee's ability to purchase additional franchises Franchisor will consider factors such as Franchisee's financial history, performance, and adherence to the terms of the Franchise Agreement.

## **ARTICLE II. TERM AND RENEWAL.**

**2.1. Term.** This Agreement will commence on the Effective Date and will last for a term of ten (10) years (the "Initial Term").

**2.2. Renewal.** Franchisee may renew the rights granted under this Agreement for an additional term of ten (10) years (the "Successor Term"), subject to the following conditions:

- (a) Franchisee will give Franchisor written notice of Franchisee's election to renew not less than three (3) months nor more than twelve (12) months prior to the end of the term;
- (b) Franchisee and all of its affiliates will not be in default of any material provision of this Agreement;
- (c) Franchisee and all of its affiliates will have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement, and will have timely met those obligations throughout the term of this Agreement;
- (d) Franchisee will, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for such renewal terms as are provided by this Agreement), which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that: (i) the Royalty Fee will not increase, (ii) the size of the Operating Territory will not decrease, and (iii) Franchisee will not be required to pay any initial franchise fee (but will be required to pay the renewal fee set forth in Section 2.2(g));
- (e) Franchisee will execute, and will cause each of its affiliates to execute, a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;
- (f) Franchisee will comply with Franchisor's then-current qualification and training requirements and complete any required refurbishments or replacements; and
- (g) Franchisee will pay Franchisor a renewal fee in the amount of twenty-five percent (25%) of Franchisor's then-current initial franchise fee (up to a maximum of \$15,000).

### **ARTICLE III. DUTIES OF FRANCHISOR.**

**3.1. Plans and Specifications.** Franchisor will make available, at no charge to Franchisee, (a) the specifications and a list of designated and approved suppliers for the procurement, layout, design, features, appearance, and signage (vehicle wrap) of your Grooming Van, and (b) specifications for and a list of designated and approved suppliers for the procurement of all equipment, fixtures, furnishings, supplies, spare parts, and products. Franchisor will also provide Franchisee with its standards for Grooming Van storage, upkeep, and maintenance.

**3.2. Training.** Franchisor will provide training as set forth in Article VI of this Agreement.

**3.3. Opening Assistance.** Franchisor will provide pre-opening and opening assistance as Franchisor, in its reasonable business judgment, deems appropriate. Upon Franchisee's timely request and subject to our availability, Franchisor will also provide one (1) representative for on-site opening assistance for up to three (3) consecutive days.

**3.4. Additional Assistance.** Franchisor will provide individualized assistance and coaching to Franchisee's Principal Executive on the proper implementation of the System and operation of the Franchised Business within reasonable limits by telephone, email, and/or video conferencing, subject at all times to availability of our personnel and in reasonable limits. Upon Franchisee's request, or Franchisor reasonably determines to be appropriate, Franchisor will provide remedial on-site training and assistance. For any on-site remedial training, Franchisee must reimburse all costs for the services of Franchisor's trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging.

- 3.5. **Advertising and Promotional Materials.** Franchisor will make available to Franchisee advertising and promotional materials as provided in Article XII.
- 3.6. **Confidential Operating Manual.** Franchisor will provide Franchisee, on loan, one copy of Franchisor's Confidential Operating Manual (the "Operations Manual"), as more fully described in Article IX.
- 3.7. **Core Technology.** Franchisor has assembled a collection of software and technology services (the "Core Technology Services") to be utilized by each Franchised Business as part of the System, all of which may be changed, improved and further developed by us from time to time. As of the Effective Date, the Core Technology Services include a license to use Franchisor's designated customer relationship management ("CRM") system with scheduling and payment functionality, an assigned telephone number, an assigned email address, assigned social media accounts, access to Franchisor's franchise portal, and maintenance of business listing on Franchisor's website. Franchisor will take diligent efforts to maintain the Franchisees Core Technology Services, subject to Franchisees payment of the Technology Fee and adherence to the terms and conditions of this Agreement. Franchisee understands the importance of systemwide use of designated Core Technology Services, and will not obtain any third-party software, hardware, or service utilizing any similar technologies or functionality, and will at all times use only the Core Technology Services designated by Franchisor. Franchisor will provide reasonable assistance in onboarding the Core Technology Services. Although unlikely, in the event Franchisor is unable to provide any of the Core Technology Services, then Franchisor will work diligently to find a replacement technology. In the even more unlikely event that no replacement technology can be procured despite Franchisor's diligent efforts, then Franchisor will adjust the Technology Fee downward to account for the loss of technology, which will be Franchisees sole remedy for loss of the Core Technology Services.
- 3.8. **Pricing.** Franchisor will provide Franchisee with recommended minimum and maximum prices for products and services; however, Franchisee will set its own prices.
- 3.9. **Brand Fund.** Franchisor will administer an advertising and brand promotion fund in the manner set forth in Section 12.
- 3.10. **Inspections.** Franchisor will have the right, as it deems advisable in its sole discretion, to conduct inspections of Franchisee's operation of the Franchised Business.
- 3.11. **Performance by Designee.** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct.

#### ARTICLE IV. FEES.

- 4.1. **Initial Franchise Fee.** Franchisee will pay to Franchisor, on execution of this Agreement, an initial franchise fee of \$50,000 (the "Initial Franchise Fee"). The entire Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.
- 4.2. **Royalty Fees.** Franchisee will pay to Franchisor a continuing royalty fee in an amount equal to seven percent (7%) of Gross Revenue (the "Royalty Fee") for each month during the term of this Agreement, which will be paid to Franchisor by the fifth (5th) day of each month based on the Gross Revenue from the preceding month.
- 4.3. **Gross Revenue.** The term "Gross Revenue" means all revenues and income from any source derived or received by you from, by or on account of the operation of the Franchised Business or made

pursuant to the rights granted under the Franchise Agreement. Gross Revenue are determined based on the total amount of money paid by your customers, without deduction for your costs or expenses; however, Gross Revenue does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) property documented refunds to customers, (iii) properly documented promotional discounts, or (iv) properly documented tips left by customers for your groomer.

- 4.4. Grand Opening Advertising Fee.** Franchisee will pay Franchisor a \$5,000 fee for initial marketing and advertising support at least thirty (30) days prior to the Opening Date of Franchised Business; however, we may waive this fee on (i) on any renewal, or (ii) if Franchisee is opening a second or subsequent DapperTails Franchised Business.
- 4.5. Advertising Expenditures.** Franchisee will make monthly expenditures and contributions for advertising and promotion as specified in Article XII.
- 4.6. Technology Fee.** Franchisee will pay to Franchisor a continuing monthly fee (the "Technology Fee") for a license to use the then-current "Core Technology Services" designated and required to be used by Franchisee in the operation of the Franchised Business pursuant to Section 3.7 of this Agreement. As of the Effective Date, the Technology Fee is \$400 per month plus \$200 per month for each Groomin Van after the first Grooming Van. Franchisor may increase the Technology Fee, up to a maximum of Franchisor's actual costs incurred in paying third-party providers for the underlying technologies (calculated system-wide and on a pro-rata basis) plus a 10% administrative fee, based on supplier pricing increases, introduction of new technology and/or changes in vendor.
- 4.7. Call Center Fee.** Franchisor offers a Call Center to provide telephone answering services to prospective customers (inquiries) and schedules services on Franchisee's behalf. Franchisee may in its discretion elect to utilize the Call Center by signing the Call Center addendum and paying the then-current recurring monthly fee for such services (the "Call Center Fee"). The monthly fee for utilizing the Call Center varies based on the number of Grooming Vans Franchisee has in operation. As of the Effective Date, the Call Center Fee is \$550 per month per Grooming Van in operation, and we may increase the Call Center Fee up to a maximum of 10% per year
- 4.8. Additional Training Fee.** If Franchisee requests or Franchisor requires additional training, then Franchisee must pay a fee of \$250 per day (the "Additional Training Fee"), and if applicable, Franchisor's expenses related to travel and accommodations.
- 4.9. Reimbursement of Third-Party Fees.** Generally, Franchisee is required to pay all third party's vendors and suppliers directly. However, if Franchisor incurs third party charges on Franchisee's behalf, because Franchisee fails to make such payments, then Franchisee will reimburse Franchisor for any such charges plus a ten percent (10%) administrative fee.
- 4.10. Bank Account.** Franchisee will deposit all revenues from operation of the Franchised Business into one bank account ("Franchisee's Bank Account") within two (2) days of receipt, including cash, checks, credit card receipts or the value of other forms of payment. Franchisee will furnish to Franchisor, upon Franchisor's request, such bank and account number, a voided check from such bank account, and written authorization for Franchisor to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for all payments payable by Franchisee to Franchisor under this Agreement. Franchisee will execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as reasonably required by Franchisor. Franchisee will pay all costs associated with any such transfer. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.10, Franchisee will, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information

concerning the bank account required by this Section 4.10 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method, will be a breach of this Agreement.

**4.11. Payments.** All payments to Franchisor required by Article IV and Article XII of this Agreement will be made as follows:

- (a) Timing. All such payments will be paid by the fifth (5th) day of each month (the "Due Date"), unless otherwise specified by Franchisor in writing.
- (b) Method. All such payments will be made by direct deposit or electronic funds transfer from Franchisee's Bank Account on or before the Due Date. If any electronic funds transfer from Franchisee's Bank Account is denied for insufficient funds, then Franchisee will pay to Franchisor an "insufficient funds fee" of \$75.00 per occurrence.
- (c) Reporting. All such payments will be accompanied by Gross Revenue reports as Franchisor requires under Section 11.2 of this Agreement. If no Gross Revenue report is provided or otherwise accessible to Franchisor, then Franchisor will initiate an electronic funds transfer equal to one hundred twenty five percent (125%) of the previous month's Gross Revenue reported.
- (d) Consequence of Late Payment. Any payment or Gross Revenue report not actually received by Franchisor on or before the Due Date will be deemed overdue. If any payment or Gross Revenue report is overdue, Franchisee will pay Franchisor immediately upon demand, in addition to the overdue amount, a "late charge" of \$50.00 per occurrence. Additionally, Franchisee will pay an "interest charge" of one and one-half percent (1.5%) per month on the overdue amount, or the maximum rate permitted by applicable law. Entitlement to such late charges will be in addition to any other remedies Franchisor may have, including, but not limited to suspension of the Core Technology Services, suspension of Franchisor's ongoing support, or termination of this Agreement.
- (e) Direction to Pay. Franchisor reserves the right to require Franchisee to make any or all payments under this Agreement to an affiliate of Franchisor.
- (f) No Set Off Right. Franchisee will not be entitled to set off any payments required to be made under this Article IV or Article XII against any monetary claim it may have or allege against Franchisor.

## **ARTICLE V. OPENING OF FRANCHISED BUSINESS.**

**5.1. Vehicle.** Franchisee will purchase or lease at least one (1) Grooming Van upfitted to our standards and specifications from our designated supplier. Within thirty (30) days of the Effective Date, Franchisee will order and fund an initial Grooming Van. If Franchisee does not order and fund an initial Grooming Van within thirty (30) days, more time may be given upon Franchisee's request. Franchisor will not unreasonably withhold approval for more time; however, Franchisor reserves the right to terminate the Franchise Agreement if Franchisee fails to order and fund an initial Grooming Van by the Opening Deadline.

**5.2. Site Selection.** Franchisee may operate the Franchised Business out of a personal residence, subject to applicable state and local laws, rules, and ordinances. If Franchisee operates the Franchised Business out of a commercial office location, then the location is subject to approval and must be located within the Operating Territory. Franchisor will not unreasonably withhold its approval and will approve or disapprove of a location within fourteen (14) days of submission. Franchisor will provide standards for site selection and vehicle storage.

- 5.3. **Permits.** Franchisee will be responsible, at Franchisee's expense, for complying with any laws, ordinances, and regulations (environmental or otherwise), and for obtaining all licenses, permits, and clearances, which may be required by federal, state or local laws, ordinances, or regulations, or which may be necessary or advisable.
- 5.4. **Opening Deadline.** Franchisee will obtain Franchisor's written approval prior to first opening the Franchised Business, which approval will not be unreasonably delayed or withheld. Franchisee will commence operation of the Franchised Business not later than one hundred eighty (180) days after the Effective Date. The parties agree that time is of the essence in the opening of the Franchised Business.

## ARTICLE VI. TRAINING.

- 6.1. **Initial Management Training Program.** Prior to the opening of the Franchised Business, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee approved by Franchisor) and all managers of the Franchised Business, approved by Franchisor, will attend and complete to Franchisor's reasonable satisfaction the initial training program offered by Franchisor. Any persons subsequently employed by Franchisee in the position of manager will also attend and complete Franchisor's training program, to Franchisor's satisfaction, within ninety (90) days of their date of hire. Franchisee, Franchisee's managers, and other employees will also attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time.
- 6.2. **Master Groomer Training Program.** Prior to the opening of the Franchised Business, Franchisees lead groomer will attend and complete to Franchisor's satisfaction the Master Groomer Training Program offered by Franchisor. Franchisee must maintain a lead groomer who has completed the Master Groomer Training Program at all times during the term of this Agreement and any renewal. If Franchisee hires a new lead groomer, then the new lead groomer will be required to attend and complete to Franchisor's satisfaction the Master Groomer Training Program offered by Franchisor prior to the lead groomer training any new employees of Franchisee.
- 6.3. **Supplemental Training Program.** The primary owner or manager of the Franchised Business will be required to attend additional training during the first three (3) months following the grand opening of the Franchised Business via video conference. During Months 1 and 2, there will be two 2-hour conferences per month (4 hours total per month) on supplemental management training and one 1-hour conference per month on supplemental office training. During Month 3, there will be two 1-hour conferences on supplemental management training and one 1-hour conference per month on supplemental office training. Additional conferences may be required at our discretion to address individual needs and business challenges.
- 6.4. **Additional Training.** Franchisor may offer from time to time, in its discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to one (1) week each year at a location we designate and attend an annual business meeting or franchisee conference for up to one (1) week each year at a location we designate.
- 6.5. **Training Expenses.** All training programs required by Section 6.1, 6.2 and 6.3 will be at such times and places as may be designated by Franchisor, and also may be conducted via Internet, intranet, conference call, or such other means as Franchisor determines in its sole reasonable business judgment. For all training courses, seminars and programs, Franchisee will be responsible for any and all expenses incurred by Franchisee and its employees in connection with attendance, including, without limitation, the costs of transportation, lodging, meals, and wages. Franchisor will provide,

at no charge to Franchisee, the instructors, training materials, and technical training tools for up to three (3) individuals to attend the Initial Management Training Program prior to opening of the Franchised Business and (1) lead groomer to attend Master Groomer Training Program prior to opening of the Franchised Business. Additional training is subject to the Additional Training Fee.

## **ARTICLE VII. DUTIES OF FRANCHISEE.**

- 7.1. Operating Standards.** Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchised businesses operating under the System, and to protect Franchisor's reputation and goodwill.
- 7.2. Adherence to Standards and Specifications.** To ensure that the highest degree of quality and service is maintained, Franchisee will operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Operations Manual or otherwise in writing. Additionally, Franchisee will:
- (a) use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by Franchisor;
  - (b) sell or offer for sale only the pet grooming services, and other products and services that have been expressly approved for sale in writing by Franchisor;
  - (c) purchase products and supplies designated by Franchisor solely from Franchisor or such other designated sources as Franchisor may describe in the Operations Manual or otherwise in writing from time to time; and
  - (d) maintain in sufficient supply as Franchisor may prescribe in the Operations Manual or otherwise in writing, and to use at all times, only such products and supplies acquired from a supplier or suppliers designated or approved by Franchisor, or that conform with Franchisor's standards and specifications, as the case may be, and to refrain from the use of nonconforming items, without Franchisor's prior written consent.
- 7.3. Fixtures, Furnishings, and Equipment.** Franchisee will purchase and install, at Franchisee's expense, all fixtures, furnishings, supplies, equipment (including, without limitation, décor, and signs as Franchisor may reasonably direct from time to time); and will refrain from installing or permitting to be installed on or about the Grooming Van, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved by Franchisor.
- 7.4. Sources of Products.** All products sold or offered for sale at the Franchised Business, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used or sold at the Franchised Business, will meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing. Franchisor reserves the right to require Franchisee to purchase any or all approved products, equipment, and merchandise solely from Franchisor or an affiliate of Franchisor, or from a designated supplier. If Franchisee desires to propose an alternative supplier, Franchisee must submit a request in writing to Franchisor. If Franchisor is not familiar with the product or service, then Franchisor may require Franchisee to provide a sample of the supplier's products or services at Franchisee's own expense. Franchisor will review the products or services within fifteen (15) days of Franchisor's receipt and determine whether to consider adding the supplier to the list of approved suppliers. After the review, Franchisor will notify Franchisee if the alternative supplier is approved or disapproved in writing. Franchisor reserves the right to approve or

revoke approval of any supplier. If Franchisor revokes approval for a supplier, then Franchisor will provide written notice to Franchisee.

- 7.5. Initial Inventory.** At the time the Franchised Business opens for the first time, Franchisee will stock the initial inventory of products, supplies and spare parts prescribed by Franchisor in the Operations Manual or otherwise in writing. Thereafter, Franchisee will stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand and to avoid reasonably avoidable downtime caused by routine maintenance and repair to the Grooming Van.
- 7.6. Management.** The Franchised Business will at all times be under the direct supervision of an individual who has satisfactorily completed the training as required by Section 6.1 of this Agreement. Franchisee will maintain a competent, conscientious, trained staff, including a manager (who may be Franchisee) who has completed the training described in Section 6.1. Franchisee will take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; wear uniforms of the color, design, and other specifications that Franchisor requires; present a neat and clean appearance during all hours of operation; and meet such additional minimum standards as Franchisor may establish from time to time in the Operations Manual. Franchisee and its employees will handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee will take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Sites (as defined in Section 8.7 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Site that is inconsistent with such policies. Franchisee will be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees. If the Franchisee is a business entity, your manager is not required to have an equity interest in the Franchisee entity.
- 7.7. Inspections.** Franchisee will permit Franchisor and its agents to conduct inspections of its Grooming Van(s) and business operations upon reasonable notice (except in cases of emergency or suspected material breach where no notice shall be required) and during normal business hours; will cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, will take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor will have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable to Franchisor upon demand. The foregoing will be in addition to such other remedies Franchisor may have.
- 7.8. Advertising Materials.** Franchisee will ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.
- 7.9. Maintenance of Grooming Van.** Franchisee will take all commercially reasonable efforts to maintain and keep the body and mechanical components of its Grooming Van(s) in a pristine and safe condition. If, for whatever reason, Franchisee is unable to safely operate a Grooming Van or it otherwise becomes unavailable for more than ten (10) business days, then Franchisee will make diligent efforts to repair or replace the Grooming Van as soon as practical. Any inoperable Grooming Van must be replaced or returned to service within sixty (60) days.

- 7.10. Replacement of Grooming Van.** Franchisee understands and acknowledges that vehicles kept past their lifecycles are less efficient and incur greater fuel costs and maintenance costs, leading to breakdowns, closures, and unhappy employees and customers. Therefore, Franchisee will take commercially reasonable efforts to plan for the replacement of its Grooming Van(s) as reasonably needed during the term and any renewal of this Agreement to avoid business interruption. Franchisor may require replacement of any and all Grooming Van(s) utilized in the Franchised Business as a condition of renewal.
- 7.11. Refurbishment of Grooming Van.** At Franchisor's request, but no more than once every five (5) years, Franchisee will refurbish its Grooming Van(s), at its expense, to conform to the design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new DapperTails franchised businesses. Such refurbishment may include, without limitation, a new vehicle wrap, new equipment, or modification to existing equipment.
- 7.12. Changes to the System.** Franchisee will not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee will notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and will provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee understands and acknowledges that Franchisor will have the right to incorporate the proposed change, amendment or improvement into the System and will thereupon obtain all right, title and interest therein without compensation to Franchisee.
- 7.13. Health and Safety Standards.** Franchisee will meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee will furnish to Franchisor within forty-eight (48) hours after receipt thereof, a copy of any violation or citation which claims Franchisee's failure to maintain federal, state or local health or safety standards in the operation of the Franchised Business.

## **ARTICLE VIII. PROPRIETARY MARKS AND TECHNOLOGY.**

- 8.1. Franchisee's Use of the Proprietary Marks.** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:
- (a) Franchisee will use only the Proprietary Marks designated by Franchisor, and will use them only in the manner authorized and permitted by Franchisor;
  - (b) Franchisee will use the Proprietary Marks only for the operation of the Franchised Business and only within the Operating Territory, or in advertising for the Franchised Business conducted at or from the Operating Territory;
  - (c) Unless otherwise authorized or required by Franchisor, Franchisee will operate and advertise the Franchised Business only under the name "DapperTails" and will use all Proprietary Marks without prefix or suffix. Franchisee will not use the Proprietary Marks as part of its corporate or other legal name;
  - (d) During the term of this Agreement and any renewal or extension of this Agreement, Franchisee will utilize its corporate legal name and identify itself as "an independently owned and operated DapperTails franchised business" in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;
  - (e) Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of the Proprietary Marks will constitute an

infringement of Franchisor's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

- (f) Franchisee will not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;
- (g) Franchisee will execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;
- (h) Franchisee will promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and
- (i) Franchisee will not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

**8.2. Acknowledgements.** Franchisee expressly understands and acknowledges that:

- (a) The Franchisor and its affiliate Drops of Jupiter LLC are the owners of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;
- (b) The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;
- (c) During the term of this Agreement and after its expiration or termination, Franchisee will not directly or indirectly contest the validity of Franchisor's ownership of, or Franchisor's right to use and to license others to use, the Proprietary Marks;
- (d) Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;
- (e) Any and all goodwill arising from Franchisee's use of the Proprietary Marks will inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount will be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

- (f) Except as specified in Section 1.3, the license of the Proprietary Marks granted under this Agreement to Franchisee is nonexclusive, and Franchisor and its affiliates thus have and retain the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and
- (g) Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith.

### **8.3. Computer System and Required Software.**

- (a) Franchisor will have the right to issue standards and specifications or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").
- (b) Franchisor will have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and/or software as a service platforms that Franchisee must use in connection with the Computer System (the "Required Software"); (b) updates, supplements, modifications, or enhancements to the Required Software; (c) the tangible media upon which Franchisee will record data; and (d) the database file structure of the Computer System.
- (c) At Franchisor's request, Franchisee will purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor will have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with Franchisor's standards and specifications. Franchisee agrees to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee understands and acknowledges that its compliance with this Section 8.3 will be at Franchisee's sole cost and expense, except for the Core Technology Services provided by Franchisor in exchange for payment of the Technology Fee.

- 8.4. Data.** All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, downloaded from Franchisee's system to Franchisor's system, and/or obtained electronically or otherwise from Franchisee by Franchisor in connection with the Franchised Business, is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor

upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

- 8.5. Privacy.** Subject to applicable law, Franchisor may, from time-to-time, specify in the Operations Manual (or otherwise in writing) the information that Franchisee will collect and maintain on the Computer System installed at the Franchised Business, and Franchisee will provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and will be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee will abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee will not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.
- 8.6. Extranet.** Franchisor may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet. If Franchisor does establish an Extranet, then Franchisee will comply with Franchisor's requirements (as set forth in the Operations Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Operations Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee will purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. Franchisor will have the right to require Franchisee to install a video, voice and data system that is accessible by both Franchisor and Franchisee on a secure Internet website, in real-time, all in accordance with Franchisor's then-current written standards as set forth in the Operations Manual or otherwise in writing. Franchisee will comply with Franchisor's requirements (as set forth in the Operations Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or such other computer systems as Franchisor may reasonably require.
- 8.7. Online Presence.** Franchisee will not establish any Website separate from Franchisor's principal Website (currently, <https://www.dappertailsmobile.com/>) ("Franchisor's Website") to promote the Franchised Business, offer pet grooming services, or otherwise display the Proprietary Marks. The term "Website" includes any interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web. Likewise, Franchisee will not establish any Social Media Account separate from those established and designated for use by Franchisor to promote the Franchised Business, offer pet grooming services, or otherwise display the Proprietary Marks. The term "Social Media Account" includes any account, page, or other presence on a social or business networking medial site, including, but not limited to: Facebook, Instagram, FourSquare, LinkedIn, Pinterest, Snapchat, Telegram, TikTok, Twitch, X (formerly Twitter), personal blogs, virtual worlds, audio and video-sharing sites, and other similar social networking or media sites or tools presently existing or developed in the future. The following provisions apply to Franchisee's use of any Website or Social Media Account by Franchisee:
- (a) Franchisee specifically acknowledges, understands and agrees that any Website or Social Media Account owned, established, or maintained by or for the benefit of the Franchised

Business will be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval;

- (b) Franchisee acknowledges, understands and agrees that it does not have any permission, authorization or right to utilize any of the Proprietary Marks in connection with supporting, endorsing, promoting or otherwise advocating, advertising or marketing in favor of or against any political party or candidate or cause or position at any time; and
- (c) Neither Franchisee or any of Franchisee's workers will make any posting or other contribution to a Website or Social Media Account relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates Franchisor's policies relating to the use of Networking Media Sites.

**8.8. Online Use of Proprietary Marks and E-Mail Solicitations.** Franchisee will not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee will be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

**8.9. No Outsourcing Without Prior Written Approval.** Franchisee will not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor. The provisions of this Section 8.9 are in addition to and not instead of any other provision of this Agreement.

**8.10. Changes to Technology.** Franchisee and Franchisor understand, acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

## **ARTICLE IX. OPERATING MANUAL.**

**9.1. Standards of Operation.** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee will operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Operations Manual, which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. Franchisee will receive a copy of the Operations Manual on loan from Franchisor for the term of this Agreement upon completion by Franchisee of Franchisor's Initial Management Training Program to Franchisor's satisfaction.

- 9.2. Confidentiality.** Franchisee will treat the Operations Manual and any other materials created for or approved for use in the operation of the Franchised Business as Confidential Information, and will use all reasonable efforts to maintain such information as secret and confidential. Franchisee will not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.
- 9.3. Exclusive Property.** The Operations Manual will remain the sole property of Franchisor and will be kept in a secure place on the Franchised Business premises.
- 9.4. Revisions to Manual.** Franchisor may from time to time revise the contents of the Operations Manual, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee will ensure that the Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office will be controlling.

## **ARTICLE X. CONFIDENTIAL INFORMATION.**

- 10.1. Confidential Information.** The term "Confidential Information" is defined as all non-public sensitive or proprietary information, knowledge, know-how, techniques and material related to the System or the operation of the Franchised Business. The disclosure of Confidential Information may be oral or written in any form including tangible, intangible and electronic media regardless of whether it is marked as "proprietary" or "confidential". Confidential Information may be communicated to Franchisee or Franchisee may become apprised by virtue of Franchisee's operation of a DapperTails franchised business. Confidential Information also includes any notes, summaries or other derivative works made by Franchisee.
- 10.2. Examples.** Examples of Confidential Information include, but are not limited to: customer lists, employee data, end-user information, development plans, instructional materials, know-how, financial statements, methods, processes, protocols, plans, pricing metrics, product mix, programing code, research and development, sales and technical information, standards and specifications, strategic plans, supplier and vendor relationships, techniques, unpatented ideas, and our Operations Manual.
- 10.3. Use.** Franchisee will use Confidential Information solely in connection with the operation of the Franchised Business and will divulge Confidential Information only to such of its employees as must have access to it in order to operate the Franchised Business. Franchisee will not, directly or indirectly, during the term of this Agreement or thereafter, communicate, divulge, publish, or share Franchisor's Confidential Information with any third party, without Franchisor's prior written consent. Further, Franchisee will not, directly or indirectly, during the term of this Agreement or thereafter, use any of Franchisor's Confidential Information for its own benefit or for the benefit of any other person, partnership, association, limited liability company or corporation any of Franchisor's Confidential Information, without Franchisor's prior written consent.
- 10.4. Confidentiality Agreements.** Franchisee will be bound by the covenants in this Agreement, and will require all managers, groomers, and other such personnel having access to any of Franchisor's Confidential Information to execute certain non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants will be in the form provided in Attachment 4 and Attachment 5 to this Agreement.
- 10.5. Irreparable Injury.** Franchisee acknowledges that any failure to comply with the requirements of this Article X will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an

injunction against violation of, the requirements of this Article X, or such other relief sought by Franchisor. Further, Franchisee understands and acknowledges that it

## **ARTICLE XI. ACCOUNTING AND RECORDS.**

- 11.1. Gross Revenue Reports.** Franchisee will record all sales on the point-of-sale recordkeeping and control system designated by Franchisor as part of the Core Technology Services, unless otherwise specified by Franchisor in writing. Franchisor will at all times have direct access to the designated point-of-sale recordkeeping and control system, which will provide Franchisor with visibility to Franchisee's business information and data; including, but not limited to, its Gross Revenue records. Franchisor and Franchisee understand, acknowledge, and agree that Franchisor will generally rely upon such Gross Revenue records in computing Royalty Fees in lieu of requiring Franchisee to submit a monthly report. However, Franchisee will produce monthly Gross Revenue records upon Franchisor's reasonable request.
- 11.2. Other Reports.** Franchisee will submit to Franchisor within thirty (30) days after the close of each fiscal quarter, a quarterly profit and loss statement. Additionally, upon Franchisor's reasonable request, but not more often than once per month, Franchisee will, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, within fifteen (15) days of Franchisor's request, unaudited financial statements showing the results of operations of the Franchised Business during the preceding calendar month, and such other forms, reports, records, information and data as Franchisor may reasonably designate.
- 11.3. Annual Financial Statements.** Franchisee will, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, by March 15 of each year, Franchisee's financial statements for the preceding fiscal year, including, without limitation, a complete and accurate profit and loss statement and balance sheet, which may be unaudited but will be prepared consistent with generally accepted accounting principles.
- 11.4. Preservation of Records.** Franchisee will prepare and will preserve for at least three (3) years from the dates of their preparation (or such longer period as may be required under applicable law), complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Operations Manual or otherwise in writing.
- 11.5. Inspection and Audit.** FRANCHISOR AND ITS DESIGNATED AGENTS WILL HAVE THE RIGHT AT ALL REASONABLE TIMES TO EXAMINE AND COPY, AT FRANCHISOR'S EXPENSE, THE BOOKS, RECORDS, ACCOUNTS AND TAX RETURNS OF FRANCHISEE. FRANCHISOR WILL ALSO HAVE THE RIGHT, AT ANY TIME, TO HAVE AN INDEPENDENT AUDIT MADE OF THE BOOKS OF FRANCHISEE. IF AN INSPECTION SHOULD REVEAL THAT ANY PAYMENTS HAVE BEEN UNDERSTATED IN ANY REPORT TO FRANCHISOR BY 2% OR MORE, THEN FRANCHISEE WILL IMMEDIATELY PAY TO FRANCHISOR THE AMOUNT UNDERSTATED UPON DEMAND, IN ADDITION TO INTEREST FROM THE DATE SUCH AMOUNT WAS DUE UNTIL PAID, AT THE RATE OF EIGHTEEN PERCENT (18%) PER ANNUM, OR THE MAXIMUM RATE PERMITTED BY LAW, WHICHEVER IS LESS, PLUS ALL OF FRANCHISOR'S COSTS AND EXPENSES IN CONNECTION WITH THE INSPECTION, INCLUDING, WITHOUT LIMITATION, TRAVEL COSTS, LODGING AND WAGES EXPENSES, AND REASONABLE ACCOUNTING AND LEGAL COSTS. THE FOREGOING REMEDIES WILL BE IN ADDITION TO ANY OTHER REMEDIES FRANCHISOR MAY HAVE.

## ARTICLE XII. ADVERTISING AND PROMOTION.

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

- 12.1. Grand Opening Advertising.** At least thirty (30) days prior to the opening of the Franchised Business, Franchisee will pay the Grand Opening Advertising Fee set forth in Section 4.4 of this Agreement. Franchisor will deploy \$2,500 or more of this fee in direct advertising using third party suppliers. The remainder of the Grand Opening Advertising Fee will be used to defray Franchisor's costs in onboarding, supporting the Grand Opening and sending a member of Franchisor's team to Franchisee's location prior to its launch.
- 12.2. Local Advertising and Promotion.** During the term of this Agreement, Franchisee will expend, on a monthly basis, an amount equal to at least \$500.00 on local marketing, advertising, and promotion. All local marketing, advertising, and promotion will be conducted in such manner as Franchisor may, in its sole discretion, direct in the Operations Manual or otherwise in writing.
- 12.3. Verification of Advertising Expenditures.** Franchisee will submit verification of the expenditures required by Section 12.2 to Franchisor in the form and manner prescribed by Franchisor in the Operations Manual or otherwise in writing from time to time.
- 12.4. Brand Fund Fee.** Franchisor does not have a systemwide brand promotion fund ("Brand Fund") as of the Effective Date; however, Franchisor has the right to establish a Brand Fund during the term of this Agreement and any renewal. If a Brand Fund is established, then upon sixty (60) day's notice, Franchisee will pay to the Brand Fund, on a monthly basis, an amount equal to two percent (2%) of Franchisee's Gross Revenue from the preceding month. Such contributions to the Brand Fund will be in addition to any expenditures made pursuant to Section 12.2 and will be made in accordance with Section 4.6 of this Agreement. The Brand Fund will be maintained and administered by Franchisor or its affiliate as follows:
  - (a) Franchisor or its affiliate will direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor or its affiliate is not obligated, in administering the Brand Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Brand Fund.
  - (b) The Brand Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor or its affiliate believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Social Media Accounts and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; review of locally produced advertisements; door hangers, mailers, inserts and coupons; brochures and promotional materials; market research, market surveys, and sponsorships; web site design and maintenance; public relations and related retainers; mystery shoppers for the System and competitors; celebrity endorsements; trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment); association dues; search engine optimization; employing advertising and/or public relations agencies;

purchasing promotional items; product and service development; providing promotional and other marketing materials and services to the businesses operating under the System.

- (c) Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions.
- (d) All sums paid by Franchisee to the Brand Fund will be maintained in an account separate from the other monies of Franchisor and will not be used to defray any of Franchisor's or its affiliate's expenses, except for such reasonable costs and overhead, if any, as Franchisor or its affiliate may incur in activities reasonably related to the direction and implementation of the Brand Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional and marketing programs, accounting expenses, and other out of pocket expenses to third parties incurred by the Brand Fund. The Brand Fund and any earnings thereon will not otherwise inure to the benefit of Franchisor or its affiliate. Franchisor will maintain separate bookkeeping accounts for the Brand Fund and reserves the right to form an affiliated entity to control and administer the Brand Fund. Franchisee acknowledges that neither Franchisor nor its affiliate is a fiduciary to Franchisee of the monies in the Brand Fund. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.
- (e) It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.
- (f) Although the Brand Fund is intended to be of perpetual duration, Franchisor or its affiliate maintains the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes.

**12.5. Advertising Materials.** All advertising and promotion (including without limitation any design, advertisement, sign, or form of publicity) by Franchisee will be in such media and of such type and format as Franchisor may approve, will be conducted in a dignified manner, and will conform to such standards and requirements as Franchisor may specify. Franchisee will not use any such advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 12.6 of this Agreement. Franchisor may make available to Franchisee from time to time, pre-approved advertising that Franchisee will be required to use during such season and at such times as Franchisor will specify in writing. In addition, Franchisor may make available, at Franchisee's expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

**12.6. Franchisor Approval.** Franchisee will submit to Franchisor samples of all advertising and promotional plans and materials (including without limitation any design, advertisement, sign, or form of publicity) and proposed coupons for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding six (6) months (as provided in Article XXI of this Agreement), for Franchisor's prior approval (including with respect to prices to be charged). Any request by Franchisee for Franchisor's approval of advertising materials must be addressed to Franchisor and marked "Attention: Advertising Department - Ad Review."

Franchisee will not use such plans or materials or coupons until they have been approved in writing by Franchisor. If written notice of approval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor will be deemed to have disapproved them.

**12.7. Photographs of the Franchised Business.** Franchisor will have the right to photograph interactions with Franchisee in connection with the establishment and ongoing operation of the Franchised Business and use such photographs in any advertising or promotional materials. Franchisor is not obliged to compensate Franchisee or Franchisee's employees for use of the Franchised Business or Franchisee's employees in any advertising or promotional materials. Franchisee will cooperate in securing the consent of persons photographed for such use.

**12.8. Advertising Cooperative.** Franchisor 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 Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time the Franchisee commences operations under this Agreement, Franchisee will immediately become a member of the Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the term of this Agreement, Franchisee will become a member of such Cooperative no later than sixty (60) days after the date on which the Cooperative commences operation. If the Franchised Business is within the territory of more than one Cooperative, Franchisee will be required to be a member of only one such Cooperative:

- (a) Each Cooperative will be organized and governed in a form and manner, will commence operation on a date, and will operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing.
- (b) Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's
- (c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials will be submitted to Franchisor in accordance with the procedure set forth in Section 12.6 of this Agreement.
- (d) Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; provided, however, that Franchisee will not be required to contribute to any Cooperative in excess of \$250 per month. Franchisee's payments made under this Section 12.8(d) will be credited towards the expenditure required to be made under Section 12.2 of this Agreement. Each member franchisee will submit to the Cooperative the amount invoiced by the Cooperative or Franchisor, its contribution, together with such other statements or reports as may be required by Franchisor or by the Cooperative with Franchisor's prior approval.
- (e) Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final. If an exemption is granted to a franchisee, such franchisee will be required to expend on local promotion and advertising in the full amount provided for in Section 12.2 of this Agreement. Franchisor reserves the right to require Cooperatives to be changed, dissolved, or merged.

## ARTICLE XIII. INSURANCE.

- 13.1. Minimum Insurance Requirements.** Franchisee will procure, prior to the commencement of any operations under this Agreement, and will maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, pet groomers professional liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the Franchised Business. Such policy or policies will be written by a responsible carrier or carriers acceptable to Franchisor, will name Franchisor as an additional insured as specified by Franchisor, and will provide at least the types and minimum amounts of coverage specified in the Operations Manual.
- 13.2. No Waiver.** Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Operations Manual will not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor will Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.4 of this Agreement.
- 13.3. Franchisor Entitled to Recover.** All public liability and property damage policies will contain a provision that Franchisor, although named as an insured, will nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.
- 13.4. Certificates of Insurance.** Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee will deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates will expressly provide that no less than thirty (30) days' prior written notice will be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.
- 13.5. Franchisor's Right to Procure.** Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Operations Manual or otherwise in writing, Franchisor will have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with an administrative surcharge of ten percent (10%), will be payable by Franchisee immediately upon notice. The foregoing remedies will be in addition to any other remedies Franchisor may have.

## ARTICLE XIV. TRANSFER OF INTEREST.

- 14.1. Franchisor's Right to Transfer.** Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor will become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee will execute such documents of attornment or otherwise as Franchisor will request.
- 14.2. Franchisee's Conditional Right to Transfer.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or

limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business will sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14.2 will be null and void and will constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.3(f) of this Agreement.

**14.3. Conditions of Transfer.** Franchisee will notify Franchisor orally and in writing of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee (if a corporation, partnership, or limited liability company), or in all or substantially all of the assets of the Franchised Business (a) prior to Franchisee's offering for sale (including, but not limited to, advertising the sale of) the Franchised Business, or any assets of the Franchised Business, or any ownership interest in Franchisee; and (b) at least thirty (30) days before any transfer is proposed to take place. Franchisor will not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

- (a) That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;
- (b) That Franchisee is not in default of any provision of this Agreement, any amendment of this Agreement or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;
- (c) That the transferor executes a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees, except for any claims that cannot be waived under applicable law;
- (d) That (1)(a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enters into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, and/or (b) the transferee executes, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and advertising contribution and a smaller or modified Franchisee's Territory, except that transferee will not be required to pay any initial franchise fee; and (2) the transferee or its principals guaranty the performance of all such obligations in writing in a form satisfactory to Franchisor;
- (e) That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrates to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchised Business;

- (f) That Franchisee remains liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;
- (g) That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), or the transferee's manager (if transferee or transferee's principal will not manage the Franchised Business), at the transferee's expense, completes any training programs then in effect upon such terms and conditions as Franchisor may reasonably require; and
- (h) That Franchisee pays to Franchisor a transfer fee of 50% of the then current Initial Franchise Fee (up to a maximum of \$30,000), which you acknowledge is a reasonable fee in light of the legal and business expenses we will incur in transferring the agreement, operations, and providing our initial training programs to the transferee. However, in the case of a transfer to a corporate entity formed by Franchisee for the convenience of ownership, or a change in ownership percentage without any change in management, no such transfer fee will be required.

**14.4. No Security Interest.** Franchisee will not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor will have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default will be void.

**14.5. Franchisor's Right of First Refusal.** If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee will notify Franchisor, and will provide such information and documentation relating to the offer as Franchisor may require. Franchisor will have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party will constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article XIV, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser will be designated by Franchisor at Franchisor's expense, and the appraiser's determination will be binding.

**14.6. Death or Incapacity.** Upon the death or physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person will transfer such interest to a third party approved by Franchisor within six (6) months after such death or incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or

beneficiaries of any such person are unable to meet the conditions in this Article XIV, the executor, administrator, or personal representative of the decedent will transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition will be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15.3(g) of this Agreement.

- 14.7. No Waiver.** Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## **ARTICLE XV. DEFAULT AND TERMINATION.**

- 15.1. Termination by Franchisee.** Franchisee may terminate this Agreement (1) upon non-renewal, (2) upon a transfer pursuant to the terms of this Agreement; or (3) if Franchisor does not, or cannot, cure within sixty (60) days after Franchisee gives notice to Franchisor, upon the occurrence of:

- (a) Franchisor's material breach of the Agreement;
- (b) Franchisor's failure to comply with applicable law; or
- (c) Franchisor's insolvency or bankruptcy.

- 15.2. Mutual Termination.** If, at any time during the time period beginning on the second year anniversary of the Effective Date of this Agreement, Gross Revenues for the Franchised Business for any consecutive three-month period are less than Thirty Thousand and 00/100 Dollars (\$30,000), Franchisee may terminate this Agreement contingent upon satisfaction of each of the following terms and conditions:

- (a) Franchisee must be current on all amounts owed to Franchisor;
- (b) Franchisee must provide thirty (30) days notice to Franchisor;
- (c) Franchisee must execute a mutual termination agreement acknowledging its post-termination obligations and containing a general release, in a form satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees; and
- (d) Franchisee must comply with all post term obligations as set forth in Article XVI and all post-termination restrictive covenants as set forth in Article XVII of this Agreement.

- 15.3. Notice Without Opportunity to Cure.** Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Article XXII):

- (a) If Franchisee or Franchisee's designated trainees fail to complete the initial training program or additional training described in Section 6.1 of this Agreement to Franchisor's reasonable satisfaction;
- (b) If Franchisee fails to procure a Grooming Van or fails to open within the time limits provided in Section 5.4 of this Agreement;
- (c) If Franchisee at any time ceases to operate for a period of five (5) or more days, except when active operation is not reasonably possible, or otherwise abandons the Franchised Business;

- (d) If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein;
- (e) If a threat or danger to public health or safety results from the operation of the Franchised Business;
- (f) If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, contrary to the terms of Article XIV of this Agreement;
- (g) If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 of this Agreement;
- (h) If Franchisee fails to comply with the covenants in Section 17.2 of this Agreement or fails to obtain execution of the covenants required under Section 10.4 of this Agreement;
- (i) If, contrary to the terms of Article IX or Article X of this Agreement, Franchisee discloses or divulges the contents of the Operations Manual or other Confidential Information provided to Franchisee by Franchisor;
- (j) If Franchisee knowingly submits any false reports to Franchisor;
- (k) If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;
- (l) If Franchisee refuses to permit Franchisor to inspect the books, records or accounts of Franchisee upon demand;
- (m) If Franchisee becomes insolvent, meaning unable to pay its bills in the ordinary course of business as they become due;
- (n) If Franchisee, upon receiving a notice of default under Section 15.4 of this Agreement, fails to initiate a remedy to cure such default within a reasonable time; or
- (o) If Franchisee, after curing any default pursuant to Section 15.4 of this Agreement, commits the same default again, whether or not cured after notice.

**15.4. Notice with Opportunity to Cure.** Except as otherwise provided in Sections 15.3 and 15.3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Article XXII of this Agreement) stating the nature of the default in reasonably sufficient detail to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof to Franchisor within the applicable cure period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to Franchisee, effective immediately upon the expiration of the applicable cure period or such longer period as applicable law may require. Defaults which are susceptible of cure under this Agreement include the following illustrative events:

- (a) If Franchisee fails to maintain the cleanliness of its Grooming Vans, or fails to comply with any of Franchisor's specifications;

- (b) If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Operations Manual, or failure to carry out the terms of this Agreement in good faith;
- (c) If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement;
- (d) If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Operations Manual or otherwise in writing;
- (e) Except as provided in Section 15.3(f) of this Agreement, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;
- (f) If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks; or
- (g) If Franchisee receives any citation or notice of potential health code violation from the local board of health or Franchisor.

**15.5. Cross-Default.** Any default by Franchisee under any other agreement between Franchisor or its affiliates as one party and Franchisee or any of Franchisee's owners or affiliates as the other party, that is so material as to permit Franchisor to terminate such other agreement, will be deemed to be a default of this Agreement, and Franchisor will have the right, at its option, to terminate this Agreement without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.

**15.6. Interim Remedies.** If Franchisor sends Franchisee a written notice that Franchisee is in default of this Agreement, Franchisor may elect to immediately impose an interim remedy (the "Interim Remedies"), regardless of whether the default is curable, including the suspension of Franchisor's obligations under this Agreement. Franchisee understands, acknowledges, and agrees that Franchisor's exercise of its right to impose Interim Remedies will not result in actual or constructive termination or abandonment of this Agreement, and that Franchisor's right to Interim Remedies is in addition to, and apart from, any other right or remedy Franchisor may have in this Agreement. If Franchisor exercises the right to Interim Remedies, the exercise will not be a waiver of any breach by Franchisee of any term, covenant or condition of this Agreement. Franchisee will not be entitled to any compensation, including repayment, reimbursement, refund or offsets, for any fees, charges, expenses or losses Franchisee may directly or indirectly incur by reason of Franchisor's exercise and/or withdrawal of any Interim Remedy. Interim Remedies include:

- (a) Franchisor may suspend the Core Technology Services, including any scheduling, point of sale, and/or website services; and
- (b) Franchisor may suspend its ongoing support, and the performance of all other obligations set forth in Article III of this Agreement.

## **ARTICLE XVI. OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee will immediately terminate, and:

**16.1. Cease Operations.** Franchisee will immediately cease to operate the Franchised Business, and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor. Immediately upon the expiration or termination of this Agreement, Franchisee will dispose of, and not sell, any proprietary or trade secret products sold under this

Agreement, including, but not limited to, any products having the Proprietary Marks or contained in packaging having the Proprietary Marks.

- 16.2. Cease Use of Confidential Information and Marks.** Franchisee will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; any Confidential Information; the Proprietary Mark "DapperTails" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, Franchisee will cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks.
- 16.3. Cancellation of Registrations.** Franchisee will take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "DapperTails" or any other Proprietary Marks, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.
- 16.4. Assignment of Telephone Number.** Franchisee must cease using all telephone numbers and directory or other business listings used in connection with the Franchised Business. At Franchisor's option, Franchisee will assign to Franchisor all rights to such telephone numbers and directory and other business listings, and will sign all forms and documents required by Franchisor and any telephone company to effect such transfer. Franchisee hereby appoints Franchisor as Franchisee's true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of taking such action as is necessary to complete such assignment of telephone numbers and directory listings upon termination of this Agreement, and Franchisee agrees to execute Exhibit E for such purpose. This power of attorney will survive the expiration, termination or transfer of this Agreement. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises its rights or options under this Section 16.4.
- 16.5. Subsequent Use of Proprietary Marks Prohibited.** Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to the Franchisor, the System or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.
- 16.6. Payment.** Franchisee will promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums will include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation will give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated under this Agreement at the time of default.
- 16.7. Return Operations Manual.** Franchisee will immediately deliver to Franchisor the Operations Manual and all other records, correspondence and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and will retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this

Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

- 16.8. Franchisor's Option to Purchase Assets.** Franchisor will have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the vehicles, equipment, furnishings, and signs related to the operation of the Franchised Business at fair market value and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal will be conducted at Franchisor's expense, and the appraiser's determination will be binding. If Franchisor elects to exercise any option to purchase herein provided, it will have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.
- 16.9. Compliance With Covenants.** Franchisee will comply with the covenants contained in Article X and Section 17.3 of this Agreement.

## ARTICLE XVII. COVENANTS.

- 17.1. Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager will devote full time and best efforts to the management and operation of the Franchised Business.
- 17.2. In-Term Covenants.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:
- (a) Divert or attempt to divert any present or prospective business or customer of any of Franchisor's franchised businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;
  - (b) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or
  - (c) Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that offers or sells pet grooming services.
- 17.3. Post-Term Covenants.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee will not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be

employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers or sells pet grooming services; and (ii) is, or is intended to be, located at or within:

- (a) within the Franchisee's Operating Territory; or
- (b) ten (10) miles of Franchisee's Operating Territory; or
- (c) ten (10) miles of any business operating under the Proprietary Marks;

provided, however, that Sections 17.2(c) and this Section 17.3 will not apply to the operation by Franchisee of any business under the System which may be franchised by Franchisor to Franchisee under a written Franchise Agreement.

- 17.4. Immediate Family Members.** Franchisee will not directly or indirectly attempt to circumvent the covenants contained in Articles X and XVII of this Agreement by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) or by otherwise assisting an immediate family member in establishing a competitive business offering pet grooming services. Franchisee understands, acknowledges and agrees that it would be difficult for Franchisor to prove whether Franchisee disclosed Confidential Information to family members and that Franchisor must protect its Confidential Information and the System. Therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of Articles X and XVII of this Agreement if any member of Franchisee's immediate family engages in any activity restricted by Sections 17.2 or 17.3 of this Agreement or otherwise uses or discloses our Confidential Information. If a dispute arises, Franchisee will bear the burden of furnishing evidence conclusively showing that Franchisee did not disclose the Confidential Information to the family member.
- 17.5. No Application to Equity Securities.** Sections 17.2(c) and 17.3 will not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.
- 17.6. Reduction of Scope of Covenants.** Franchisee understands and acknowledges that Franchisor will have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice; and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Article XXIII of this Agreement.
- 17.7. No Defense.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Article XVII. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article XVII.

## **ARTICLE XVIII. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE.**

- 18.1. Franchisee Corporation.** If Franchisee is a corporation, Franchisee will comply with the following requirements:
- (a) Franchisee will be newly organized and its charter will at all times provide that its activities are confined exclusively to operating the Franchised Business.
  - (b) Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, will be promptly furnished to Franchisor.

- (c) Franchisee will maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee will have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.1(c) will not apply to a publicly-held corporation.
- (d) Franchisee will maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and will furnish the list to Franchisor upon request.

**18.2. Franchisee Partnership.** If Franchisee or any successor to or assignee of Franchisee is a partnership, it will comply with the following requirements:

- (a) Franchisee will furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.
- (b) The partnership agreement will at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.
- (c) Franchisee will prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee.

**18.3. Franchisee Limited Liability Company.** If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it will comply with the following requirements:

- (a) Franchisee will furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.
- (b) The articles of organization or operating agreement will at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.
- (c) Franchisee will prepare and furnish to Franchisor, upon request, a list of all members in Franchisee.

**18.4. Guaranty and Indemnification.** If Franchisee is a corporation, partnership or limited liability company, or if any successor to or assignee of Franchisee is a corporation, partnership or limited liability company, then all of the principals thereof are required to execute this Agreement and be individually bound by its terms.

**18.5. Entity Naming Convention.** Franchisee will not include the Proprietary Marks or any portion thereof in its corporate name. Franchisor will assign a "doing business as" ("DBA") name to be used solely in connection with the operation of the Franchised Business in the Territory and in accordance with the terms and conditions set forth in this Agreement.

## **ARTICLE XIX. TAXES, PERMITS, AND INDEBTEDNESS.**

**19.1. Payment of Taxes.** Franchisee will promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

- 19.2. Contesting Taxes.** In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 19.3. Permits and Licenses.** Franchisee will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, health permits, building permits, handicap permits and fire clearances.
- 19.4. Notification of Adverse Action.** Franchisee will immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

## **ARTICLE XX. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.**

- 20.1. Independent Contractor.** Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them, that Franchisee will be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Franchisee acknowledges and agrees that Franchisor's usual business is offering and selling rights to operate DapperTails franchised businesses using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to franchisees, and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating the Franchised Business. During the term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the premises of the Franchised Business, the content of which Franchisor reserves the right to specify.
- 20.2. Identification.** All of Franchisee's business forms, business cards, stationery, and advertisements must clearly state that the Franchise is independently owned and operated. In addition, the Grooming Van must display a clear sign, in a conspicuous location, stating that the Franchise is independently owned and operated.
- 20.3. No Authority to Contract.** Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised under this Agreement or for any claim or judgment arising therefrom against Franchisee or Franchisor.
- 20.4. Indemnification.** Franchisee will indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all third-party claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims,

obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee will reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section will survive the termination or expiration of this Agreement. Nothing herein will preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

- 20.5. Force Majeure.** Neither Franchisor, Franchisor's affiliates, nor Franchisee will be responsible or liable for any delays in the performance of any duties under this Agreement which are not the fault or within the reasonable control of that party including, but not limited to, fire, flood, natural disasters, acts of God, delays in deliveries by common carriers, governmental acts or orders, late deliveries of products or goods or furnishing of services by third party vendors, civil disorders, acts of terrorism, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation under this Agreement will be extended for the amount of time of the delay or impossibility. Provided, however, this clause will not apply to and not result in an extension of: (1) the time for payments to be made by Franchisee as required by Section 4.6 of this Agreement; or (2) the term of this Agreement.

## **ARTICLE XXI. APPROVALS AND WAIVERS.**

- 21.1. Approvals and Consent.** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.
- 21.2. No Warranties or Guarantees.** Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.
- 21.3. No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition under this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement. Waiver by Franchisor of any particular default of Franchisee will not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor will any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants of this Agreement, affect or impair Franchisor's right to exercise the same, nor will such constitute a waiver by Franchisor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it under this Agreement will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

## **ARTICLE XXII. NOTICES.**

Any and all notices required or permitted under this Agreement will be in writing and will be personally delivered or sent by tracked delivery to the respective parties at their address listed on the signature page of

this Agreement, or any subsequent address of record. Franchisor may also send notice to Franchisee via email.

#### **ARTICLE XXIII. ENTIRE AGREEMENT.**

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

#### **ARTICLE XXIV. SEVERABILITY AND CONSTRUCTION.**

- 24.1. Severability.** If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants will be deemed not to be a part of this Agreement.
- 24.2. Survival.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), will survive such expiration, termination or assignment, including but not limited to Article X, Article XVII, and Article XXVI.
- 24.3. No Rights or Remedies Conferred.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section Article XIV of this Agreement, any rights or remedies under or by reason of this Agreement.
- 24.4. Promises and Covenants.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

#### **ARTICLE XXV. APPLICABLE LAW AND DISPUTE RESOLUTION.**

- 25.1. Dispute Process.** Any disputes that Franchisor or Franchisee may have arising out of or related to this Agreement ("Matter") will be resolved as described in this Article XXV.
- 25.2. Franchisee Must First Pursue Internal Resolution.** Franchisee must attempt to resolve any Matter internally by exhausting this internal dispute resolution process before Franchisee may bring any Matter through Mediation as provided in Section 25.3 of this Agreement.

- (i) Notice. Franchisee must provide written notice. The notice will contain:

- (A) A description of the specific nature of the Matter,
  - (B) All relevant facts,
  - (C) All supporting evidence, and
  - (D) Either the specific dollar amount of damages, or the action requested to resolve the Matter (“Cure”).
- (ii) Response. Franchisor will provide a response within ten (10) business days, with either:
- (A) Corrective action plan with a schedule of when the Matter will be resolved if it cannot be Cured within ten (10) business days; or
  - (B) A detailed explanation of why the Matter should not be considered a breach of this Agreement (or other valid dispute), including any supporting evidence to clarify any disputed facts.
- (iii) Meeting. If in good faith, Franchisee does not believe the Matter is settled after the Response then within twenty-one (21) days of receipt of the Response, the parties will meet in West Palm Beach, Florida to discuss in person. Upon mutual agreement, the Parties may choose an alternate location or meet via video call.

**25.3. Mediation and Arbitration.** Franchisor and Franchisee will submit any claim, dispute, or cause of action, including any matter pertaining to the validity, enforcement, or interpretation of this Agreement (a “Dispute”) to mediation and then binding arbitration if not resolved through mediation, unless the Dispute involves an alleged breach of Articles X or XVII of this Agreement.

- (i) **Mediation.** Any mediation will be conducted in accordance with the mediation rules of the American Arbitration Association (“AAA”) and will take place in West Palm Beach, Florida. Mediation is initiated by:
  - (A) completing the request for mediation form, currently available at: [https://www.adr.org/sites/default/files/Request\\_for\\_Mediation.pdf](https://www.adr.org/sites/default/files/Request_for_Mediation.pdf)
  - (B) paying the applicable fee, and
  - (C) notifying the other party.
- (ii) **Arbitration.** If a Matter cannot be resolved through Mediation, then the initiating party must submit the Matter to binding arbitration in accordance with the rules of the AAA and will take place in West Palm Beach, Florida.
- (iii) **Proportionality of Fees.** The parties' attorneys must include in their initial arbitration submissions an estimate for legal fees (“Budget”) necessary to establish their claims and defenses. The Budget will include the maximum number of: a) witnesses, b) experts and c) documents to be used. The Arbitrator will evaluate the Budget for proportionality to the Cure. The Budget must be approved by the Arbitrator, before conducting any discovery, or hearings. The Arbitrator must approve any increases in the Budget.
- (iv) **Enforcement.** In the event such Matter is resolved following submission to arbitration, then the decision and award determined by such arbitration will be final and binding upon both parties, enforceable by any court of competent jurisdiction.

- 25.4. Applicable Law.** This Agreement will be interpreted and construed exclusively under the laws of the Florida. In the event of any conflict of law, the laws of Florida will prevail, without regard to the application of Florida conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Florida and if Franchisee is located outside of Florida and such provision would be enforceable under the laws of the state in which Franchisee is located, then such provision will be interpreted and construed under the laws of that state.
- 25.5. Jurisdiction and Venue.** Venue and jurisdiction for any Matter will be proper solely in the state and federal court nearest to our headquarters; presently located in West Palm beach, Florida, except that Franchisor will have the right to commence an action against Franchisee in any court of competent jurisdiction for any Dispute involving an alleged breach of Articles X or XVII of this Agreement.
- 25.6. No Exclusivity.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 25.7. Waiver of Right to Jury Trial and Punitive Damages.** FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS: (A) FRANCHISOR AND FRANCHISEE HEREBY EXPRESSLY AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING; AND (B) FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.
- 25.8. Limitation of Claims.** ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY FRANCHISEE AGAINST FRANCHISOR, WILL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION WILL BE BARRED.
- 25.9. Injunctive Relief.** Nothing herein contained (including, without limitation, Sections 25.3 and 25.5 above) will bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.
- 25.10. Costs and Expenses.** The prevailing party in any dispute will be entitled to recover from the non-prevailing party all damages, costs, and expenses, including all court costs, mediation and arbitration costs, and reasonable attorney's fees, and all other expenses incurred in enforcing any obligation under, or in defending against any claim, demand, action, or proceeding related to, this Agreement, including, but not limited to the obtaining of injunctive relief.

## **ARTICLE XXVI. FRANCHISEE'S ACKNOWLEDGEMENTS AND REPRESENTATIONS.**

- 26.1. Independent Investigation.** Franchisee acknowledges that it has conducted an independent investigation of the business franchised under this Agreement, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely

dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

- 26.2. Acknowledgement of Receipt.** Franchisee acknowledges that it received Franchisor's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or Franchisee paid any money to Franchisor. Franchisee further acknowledges that it received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that Franchisee waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by Franchisor.
- 26.3. Acknowledgement of Understanding.** Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.
- 26.4. Compliance with Anti-Terrorism Laws.** Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" will mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac). Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter will not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee will immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this Section 26.4 incorrect.
- 26.5. Territory Approval.** Franchisee hereby acknowledges and agrees that Franchisor's approval of a the Territory does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the Territory for the Franchised Business or for any other purpose. Franchisor's approval of a Territory indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other territories may not be predictive of potential for all territories and that, subsequent to Franchisor's approval of a territory, demographic and/or economic factors, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a territory. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a territory approved by Franchisee to meet Franchisee's expectations

as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business in the Territory is based on its own independent investigation of the suitability of the site.

Intending to be bound by all the provisions expressed in the Agreement, the authorized representatives of each party affix his or her signature below to signify acceptance.

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address 4575 Artesa Way South Palm Beach Gardens, FL 33418	Address
Date	Date

## **ATTACHMENT 1 TO FRANCHISE AGREEMENT**

### **FRANCHISEE'S TERRITORY**

1. **Franchisee's Territory.** Franchisee's Territory under this Agreement will consist of the geographic area depicted in the following map and identified by U.S. Zip Codes, as they exist on the Effective Date, in the table below.

**[ZIP code list]**

**[map]**

The boundaries of Franchisee's Territory have been determined based on negotiations initiated by Franchisee. To the extent that this Attachment 1 includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions during the term of this Agreement. All street boundaries, if any, will be deemed to end at the street center lines.

**ATTACHMENT 2 TO FRANCHISE AGREEMENT**

**DISCLOSURE OF PRINCIPALS**

**(To be completed if Franchisee is a Corporation, Partnership, or Limited Liability Company only)**

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

<b>Owner Name</b>	<b>Owner Address</b>	<b>Ownership Interest Percentage</b>
<b>Name of designated Managing Owner:</b>		

**Change in Owners. Franchisee acknowledges and agrees that any proposed change in the Owners listed in this Disclosure, above, will require Franchisor's prior written consent in accordance with the terms of Section 14 of the Franchise Agreement.**

IN WITNESS OF THIS AGREEMENT, the undersigned has duly executed this Disclosure of Principals on the date first above written.

<b>Owner</b>	<b>Owner</b>
Signature	Signature
Name	Name
Address	Address
Date	Date



## ATTACHMENT 4

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(For execution by Franchisee's owners and managers)**

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the "Franchisee"), One Dollar, and other good and valuable consideration, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. Dappertails LLC (the "Franchisor"), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment, operation, and promotion of DapperTails businesses to offer pet grooming services and related products from a mobile platform ("Grooming Van"), and all of which may be changed, improved and further developed by Franchisor from time to time (the "System").
2. As an owner or manager of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to the Operations Manual, customer lists, customer contact information, cost data, pricing information, vendor relationships, methods or strategies, trade secrets, proprietary processes, or other know-how of the Franchisor and the System related to the establishment and operation of a Dappertails business, which are beyond the present skills and experience possessed by me ("Confidential Information"). This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.
3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose Confidential Information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.
4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any DapperTails franchised business to any competitor, by direct or indirect inducement or otherwise; (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks and the System; or (c) employ or seek to employ any person who is at that time been employed by the Franchisor or any franchisee of the Franchisor (including the Franchisee), or otherwise directly or indirectly induce such person to leave his or her employment.
5. While in my position with the Franchisee and for two (2) years after I cease to be in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) offers or sells pet grooming services and related products from a mobile platform that are the same as or similar to the products being offered by Dappertails businesses operating under the System; and (b) is, or is intended to be, located at or within: (1) the Franchisee's Territory, the boundaries of which I acknowledge have been described to me; (2) a radius of ten (10) miles from the boundaries of the Franchisee's Territory; or (3) a radius of ten (10) miles of any business operating under the Franchisor's marks.
6. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have under this Agreement, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys'

fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

7. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.
8. This Agreement will be construed under the laws of the State of Florida. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

IN WITNESS OF THIS AGREEMENT, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

<b>Franchisee</b>	<b>Manager/Owner</b>
Signature	Signature
Name	Name
Title	Title
Address	Address
Date	Date

**ATTACHMENT 5 TO FRANCHISE AGREEMENT**  
**EXAMPLE FORMS**

## CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

### (For execution by Franchisee's groomers and other employees with access to Confidential Information)

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the "Franchisee"), One Dollar, and other good and valuable consideration, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. Dappertails LLC (the "Franchisor"), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment, operation, and promotion of DapperTails businesses to offer pet grooming services and related products from a mobile platform ("Grooming Van"), and all of which may be changed, improved and further developed by Franchisor from time to time (the "System").
2. As an employee of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to the Operations Manual, customer lists, customer contact information, cost data, methods or strategies, or other know-how of the Franchisor and the System related to the establishment and operation of a Dappertails business, which are beyond the present skills and experience possessed by me ("Confidential Information"). This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.
3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose Confidential Information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.
4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any DapperTails franchised business to any competitor, by direct or indirect inducement or otherwise; (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks and the System; or (c) employ or seek to employ any person who is at that time been employed by the Franchisor or any franchisee of the Franchisor (including the Franchisee), or otherwise directly or indirectly induce such person to leave his or her employment.
5. While in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) offers or sells pet grooming services and related products from a mobile platform that are the same as or similar to the products being offered by Dappertails businesses operating under the System; and (b) is, or is intended to be, located at or within: (1) the Franchisee's Territory, the boundaries of which I acknowledge have been described to me; (2) a radius of ten (10) miles from the boundaries of the Franchisee's Territory; or (3) a radius of ten (10) miles of any business operating under the Franchisor's marks.
6. While in my position with the Franchisee and for twelve (12) months after I cease to be in my position with the Franchisee, I will not solicit, induce, or otherwise cause a customer or client of Franchisee, with which I provided pet grooming services while in my position with Franchisee, to use or purchase pet grooming services from any business other than the Franchisee, or to discontinue their patronage of the Franchisee's services.
7. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the

Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have under this Agreement, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

8. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.
9. This Agreement will be construed under the laws of the State of Florida. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

IN WITNESS OF THIS AGREEMENT, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

<b>Franchisee</b>	<b>Employee</b>
Signature	Signature
Name	Name
Title	Title
Address	Address
Date	Date

## RELEASE

### [EXAMPLE FORM ONLY]

THIS RELEASE is made and given by \_\_\_\_\_, (“Releasor”) with reference to the following facts:

1. Releasor and Dappertails LLC d/b/a DapperTails (“Releasee”) are parties to one or more Franchise Agreements.
2. The following consideration is given:

\_\_\_\_\_ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”); or  
\_\_\_\_\_ Releasor’s consent to Releasee’s transfer of its rights and duties under the Franchise Agreement; or  
\_\_\_\_\_ Releasor’s consent to Releasee’s assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ [insert description]

3. Release- Franchisee and all Franchisee's owners, guarantors, members, employees, agents, successors, assigns and affiliates, jointly and severally, fully and finally release, acquit and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Area Representatives, Franchisees, successors, assigns and affiliates (collectively “Released Parties”) from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation, known or unknown, which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:  
**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**
6. The above Release does not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

Approved and agreed to by:

<b>Franchisee</b>	<b>Franchisor</b>
Signature:	
Name:	
Date:	

**AUTOMATIC BANK DRAFT AUTHORIZATION**  
**[EXAMPLE FORM ONLY]**

Please complete the following with your banking information and attach a voided check:

Company Name: \_\_\_\_\_

Name of Financial Institution: \_\_\_\_\_

Address of Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

I hereby authorize Dappertails LLC and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my Franchise Agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify Dappertails LLC or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least three (3) days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to fifteen (15) days following issuance of my statement by the above-referenced financial institution or up to sixty (60) days after deposit, whichever occurs first.

Signature: \_\_\_\_\_

Printed Name of Person Signing: \_\_\_\_\_

Title (if any): \_\_\_\_\_

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

Telephone Number: \_\_\_\_\_

Applicant's Address: \_\_\_\_\_

## CALL CENTER ADDENDUM

### [OPTIONAL ADDENDUM]

This Call Center Addendum is made between Dappertails LLC, (“Franchisor”) and the corporate entity and all Principals identified on the signature page, in their personal capacity (each a “Franchisee”) and is effective on \_\_\_\_\_ (the "Effective Date")

### Background Information

Franchisor and Franchisee have entered into a Franchise Agreement for the franchise of a DapperTails Franchised Business (the “Franchise Agreement”) on the same day as the Effective Date of this Call Center Addendum;

Franchisor offers a service (the "Call Center") whereby Franchisor's employees answer phone calls from prospective customers and schedule grooming services on Franchisee's behalf; and

Franchisee desires to utilize Franchisor's optional Call Center in the operation of its Franchised Business;

For mutual promises expressed in this Call Center Addendum, along with other valuable consideration, the receipt of which is acknowledged, Franchisor and Franchisee (collectively “the Parties”) will be bound as follows

1. **Definitions.** All capitalized terms used but not defined in this Call Center Addendum have the meanings given in the Current Agreement.
2. **Scope of Services.** Franchisor will hire, train, and employ sufficient staff to answer phone calls from prospective customers and schedule grooming services on Franchisee's behalf (the "Services").
3. **Price for Services.** Franchisee will pay to Franchisor a recurring monthly for the Services (the "Call Center Fee"). The monthly amount of the Call Center Fee will be determined by the number of Grooming Vans owned by Franchisee in operation, at a rate of \$500 per month per Grooming Van in operation. The Call Center Fee will be paid as set forth in Section 4.11 of the Franchise Agreement. The Call Center Fee may increase upon thirty (30) days advance notice.
4. **Standard of Care.** Franchisor cannot and does not guarantee or warrant any results. THE SERVICES ARE PROVIDED "AS IS" AND FRANCHISOR DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED. However, Franchisor will perform the Services in a competent and professional manner in accordance with industry practices. Additionally, Franchisor will take commercially reasonable efforts to assign only individuals with the knowledge and experience to efficiently and effectively deliver the Services.
5. **Term and Termination.** This Call Center Addendum is effective upon execution and will expire on the expiration of the Franchise Agreement unless earlier terminated by Franchisor or Franchisee. Either Party may suspended or cancel the Services provided in this Call Center Addendum for any reason upon ten (10) day’s written notice.
6. **Acknowledgment.** Unless otherwise modified by this Call Center Addendum, Franchisor and Franchisee acknowledge that all other terms in the Franchise Agreement between them are fully enforceable and effective.

7. **Signature.** Intending to be bound by all the provisions expressed in the Call Center Addendum, the authorized representatives of each party affix his or her signature below to signify acceptance.

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address 4575 Artesa Way South Palm Beach Gardens, FL 33418	Address
Date	Date

**EXHIBIT C**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

## MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Dappertails LLC, (“Franchisor”) and the corporate entity and all Principals identified on the signature page, in their personal capacity (each a “Franchisee”) on \_\_\_\_\_ (the "Effective Date")

### Background Information

Franchisor and Franchisee have entered into a Franchise Agreement for the franchise of a DapperTails Franchised Business (the “Current Agreement”) on the same day as the Effective Date of this MUDA, which is incorporated into this MUDA by reference;

Franchisee desires to enter into additional franchise agreements (the "Future Agreements"), and open additional DapperTails Franchised Businesses;

Franchisor has established a Multi-Unit Development program to address Franchisee’s requests (the "Program"), which reserves certain territories and provides the potential for operational efficiencies and discounts, all subject to the terms and conditions described below.

For mutual promises expressed in this MUDA, along with other valuable consideration, the receipt of which is acknowledged, Franchisor and Franchisee (collectively “the Parties”) will be bound as follows

1. **Definitions.** All capitalized terms used but not defined in this MUDA have the meanings given in the Current Agreement.
2. **Grant of Rights.** Franchisor grants to Franchisee the right to establish and operate for its own account, but not to subfranchise, sublicense or resell, multiple DapperTails Franchised Businesses pursuant to individual Future Agreements in the form of Franchisor's then-current franchise agreement, as amended by Section 2 of this Agreement (the "Development Rights"). Franchisees rights will be limited to the Territories described in Exhibit A to this MUDA (collectively, the "Development Area").
3. **Reservation of Rights.** If Franchisee meets the development timeline outlined in Exhibit A (the "Development Schedule"), Franchisor will not establish or operate, nor license any person other than Franchisee the right to establish or operate, a DapperTails business within the areas set forth in Exhibit A (the "Development Area Exclusivity"). Franchisee understands and acknowledges, however, that if Franchisee fails to adhere to the Development Schedule, then Franchisor may, in its sole discretion, (i) reduce the number of Development Rights by the number of Franchised Businesses not developed on schedule and (ii) eliminate a Territory from the Development Area (each a "Removed Territory"). Franchisor will then be free to directly establish, or authorize any third party to establish, a DapperTails business in any Removed Territory. For avoidance of doubt, Franchisor retains at all times its rights as set forth in Section 2.1 of the Current Agreement.
4. **Initial Franchise Fees.** The Initial Franchise Fee for Franchisee's initial Franchised Business will be Fifty Thousand Dollars (\$50,000) as provided under the Current Agreement. In addition, Franchisee will pay a deposit of Twenty Thousand Dollars (\$20,000) for each additional Franchised Business to be developed pursuant to this MUDA (the “Deposit”). The Deposit will be credited against the Initial Franchise Fee for each additional Franchised Business to be developed pursuant to this Agreement, and Section 4.1 of each Future Agreement will be amended to reflect a discounted Initial Franchise Fee of \$40,000. For example, if Franchisee desires to develop four (4) Franchised Businesses under this MUDA, Franchisee will pay an Initial Franchise Fee of Fifty Thousand Dollars (\$50,000) for the first Franchise Agreement and a Deposit of Sixty Thousand Dollars (\$60,000) (Twenty Thousand Dollars

(\$20,000) for each of three (3) additional Franchised Businesses) when Franchisee signs the Initial Franchise Agreement and this MUDA. The balance of the Initial Franchise Fee for each Franchised Business to be developed after the first will be due to Franchisor in a lump sum when Franchisee signs the Franchise Agreement for the specific Franchised Business. The Initial Franchise Fee (including any Deposits) is not refundable under any circumstances.

5. **Development Schedule.** Franchisee’s rights under this Agreement are conditioned upon its active development of the Development Area on the Development Schedule.
6. **Term.** This MUDA commences on the Effective Date and expires on the date on which Franchisee opens the last scheduled Franchised Business as stated in the Development Schedule. There are no renewal rights.
7. **Transfer.** Transfer or assignment of this MUDA will be governed in all respects by Article XIV of the Current Agreement.
8. **Default and Termination.** Default and Termination of this MUDA will be governed in all respects by Article XV of the Current Agreement.
9. **Dispute Resolution.** Any Matter arising from or related to this MUDA will be resolved under the same terms and in the same manner, all under Florida law, as set forth in Article XXV of the Current Agreement.

Intending to be bound by all the provisions expressed in the MUDA, the authorized representatives of each party affix his or her signature below to signify acceptance.

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address 4575 Artesa Way South Palm Beach Gardens, FL 33418	Address
Date	Date

**EXHIBIT A TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**

(a) **Number of Development Rights:** \_\_\_\_\_

(b) **Development Schedule.** Franchisee shall develop and open DapperTails Franchised Businesses on the following schedule:

<b>Territory #</b>	<b>Deadline for Opening</b>	<b>Total # of Franchised Businesses to be Open and Operating on Deadline</b>	<b>Due When Signing MUDA</b>	<b>Due When Signing Each Franchise Agreement</b>
1		1	\$50,000	
2		2	\$70,000	\$20,000
3		3	\$90,000	\$20,000
4		4	\$110,000	\$20,000
5		5	\$130,000	\$20,000
<b>Total Fees Due:</b>				

(c) **Development Area.** Franchisee may develop and open a DapperTails Franchised Businesses in the following geographic areas depicted in the following maps and identified by U.S. Zip Codes, as they exist on the Effective Date (each a "Territory").

Territory 1

[Description]

[Map]

Territory 2

[Description]

[Map]

Territory 3

[Description]

[Map]

Territory 4

[Description]

[Map]

Territory 5

[Description]

[Map]

Approved and agreed to by:

<b>Franchisee</b>
Signature
Name
Date

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

# DAPPERTAILS LLC

## FINANCIAL STATEMENTS

FEBRUARY 3, 2025

***Independent Auditor's Report***

To the Shareholders  
Dappertails LLC

***Opinion***

We have audited the accompanying balance sheet Dappertails LLC, which comprise the balance sheet as of February 3, 2025, 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 Dappertails LLC as of February 3, 2025, in accordance with the generally accepted accounting principles in the United States of America.

***Basis for Opinion***

The audit was conducted in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The auditor is required to be independent of Dappertails LLC and meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. 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 the financial statements in accordance with generally accepted accounting principles 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 Dappertails LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

*Robert M. Fein & Co. CPA's*

525 Broadhollow Rd- Suite 104  
Melville, NY 11747  
February 24, 2025

DAPPERTAILS LLC  
BALANCE SHEET  
FEBRUARY 3, 2025

ASSETS

<u>Current Assets</u>	2025
Cash in bank	\$ 20,000
Total Current assets	<u>20,000</u>
TOTAL ASSETS	\$ <u><u>20,000</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<u>Current Liabilities</u>	
Accrued expenses and taxes	\$ -
	<u>          </u>
Total current liabilities	-
<u>Stockholders' Equity</u>	
Common Stock \$1 par value,	
100, shares authorized, 100 issued	\$ 100
Additional paid-in capital	<u>19,900</u>
Total Stockholders' Equity	<u>20,000</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ <u><u>20,000</u></u>

See notes to the financial statment

# DAPPERTAILS LLC

Notes to the Financial Statements  
February 3, 2025

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Organization and Nature of Business*

Dappertails LLC (hereinafter “Company”) was formed on January 14, 2025 as a Florida limited liability company for the purpose of offering franchise opportunities and support to entrepreneurs who want to own a franchise location of Dappertails LLC, a mobile pet grooming salon offering different packages of grooming services. The Company has not commenced operations and is subject to the risks and uncertainties related to franchising, retail, and new businesses. The Company believes the experience of the management in the franchisor and pet grooming industries provides a competitive advantage including the ability to direct affiliate resources to assist during the initial growth periods.

### *Basis of Accounting*

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures 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*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

### *Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

### *Financial Instruments*

For certain of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

## DAPPERTAILS LLC

Notes to the Financial Statements  
February 3, 2025

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *Subsequent Events*

Management has reviewed and evaluated subsequent events through February 24, 2025, the date on which the financial statements were issued.

#### *Revenue Recognition*

The Financial Accounting Standards Board issued ASC 606 whereas the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The franchise fee revenue is recognized equally over a ten-year period, amortized monthly based on the contract signing date.

The Company's revenues consist of fees from franchises such as initial franchise fees, royalties, marketing fees, area representative fees, and other fees. The franchise fees are initially deferred revenue and recognized monthly. If the contract is signed before the fifteenth day of the month, the entire month of the accrual amount is recognized. If the contract is signed on or after the fifteenth day of the month, half of the monthly accrual is recognized. The royalty revenue and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchise contract. The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document. The initial franchise fee: is not refundable; is typically collected upon contract signing; and, future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract, the remainder of the initial franchise fee may be recognized in the year of termination.

#### *Income Taxes*

The entity is structured as a limited liability company liability company under the laws of the State of Florida and is considered a corporation for federal and state income tax purposes. The Company follows the guidance under Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes, which prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member, not the Company. The Company has not identified any uncertain tax positions. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

## DAPPERTAILS LLC

Notes to the Financial Statements  
February 3, 2025

### NOTE 2 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

### NOTE 3 - FRANCHISE AGREEMENT

The terms of the Company’s franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. All other terms of the Franchise Disclosure Document.

## **Additional Financial Statements (Unaudited)**

The following statement applies to the unaudited portion of the financial statements which follow:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

**DAPPERTAILS LLC**  
**Profit & Loss**  
January through July 2025

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	Jan - Jul 25
Income	0.00
Expense	
Professional Fees	22,433.40
Trade Shows	5,150.00
<b>Total Expense</b>	<b>27,583.40</b>
<b>Net Income</b>	<b>-27,583.40</b>

**DAPPERTAILS LLC**  
**Balance Sheet**  
As of July 31, 2025

---

	<u>Jul 31, 25</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Chase 7361	2,791.60
Total Checking/Savings	<u>2,791.60</u>
Total Current Assets	<u>2,791.60</u>
<b>TOTAL ASSETS</b>	<b><u>2,791.60</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Long Term Liabilities	
Loans Payable Shareholder	10,375.00
Total Long Term Liabilities	<u>10,375.00</u>
Total Liabilities	10,375.00
Equity	
Additional Paid in Capital	19,900.00
Capital Stock	100.00
Net Income	<u>-27,583.40</u>
Total Equity	<u>-7,583.40</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>2,791.60</u></b>

**EXHIBIT E**

**DAPPERTAILS OPERATIONS MANUAL**

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**EXHIBIT F**

**FRANCHISED OUTLETS**

The following is a list of the names of all franchisees and the addresses and telephones numbers of their outlets as of the end of our last fiscal year, December 31, 2024.

**None.**

Franchise Agreements Signed But Outlet Not Open as of December 31, 2024:

**None.**

**List of Former Franchisees**

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**None.**

**EXHIBIT G**

**STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT AND  
FRANCHISE AGREEMENT**

The following State Specific Addendum applies to the DapperTails Disclosure Document and may supersede certain portions of the Franchise Agreement and all related agreements.

The provisions of this State Specific Addendum apply only to those franchisees residing or operating a DapperTails business in the following states: New York, Illinois, Virginia, or Washington.

## NEW YORK

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

### 1. Cover Page

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “**Summary**” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “**Summary**” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT AND/OR MULTI-UNIT DEVELOPMENT AGREEMENT.**

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address	Address
Date	Date

**ILLINOIS**

Illinois law governs the Franchise Agreements.

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Item 5 of the Franchise Disclosure Document, Section 4.1 of the Franchise Agreement and Section 4 of the Multi-Unit Development Agreement are modified with the addition of the following language:

“Payment of the Initial Fees will be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced business operations. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.”

**THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT AND/OR MULTI-UNIT DEVELOPMENT AGREEMENT.**

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address	Address
Date	Date

**VIRGINIA**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

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

**THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT AND/OR MULTI-UNIT DEVELOPMENT AGREEMENT.**

<b>Franchisor</b>	<b>Franchisee</b>
Signature	Signature
Name Chris Elias	Name
Title CEO	Title
Address	Address
Date	Date

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such

provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
  
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
  
19. **Deferral of All Initial Franchise Fees.** Item 5 of the Franchise Disclosure Document and Section 2.1 of the Franchise Agreement are amended to add: “the Franchisor will defer collection of all initial franchise fees until the Franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business.”
  
20. **Acknowledgments and Representations.** Section XXVI of the Franchise Agreement does not apply in Washington.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**EXHIBIT H**  
**STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<b>State:</b>	<b>Effective Date:</b>
California	
Hawaii	
Illinois	April 25, 2025
Indiana	
Maryland	
Michigan	April 21, 2025
Minnesota	
New York	April 23, 2025
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**  
**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Dappertails LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise 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.

If Dappertails 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
<input checked="" type="checkbox"/> Chris Elias, 4575 Artesa Way South, Palm Beach Gardens, FL 33418; (888) 808-5475
<input checked="" type="checkbox"/> Emily Elias, 4575 Artesa Way South, Palm Beach Gardens, FL 33418; (888) 808-5475
<input type="checkbox"/> _____

Issuance Date: March 3, 2025

I received a Disclosure Document dated March 3, 2025, that included the following Exhibits:

EXHIBIT A: List Of State Franchise Administrators And Agents For Service Of Process

EXHIBIT B: Franchise Agreement

ATTACHMENT 1: Territory

ATTACHMENT 2: Disclosure of Principals

ATTACHMENT 3: Personal Guaranty

ATTACHMENT 4: Confidentiality and Non-Competition (owners/managers)

ATTACHMENT 5: Example Forms: Confidentiality and Non-Competition (employees); Release; Bank Authorization; and optional Call Center Addendum

EXHIBIT C: Multi-Unit Development Agreement

EXHIBIT D: Financial Statements

EXHIBIT E: Operations Manual Table of Contents

EXHIBIT F: Outlets as of the date of this Disclosure Document

EXHIBIT G: State Addenda

EXHIBIT H: State Effective Dates  
EXHIBIT I: Receipt

Date:
Name:
Signature:

SIGN AND RETURN TO US

## RECEIPT

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Date:
Name:
Signature:

KEEP FOR YOUR RECORDS