

FRANCHISE DISCLOSURE DOCUMENT



PetWell Franchisor LLC
a Delaware Limited Liability Company
555 West Jackson Avenue
Knoxville, Tennessee 37902
(865) 309-5818 care@petwellclinic.com
www.petwellclinic.com

Franchisees will establish and operate a business that will manage a walk-in veterinary wellness, preventive and minor illness care clinic that specializes in accessible, affordable, and convenient care for dogs and cats, under the marks PETWELL® and PETWELLCLINIC®.

The total investment necessary to begin operation of a PETWELL® franchise ranges from \$286,450 - \$498,450. This includes \$40,000 - \$49,250 which must be paid to the franchisor or affiliate.

The total estimated investment necessary to begin operation of a PETWELL® multi development business ranges from \$366,450 to \$578,450 for a required minimum of three PETWELL outlets to be developed. This includes \$129,250 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dr. Sam Meisler, 555 West Jackson Avenue, Knoxville, Tennessee – sam@petwellclinic.com (865) 696-2370.

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

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

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

Issuance Date: November 1, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Tennessee. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Tennessee than in your own state.
2. **Spousal Liability.** Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for a good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attn: Franchise
525 West Ottawa Street
Williams Building, 1st Floor
Lansing, Michigan 48933
Telephone Number: (517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written, and you will agree in the Franchise Agreement to abide by its terms.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “PetWell”, “we”, “our” or “us” means the franchisor, PetWell Franchisor LLC. “You” means the franchisee who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, “you” may also refer to its owner. We are a Delaware limited liability company that was formed on July 2, 2020. Our principal business address is 555 West Jackson Ave., Unit 304, Knoxville, Tennessee 37902. Our agents for service of process are listed on Exhibit F. We began offering franchises as of August 17, 2020. We have never offered any other franchises in any other line of business. We are not currently engaged in any other business activities.

The Franchised Business

We franchise the right to operate a business that will manage a walk-in veterinary wellness and care clinic that specializes in accessible, affordable and convenient wellness, preventive and minor illness care for dogs and cats under the Marks (defined below) and the System (defined below) (a “Clinic”). Clinics will operate under the marks PETWELL® and PETWELLCLINIC®, and related names, trademarks, service marks, logos, copyrights, designs, emblems, slogans, commercial symbols and other indicia and associated goodwill now or hereafter designated for use by us in connection with the System (the “Marks”). Clinics will operate using distinctive proprietary operating procedures, methods and standards that we will license to you during the term of the Franchise Agreement (the “System”).

Management Company Franchise – Two-Tier System

In some states, applicable law requires us to franchise to an entity that does not render veterinary medicine services. In such states, the franchisee will be a management company (a “Management Company”) that in turn will render management services using the Marks and System to a licensed professional entity, such as a professional corporation or professional limited liability company (a “PC”). In this structure, the PC will render all veterinary medicine services associated with the Clinic and the Clinic will be managed by the Management Company that is owned by the franchisee. Consistent with a Memorandum of Understanding (“MOU”), a sample of which is attached at Exhibit I of this disclosure document, we will enter into our standard franchise agreement (“Franchise Agreement”) with the Management Company and the Management Company will enter into a Clinic Management Agreement with the PC. We call this arrangement a “Two-Tier System”.

The PC with whom the Management Company contracts in a Two-Tier System may be establishing its own veterinary practice for the first time or may be converting an existing veterinary practice to a Clinic. As a franchisee, you will establish the location of the Clinic and will provide administrative and support services to the PC through the Management Company, in a manner consistent with our System and the Clinic Management Agreement. The Management Company will not render veterinary medicine services.

Our form of Franchise Agreement is attached as Exhibit A to this disclosure document, and our recommended Clinic Management Agreement is attached as Exhibit C to this disclosure document. Subject to our review and final approval, and subject to applicable law, you may negotiate with the PC and modify certain portions of the Clinic Management Agreement. You are

solely responsible for ensuring that the Clinic Management Agreement, the Management Company and the PC always comply with all applicable laws.

Direct Franchise – One-Tier System

In states that do not require a Two-Tier System, we will enter into the Franchise Agreement directly with the individual or entity that owns and operates the Clinic. We call this arrangement a “One-Tier System”. There is no Management Company or PC in a One-Tier System.

Development Rights

If qualified, we may grant you development rights according to our development rights agreement included with this disclosure document at Exhibit H (“Development Agreement”). The Development Agreement includes an exclusive territory in which developers may establish multiple franchises (at least 2) in accordance with a development schedule that we and the developer establish at the time the Development Agreement is signed. Each franchise developed under a Development Agreement is granted under a separate franchise agreement (on our then-current form, which may contain materially different terms from the Franchise Agreement included in this disclosure document).

The Franchisor’s Parent, Predecessors and Affiliates

Our parent, PetWellClinic Franchise Holdings LLC (“PWH”) shares our principal business address. Our predecessor is PetWellClinic Franchisor LLC which was the franchisor of the PetWellClinic System from November 15, 2017, to June 16, 2020, and granted 1 franchise to operate in Tennessee. This franchise agreement has been assigned by PetWellClinic Franchisor LLC to us. PetWellClinic Franchisor LLC is a Tennessee limited liability company, and its principal business address is 555 West Jackson Ave., Unit #304, Knoxville, TN 37902. PetWellClinic Franchisor LLC underwent a name change in March 2020 and is now known as PetWell IP LLC and is an affiliate of ours. PetWell IP LLC owns the Marks and licenses us the right to use and license these Marks to our franchisees. Neither we nor our predecessors have ever operated any Clinics, but we reserve the right to open and operate Clinics in the future. PWH has never offered franchises in any line of business, and PetWellClinic Franchisor LLC, now known as PetWell IP LLC, has never offered franchises in any other line of business.

Our affiliate, PetWellClinic, LLC, has operated Clinics since May 2012. As of the issuance date of this disclosure document, PetWellClinic, LLC owns and operates 4 Clinics in Tennessee. In January 2010, PetWellClinic was founded and until May 2012, was owned and operated by My Pet’s Animal Hospital, Inc., which was owned by Sam and Julie Meisler. The principal business address of PetWellClinic, LLC is 10549 Kingston Pike, Knoxville, Tennessee 37922. In addition, our affiliate, easyDVM, LLC, a Tennessee limited liability company, has licensed its proprietary cloud-based veterinary practice software system to franchisees and to other third parties since June 2016. The principal business address of easyDVM, LLC is 555 West Jackson Ave., Unit 304, Knoxville, Tennessee 37902. Neither PetWellClinic, LLC nor easyDVM LLC has ever offered franchises in any line of business.

Our affiliate, Westside NJ Petwell, LLC, has operated Clinics since June 2021. As of the issuance date of this disclosure document, Westside NJ Petwell, LLC owns and operates 3 Clinics in New Jersey. Westside NJ Petwell, LLC’s principal business address is 2290 Route 22, Union, New Jersey 07083. Westside NJ Petwell, LLC has never offered franchises in any line of business.

Through control with funds managed by Westside LLC, a New York-based investment firm, we are affiliated with the following 2 franchise programs, neither of which has ever operated a PetWellClinic franchise:

XD Coffee, LLC is a franchisor that offers franchises for the sale of espresso and related coffee products and services to offices and workplaces and cold brew to consumers under the “XPRESSO DELIGHT®” name. XD Coffee, LLC’s principal business address is 155 Second Street, Jersey City, New Jersey 07302. XD Coffee, LLC’s predecessor, began franchising in 2013. As of June 30, 2023, there were 14 franchised outlets and 2 company-owned outlets operating within the United States. XD Coffee, LLC has not offered franchises in any other line of business. XD Coffee, LLC is not obligated to provide products or services to you; however, you may purchase products or services from XD Coffee, LLC if you choose to do so.

Payroll Vault Franchising, LLC is a franchisor that offers franchises for the sale of software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, independent contractor check writing and reporting, and related human capital management and workforce management services under the “Payroll Vault®” name. Payroll Vault Franchising, LLC’s principal business address, is 1860 Littleton Boulevard, Littleton, Colorado 80120. Payroll Vault Franchising, LLC, began franchising in July 2012. As of June 30, 2023, there were 54 franchised outlets and 3 company-owned outlets operating within the United States. Payroll Vault Franchising LLC has not offered franchises in any other line of business. Payroll Vault Franchising, LLC is not obligated to provide products or services to you; however, you may purchase products or services from Payroll Vault Franchising, LLC if you choose to do so.

Market and Competition

The general market for the veterinary services offered by a Clinic is growing and competitive and while there are a few regional and local competitors offering the same suite of services as PetWellClinics do, there are few national competitors at this time.

Regulatory Matters

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

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

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

ITEM 2

BUSINESS EXPERIENCE

Dr. Sam Meisler: Founder and Chief Executive Officer

Dr. Meisler has been our Chief Executive Officer since July 2020. He also has been the Chief Executive Officer for PWH in Knoxville, Tennessee since June 2020. He also has been the Chief Executive Officer of PetWellClinic LLC in Knoxville, Tennessee from April 2012 to present. Previously, he was the Chief Executive Officer and veterinarian for My Pet's Animal Hospital, Inc. in Knoxville, Tennessee from January 2005 to April 2022. Dr. Meisler is based in Knoxville, Tennessee.

Hunter Little: Chief Operations Officer

Mr. Little has been our Chief Operations Officer since June 2021. He also has been the Franchise Operations Officer for PWH in Knoxville, Tennessee since June 2020. Prior to that, Mr. Little was our Franchise Operations Officer from July 2020 to June 2021. Before that, he was the Director of Business Development and Franchising for PetWellClinic Franchisor LLC in Knoxville, Tennessee from June 2019 to June 2020. Prior to that, he was a Key Leader/Community Manager for Lululemon in Washington, DC from March 2018 to June 2019. Mr. Little is based in Silverton, Colorado.

Julie A. Meisler: Director

Ms. Meisler has been a Director since September 2020 and an Administrator for PetWellClinic since 2010. Previously, Ms. Meisler was an Administrator for My Pet's Animal Hospital, Inc. in Knoxville, Tennessee from 2004 to April 2022. Ms. Meisler is based in Knoxville, Tennessee.

Matt Wilhelmsen: Director

Mr. Wilhelmsen has been a Director since September 2020. Mr. Wilhelmsen has also been the Owner of Matt Wilhelmsen Coaching in Bend, Oregon since October 2020. Before that, Mr. Wilhelmsen was a Business Coach for EMyth in Bend, Oregon from October 2013 to October 2020. Mr. Wilhelmsen is based in Bend, Oregon.

Michael Abdy: Director

Michael Abdy has served as a Board Member of PetWell since December 2023. He is also the CEO and Managing Director of Abaco, a New Jersey-based investment firm focused on the lower middle market. From 2021 until 2023, he was the Chairman of BCC Franchising, LLC. From 2019 to 2021, he was the chairman of Master Companies, Inc and PM Franchising, LLC. From 2017 until 2019, he was a Managing Director at ILONA Capital in New York, New York.

Steve Nave: Director

Mr. Nave has been a Director since July 2020. He also holds the following positions: Managing Member, Kingsley-Malta Capital in Eden Prairie, Minnesota from April, 2019 to present; co-founder and Board Member of J3st Gaming in Eden Prairie, Minnesota from December, 2019 to present; Board Member of Break Coffee from October, 2020 to present. Mr. Nave previously served as Chief Financial Officer & Chief Operating Officer of Funko, Inc., Executive Chairman of Imperfect Foods, Board Member of Libbey, Inc., Chief Executive Officer, Director, Advisor for Bluestem Brands in Eden Prairie, Minnesota from August 2017 to November 2019.

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

Franchisees pay a \$49,250 initial franchise fee in a lump sum when the Franchise Agreement is signed. For the second and each additional PetWell Franchise Agreement that you sign, the initial franchise fee will be reduced to \$40,000. The initial franchise fee is uniform and nonrefundable.

We charge a technology fee on a monthly basis beginning 90 days after the lease for the Clinic is signed. The technology fee includes business management and POS software subscription. If you do not open your Clinic within 90 days after signing the lease, you will pay us or our affiliate monthly technology fees before opening. The technology fee is currently \$350 per month but may increase upon 30 days' notice to you; however, the technology fee will not exceed

\$700 per month. Currently, we expect that franchisees will pay pre-opening technology fees ranging from \$0 to \$1,400. The technology fees are not refundable under any circumstance.

We also charge a communications fee on a monthly basis. The communications fee includes texting services, phone tree services, and other communications services that we may periodically require. We begin charging the communications fee as soon as you obtain the phone number for your Clinic, which typically occurs approximately 2 weeks to 3 months before opening the Clinic. If you open the Clinic more than 1 month after obtaining the phone number for your Clinic, you will pay us or our affiliate monthly communications fees before opening. The communications fee is currently \$100 per month but may increase upon 30 days' notice to you; however, the communications fee will not exceed \$500 per month. Currently, we expect that franchisees will pay pre-opening communications fees ranging from \$0 to \$300. The communications fees are not refundable under any circumstance.

Before you open the Clinic for business, we will provide an initial training program for you, your manager, and up to 1 additional person with "franchise manager" software access at no charge. At your option, additional personnel may attend the initial training program, but we may charge a fee for each additional participant. We currently charge \$400 per day for each additional staff member. In addition, if you schedule any on-site training less than 2 weeks in advance of the commencement of such training, you will be responsible for all of our costs and expenses incurred while we provide on-site training at your Clinic (currently estimated to be \$1,000 to \$5,000). Training fees and expenses are not refundable under any circumstance.

Development Rights Agreement

The Development Fee is an amount equal to \$129,250 for a required minimum of three (3) Petwell clinics you are to develop under the Multi-Unit Development Agreement, plus \$20,000 for each additional Petwell clinic you agree to develop. The Development Fee is fully earned by us and due in lump sum when you sign the Multi-Unit Development Agreement. The Development Fee is not refundable under any circumstance.

Upon execution of the Multi-Unit Development Agreement, you also will sign a franchise agreement and pay the initial franchise fee of \$49,250 for your first Clinic. The initial franchise fee for each additional Clinic you will develop is \$40,000. When you sign the Development Agreement, you must pay the Development Fee. The amount of the Development Fee is equal to the sum of the initial franchise fees due for the second and third Clinics and fifty percent (50%) of the initial franchise fee for the fourth and any additional Clinics that you will be developing under the Development Agreement.

You will sign a separate franchise agreement (on our then-current form, which may contain materially different terms from the Franchise Agreement included in this disclosure document) for each additional Clinic established under the Development Agreement before you begin operations of each Clinic.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Sales	Weekly on Monday for the previous week	See Note 1.
Marketing Services Fund Contribution	Currently, 1% of Gross Sales; not to exceed 2% of Gross Sales	Weekly on Monday for the previous week	We will give you 30 days' written notice before any increase to the Marketing Services Fund Contribution. The Marketing Services Fund Contribution will not exceed 2% during the term of your Franchise Agreement. See Note 1.
Advertising Cooperatives	Up to 1% of Gross Sales	Payable weekly	We reserve the right to require you to participate in local and/or regional advertising cooperatives.
Additional Training	\$400/day plus our costs and expenses	As incurred. See Note 2	At your option and upon not less than 35 days' prior written notice to us. Training will be held at a location designated by us. See Note 2.
Refresher Training	\$400/day	As incurred	As required by us from time to time at locations designated by us. See Note 2.
Additional Assistance	\$400/day	As incurred	
Technology Fee	\$350/month	First Monday of each month	Payable to us or our designee for the use of our designated business management software, POS software, and other technology services that we may periodically require. We may periodically increase this fee upon 30 days' notice to you but this fee will never exceed \$700 per month.

Type of Fee	Amount	Due Date	Remarks
Communications Fee	\$100/month	First Monday of each month	Payable to us or our designee for the use of texting services, phone tree services, and other communications services that we may periodically require. We may periodically increase this fee upon 30 days' notice to you, but this fee will never exceed \$500 per month.
Annual Convention Fee	Not to exceed \$1,000	As incurred	You also must pay for the incurred travel, lodging, meals, wages, and other expenses for you and your attendees. See Note 3.
Transfer Fee	\$2,500	At time of transfer	
Commission on Transfer	10% of gross transfer price (excluding the price of real estate, if any)	At time of transfer	This amount must be paid to us if we obtain the transferee for you.
Renewal Fee	\$2,500	90 days before the expiration of Term	
Audit Fee	All costs and expenses associated with audit	Upon receipt of invoice	
Interest on Late Payments	1.5% per month or the highest applicable rate allowed by law	As incurred	
Late Fee	\$250 per occurrence	As incurred	In addition to interest charge.
Management Fee	20% of Monthly Gross Sales	As incurred	Upon death or disability.
Costs and Attorneys' Fees	Vary under circumstances	As incurred	

Type of Fee	Amount	Due Date	Remarks
Indemnification	Vary under circumstances	As incurred	You must indemnify and reimburse us for our costs if we are sued or held liable in any case having to do with the operation of the business or your breach of the Franchise Agreement. See Note 4.
Relocation Expenses	All expenses associated with assisting you with relocation, up to \$2,500	As incurred	You may not relocate the Clinic without our prior written consent, which we may grant or deny as we deem best.

All fees are imposed by and are payable to us, unless otherwise noted. We may vary the frequency and method of payment. We may require you to pay fees via electronic funds transfer from your bank account, or by check. All fees are uniformly imposed and are non-refundable, unless otherwise noted.

Notes:

1. If you are operating under a One-Tier System, or a Two-Tier System in which you and the PC do not share common ownership, the term "Gross Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with our policies. If you are operating under a Two-Tier System in which you and the PC share common or identical ownership, "Gross Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic which are received by the Management Company without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with our policies.
2. We provide training to you, your manager (defined in Item 15), and up to 1 additional person with "franchise manager" software access at no charge before you open the Clinic. We do not cover any travel expenses or provide accommodation in connection with any training. We may charge additional fees to provide training to additional persons. You are responsible for all travel and living expenses that you and/or your personnel may incur in connection with initial, additional and refresher training, including the costs of all instructional materials. In addition, you are responsible for our personnel's travel and living expenses if you schedule any on-site training less than 2 weeks in advance of the commencement of such training. If we determine that additional on-site training is necessary, you will be responsible for paying for all travel expenses that we and/or our personnel incur in connection with such training. In addition, we may charge you our then-current training fee (currently, \$400/day) for any additional training.

3. We reserve the right to hold meetings for all PetWellClinic franchisees on a regional, national and/or international basis, for which meetings will not occur more frequently than annually. We will determine the duration, curriculum and location of these meetings. We will choose the location for the franchisee meeting, which may be our headquarters, a conference center or a resort or hotel. We are not required to hold such meetings unless we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your managers, veterinarians and/or other personnel. We reserve the right to charge our then-current training fees for such meetings (currently, \$400/day plus our reasonable costs and expenses but not to exceed \$1,000), and you will be responsible for paying for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.
4. You must fully protect, indemnify, and hold us and our affiliates and associates, licensors, officers, directors, owners, employees, agents, representatives and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of the Clinic (regardless of cause or any concurrent or contributing fault or negligence) or any breach by you or your failure to comply with the Terms and conditions of the Franchise Agreement or Clinic Management Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(Single Unit)

Type	Amount	Method of Payment	Due Date	To whom payment is to be made
Initial Fee	\$49,250	Lump sum	When you sign the Franchise Agreement	Us
Lease Deposit	\$4,000 - \$15,000	As arranged	As incurred	Third parties
Utility Deposits (3 months). See Note 1	\$0 - \$2,000	As arranged	As incurred	Third parties
Design Package. See Note 2	\$2,500 - \$5,000	As arranged	As incurred	Third parties
3 Months' Rent. See Note 3	\$8,000 - \$16,000	As arranged	As incurred	Third parties

Architect Fee. See Note 4	\$5,000 - \$12,000	As arranged	As incurred	Third parties
Leasehold Improvements. See Note 5	\$95,000 - \$135,000	As arranged	As incurred	Third parties
Furniture, Fixtures and Equipment	\$5,000 - \$14,000	As arranged	As incurred	Third parties
Exterior Signage	\$5,000 - \$12,000	As arranged	As incurred	Third parties
Interior Signage, Décor, Branding	\$8,000 - \$12,000	As arranged	As incurred	Third parties
Audio/Visual Equipment, including Computer System	\$3,000 - \$6,000	As arranged	As incurred	Third parties
Technology Fee. See Note 6	\$1,400	As arranged	As incurred	Us or affiliates
Communications Fee. See Note 7	\$300	As arranged	As incurred	Us or affiliates
Initial inventory	\$12,500 - \$25,000	As arranged	As incurred	Third parties
Business Licenses, Permits and Certificates	\$1,000 - \$2,000	As arranged	As incurred	Third parties
Insurance. See Note 8	\$1,500 - \$3,000	As arranged	As incurred	Third parties
Professional fees. See Note 9	\$5,000 - \$25,000	As arranged	As incurred	Third parties
Training Expenses. See Note 10	\$2,500 - \$7,500	As arranged	As incurred	Third parties
Employee Recruitment	\$500 - \$1,000	As arranged	As incurred	Third parties
Veterinarian Recruiting. See Note 11	\$0 - \$25,000	As arranged	As incurred	Third parties

Wages for employees (3 months). See Note 12	\$50,000 - \$100,000	As incurred	As incurred	Third parties
Initial Launch Marketing	\$27,000 - \$30,000	As arranged	As incurred	Third parties
TOTAL	\$286,450 - \$498,450			

All figures in this Item are estimates. Actual costs will vary for each franchisee depending on a number of factors including the size and location of the Clinic, amount of renovation needed, and whether your landlord will provide an allowance for improvements. The amounts payable to us are nonrefundable. Whether other amounts will be refundable depends upon your agreement with the applicable supplier or another party. Unless otherwise noted, the estimates provided in this Item for expenditures are for the pre-opening phase.

We do not offer direct or indirect financing for any portion of your initial investment.

Notes:

1. You may not need to pay any utility deposits during the first 3 months of operation if you are converting an existing veterinary practice to a Clinic.
2. This estimate includes the cost to pay our designated architect to prepare a layout design and finish schedule for your Clinic.
3. This estimate includes rent payments for the first 3 months of your lease (including 1 month of pre-opening rent). Real estate costs vary considerably across different markets and locations. The typical Clinic will need approximately 600 to 1,200 square feet of space, preferably in a strip mall or similar property accessible from local major thoroughfares. Most of the space will be used for patient waiting and service areas. The cost of leasing Clinic space varies with the location and size of the premises and could range from \$15 to \$45 per square foot in annual costs.
4. This estimate includes amounts for an approved architect to complete the engineering, plumbing, electrical and permitting for the Clinic, in accordance with the design package prepared by our designated architect.
5. This estimate includes amounts needed for construction, remodeling, decorating costs and any other leasehold improvements.
6. The technology fee includes business management and POS software subscription. We charge a technology fee on a monthly basis beginning 90 days after the lease for the Clinic is signed. If you do not open your Clinic within 90 days after signing the lease, you will pay us or our affiliate monthly technology fees before opening. The technology fee is currently \$350 per month but may increase upon 30 days' notice to you; however, the technology fee will not exceed \$700 per month. Currently, we expect that franchisees will pay pre-opening technology fees of \$1,400.
7. The communications fee includes texting services, phone tree services, and other communications services that we may periodically require. We charge a communications fee on a monthly basis. We begin charging the communications fee as soon as you obtain the phone number for your Clinic, which typically occurs approximately 2 weeks to 3 months before opening the Clinic. If you

open the Clinic more than 1 month after obtaining the phone number for your Clinic, you will pay us or our affiliate monthly communications fees before opening. Currently, we expect that franchisees will pay pre-opening communications fees of \$300.

8. You must purchase and maintain in full force and effect, at your expense and from a company we approve of, insurance that insures both you and us and any other persons we designate by name.
9. This estimate includes professional fees, such as legal and accounting fees. If you are in a Two-Tier System, your professional fees will likely be higher than if you are in One-Tier System.
10. We provide training to you, your manager, and up to 1 additional person with “franchise manager” software access at no charge before you open the Clinic. We do not cover any travel expenses or provide accommodation in connection with any training. We may charge additional fees to provide training for additional persons (currently, \$400 per day for each additional participant). You are responsible for all travel and living expenses that you and/or your personnel may incur in connection with initial training, including the costs of all instructional materials. In addition, you are responsible for our personnel’s travel and living expenses if you schedule on-site launch week training less than 2 weeks in advance of the commencement of launch week (currently estimated to be \$1,000 to \$5,000).
11. This estimate will vary depending on whether you elect to use a professional recruiter and the number of veterinarians you recruit, if any. You may not need to recruit any veterinarians if you are a veterinarian.
12. This estimate includes payroll costs, including veterinarian salaries, for the first 3 months of operation.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(Development Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee ⁽¹⁾ (3 clinics)	\$129,250	Lump Sum payment in cash or available funds.	Upon signing Development Agreement	Franchisor
Other Expenditures for First Shop ⁽²⁾	\$237,200 - \$449,200	See First Table	See First Table	See First Table
Total	\$366,450 - \$578,450			

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

¹ Please see Item 5, which provides information about the Development Fee calculation and application of the Development Fee. Our estimate assumes you will develop three clinics.

² These are the estimates to build-out your first outlet. Costs associated with building out additional outlets are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

If you sign the Development Agreement, you must pay the Development Fee. Your estimated initial investment will be the same as set forth in this Item 7 except for the payment of the Development Fee which includes the initial franchise fee for each additional Clinic. The amount of the Development Fee is calculated by multiplying the number of Clinics you agree to establish and operate in accordance with the development schedule by the applicable initial franchise fee for each Clinic. The initial franchise fee for the second and each additional Clinic developed under the Development Agreement is \$40,000.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all advertising materials from us or our approved suppliers to ensure the uniformity and quality of the advertising. In addition, any equipment, products, inventory, or other items that bear the PETWELL or PETWELLCLINIC logo or have the words “PETWELL” or “PETWELLCLINIC” in them must be bought from us or our approved suppliers. All such supplies must be ordered and delivered through approved suppliers and vendors. You must acquire the business management and POS software from our affiliate, easyDVM, LLC, and our affiliate is the only approved supplier for the business management and POS system. Some of our officers own an interest in easyDVM, LLC. You must also purchase a design package from our designated architect prior to opening the Clinic.

You must purchase all laboratory services, medical supplies, vaccines, parasite control products, and devices, equipment, inventory and all other items used in the Clinic from suppliers we have approved to ensure the quality and uniformity of products and services in the PetWellClinic franchise system. All product specifications and lists of approved suppliers will be included in the operations manual (the “Operations Manual”). We issue and modify our standards and specifications based on our and our predecessor’s experience in franchising, and our affiliate’s experience in operating Clinics. Other than as described in this Item 8, neither we nor our affiliates are currently approved suppliers, though we reserve the right to require you to purchase additional items from us or our affiliates in the future.

We may negotiate purchase arrangements with suppliers and vendors for the benefit of franchisees, in order to obtain the best price using the buying power of the combined franchises. We evaluate suppliers for quality of product, overall pricing of product, ability to deliver product, and shipping costs.

We have negotiated arrangements with suppliers to pay us and/or our affiliates rebates ranging from 1% to 25% of invoice costs for certain equipment, products, and services that franchisees buy from those suppliers. We and our affiliates may in the future derive additional revenue or other material consideration as a result of required purchases by franchisees from authorized third-party suppliers. We and our affiliates may, and intend to, retain any rebates or other payments we and/or they receive from suppliers without restriction.

We and our affiliates may, and intend to, receive revenue or profits or other material consideration from the purchases you make from us or our affiliates. During the last fiscal year,

which ended June 30, 2024, we derived revenues of \$126,504.35 from franchisees for leases, purchases or services and products from us, which represents approximately 10.3% of our total revenues of \$1,223,900.

Other than potentially discounted pricing, we do not provide material benefits to any franchisee based on the use of suppliers approved by us. There are currently no purchasing or distribution cooperatives that serve our franchisees.

We do provide specific criteria for supplier approval or revocation to franchisees in the Operations Manual and we may permit franchisees to contract with alternative suppliers who meet our criteria for approved suppliers but have not been specifically approved by us. We do not charge a fee for approving additional approved suppliers, but our approval will be based on the ability of the suppliers to ensure the quality and uniformity of products provided to the Clinics. If you submit materials of a supplier to us for approval, we will notify you of the supplier's approval or disapproval within 60 days of receiving all required materials. Our approval may be temporary, and we may revoke our approval of a product, service or supplier at any time if such product, service or supplier does not continue to meet our criteria.

You may not use, or permit the use of, any unauthorized names, trade names or service marks in connection with the Clinic.

We will either assist in the site selection of the Clinic or you must obtain our approval of the proposed site of the Clinic.

You must obtain the insurance coverage required by the Franchise Agreement from a carrier approved by us, which insures you, us as an additional insured, and any other persons we designate by name. The insurance policies must meet the specifications set forth in the Operations Manual. The required insurance coverage must commence as of the date of the Franchise Agreement. Coverage for all insurance required under the Franchise Agreement must include all claims, injuries, harms, or losses that may occur, arise, or be asserted at any time, even after termination, expiration, or cancellation of the Franchise Agreement, arising from or relating to the franchise and the Clinic. You must use insurance carriers that are rated A- or better by A.M. Best and Company, Inc. Insurance policies must include at a minimum the following, in accordance with our written standards and specifications:

Commercial General Liability	\$1,000,000 each occurrence \$2,000,000 annual aggregate
Workers' Compensation	As required by law
Professional Liability (in a One-Tier System)	\$1,000,000 each occurrence \$2,000,000 annual aggregate

We estimate that the required purchases and leases described in this Item will constitute approximately 90% of all purchases and leases you will incur to establish the Clinic and approximately 90% of all purchases and leases you will incur to operate the Clinic.

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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Section in DRA</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	Sections 3(a) and (b)	N/A	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3(e), 8(d) and 10	NA	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3(c), (d), (e), (f), and (g)	Section 5	Items 7 and 11
d. Initial and ongoing training	Section 7(a)	N/A	Item 11
e. Opening	Section 3(g)	Section 2	Item 11
f. Fees	Sections 5(d), 6, 7(a)(iii), 10, 14(b) and 29	Section 4	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 3(c), (d), (e), (f), 7(b), 8(b), 9, 10 and 11	Section 8	Item 11
h. Trademarks and proprietary information	Sections 1, 9(c), 12 and 17(b)	Section 12	Items 13 and 14
i. Restrictions on products/services offered	Sections 9(a) and (c)	Section 12	Items 8 and 16
j. Warranty and customer service requirements	Section 9(a)(i)	NA	Item 11
k. Territorial development and sales quotas	Section 2(b) and Exhibit A	Section 2	Item 12
l. Ongoing product/service purchases	Section 9(a)	NA	Item 8

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Section in DRA</u>	<u>Disclosure Document Item</u>
m. Maintenance, appearance and remodeling requirements	Sections 9(d) and (e)	NA	Item 11
n. Insurance	Section 10	NA	Item 8
o. Advertising	Section 8	NA	Item 6 and 11
p. Indemnification	Section 11	Section 12	Item 6
q. Owner's participation/management/staffing	Sections 1(a), 9(d), 9(h), and 9(n)	Section 2	Item 1 and 15
r. Records/reports	Sections 9(f) and (j)	NA	Item 6
s. Inspections/audits	Section 9(i)	NA	Item 6
t. Transfer	Section 14	Section 11	Item 17
u. Renewal	Section 5	NA	Item 17
v. Post-termination obligations	Section 17	Section 10	Item 17
w. Non-competition covenants	Section 13	Section 12	Item 17
x. Dispute resolution	Section 25	Section 12	Item 17
y. Other: Personal Guaranty of franchisee and spouse and owner agreements	Exhibits B and D of the Agreement	NA	Item 22

ITEM 10

FINANCING

We do not offer financing to you, either directly or indirectly. We do not guarantee your note, lease or other obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, PetWell Franchisor LLC is not required to provide you with any assistance.

Before you begin to operate the Clinic, we will provide:

(1) Evaluation of the location you propose for the Clinic. We will either assist in helping you select a location, or you may select the location for the Clinic subject to our consent in writing. You must obtain this consent before signing a lease or contract for the site. We do not own the site and lease it to you. In general, the factors which we may consider are set forth in the Operations Manual, but include the general location, neighborhood and zoning of the site, demographic information about the surrounding area including population density, occupancy costs, locations of any similar or complementary businesses and potential for encroachment, proximity to major retail activity, traffic volume, speed and flow, parking, rent, size, layout and such other information as we may require. (See Franchise Agreement, Section 3(a)).

We must approve or disapprove your proposed site within 30 days after receiving a request for approval. If you and we cannot agree on a proposed site, then you must find another site and request our approval. You must obtain our approval of the site within 120 days after signing the Franchise Agreement. If you do not do so, your Franchise Agreement may be terminated. (See Franchise Agreement, Section 3(a)). Each proposed site, including sites for future or additional units developed under a Development Agreement, must meet our then-current site selection criteria for Clinics.

(2) Designated architect and architectural guidelines, color schemes and motifs that meet our uniform appearance and functionality standards. You must construct and/or remodel the Clinic in accordance with local ordinances and building codes and obtain required permits, at your expense. You must submit plans and specifications to us for review before you submit them to any governmental authorities for approval. We may provide advisory assistance regarding your plans and specifications at your expense. (See Franchise Agreement, Section 3(c)).

(3) Advisory assistance in determining the details of appropriate construction, equipment and fixtures for the Clinic at your expense. (See Franchise Agreement, Section 3(c) and (d)).

(4) Advisory assistance with the purchase of or lease of equipment, inventory and supplies from suppliers and in some instances, written specifications for these items. We do not provide any equipment, inventory, or supplies for the Clinic's development directly or deliver or install such items. We will provide the names of approved suppliers and/or written specifications for certain items. (See Franchise Agreement, Section 3(e), 3(f), 9(a), and 9(h)).

(5) Advisory assistance with, and approval of, opening the Clinic, including advising you with regard to certain mandatory opening equipment and inventory. (See Item 8 and Franchise Agreement, Section 3(e), 3(f), 3(g), and 9(a)).

(6) Advisory assistance with a grand opening marketing campaign to be conducted at your expense. (See Franchise Agreement, Section 8(d)).

(7) Guidelines for staffing the Clinic. Before the Clinic opens for business or anytime thereafter that a new associate doctor is hired, the associate doctor must complete initial training to our satisfaction. Periodically, we may also make various mandatory and optional training programs available to you, the PC and its veterinarians, as applicable. Currently, each of the Clinic's veterinarians must complete at least 50% of all webinars training that we provide to you each year. We expect to provide approximately 4 webinar trainings each year. We may also require you to conduct training programs for the Clinic through approved trainers. These programs may be conducted, with our approval, in a Clinic or other site, or through the Internet or other electronic media. You must timely and successfully complete and require the PC and all veterinarians (where applicable) to timely and successfully complete all training that we designate as mandatory. (See Franchise Agreement, Section 9(f)).

Once a franchise is awarded, you will not be charged a fee for the initial franchisee training program, but you are responsible for all costs incurred, including travel and accommodations to attend the program. You may be charged for additional mandatory and optional training, as applicable. You will also be required to complete annual refresher courses. The current fee for refresher training is \$400 per day. For all ongoing training, you and the PC (where applicable) will be responsible for the cost of providing training to Clinic personnel, including the cost of materials and salaries. We will not train your personnel and will not manage any of your or the PC's personnel. If we determine that additional on-site training is necessary, you will be responsible for paying for all travel expenses that we and/or our personnel incur in connection with such training. In the event that the Clinic repeatedly fails to meet our standards, we may require you to participate in additional training programs at a cost of \$400 per day, and you may be required to reimburse us for the costs of providing such training.

Below is a summary of the initial PetWell Training Program that is provided to all franchisees at no additional cost. We offer the initial PetWell Training Program on a monthly basis.

TRAINING PROGRAMS

Phase One: PetWellClinicUniversity Online Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF IN-CLINIC TRAINING	LOCATION
The Practice Manual	6 hours	N/A	Online
PetWellClinic Software	3 hours	N/A	Online
How to Use Slack	1 hour	N/A	Online
Safety Training	1 hour	N/A	Online
Veterinarian Training	3 hours	N/A	Online
Veterinary Assistant Training	4 hours	N/A	Online
Manager Training	1 hour	N/A	Online

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF IN-CLINIC TRAINING	LOCATION
Clinic Efficiency Tips	.75 hours	N/A	Online
Safe and Sound Training	10 hours	N/A	Online
TOTAL	29.75 hours	0 hours	

Phase Two: PetWellClinic Headquarters Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF IN-CLINIC TRAINING	LOCATION
PetWellClinic Operations	7 hours	9 hours	Knoxville, Tennessee
PetWellClinic Software/POS Training	2 hours	1 hour	Knoxville, Tennessee
Customer Service	1 hour	1 hour	Knoxville, Tennessee
Inventory Management	1 hour	1 hour	Knoxville, Tennessee
Team Training	1 hour	1 hour	Knoxville, Tennessee
Management Training	4 hours	1 hour	Knoxville, Tennessee
Quizzes and Tests	2 hours	N/A	Knoxville, Tennessee
TOTAL	18 hours	14 hours	

Phase Three: Launch Week Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF IN-CLINIC TRAINING	LOCATION
Pre-Launch Worksheets	4 hours	N/A	On-site at franchise location, prior to launch week visit
PetWellClinic Software/POS Training	N/A	3 hours	On-site at franchise location
Skills Evaluation	N/A	3 hours	On-site at franchise location
Client Scenarios	N/A	3 hours	On-site at franchise location

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF IN-CLINIC TRAINING	LOCATION
Operations	N/A	3 hours	On-site at franchise location
TOTAL	4 hours	12 hours	

Instructional materials provided with training include the Operations Manual, handouts, and other materials, including training lesson plans, books and other written materials. You must complete Phase One training at least 5 days before the commencement of Phase Two training. For the training at our headquarters, you, your Manager, and each individual who has “franchise manager” software access must attend the training in Knoxville, Tennessee. You are responsible for all costs and expenses incurred while you, your Manager, and any of your other personnel attend the training in Knoxville, Tennessee, including the cost of all instructional materials. In addition, if you schedule any on-site training less than 2 weeks in advance of the commencement of such training, you will be responsible for all of our costs and expenses incurred while we provide on-site training at your Clinic. If you send more than 3 people to this initial training, we have the right to charge a training fee to you (currently, \$400 per day for each additional participant).

Our training instructors are Dr. Sam Meisler, Mr. Hunter Little, Ms. Jacklyn Surret and Ms. Kim McCullough. Dr. Meisler has worked in the veterinarian clinic industry and related computer software and website development and veterinary practice management education since 1991. Dr. Meisler has been our Chief Executive Officer since July 2020 and has been Chief Executive Officer of our affiliate, PetWellClinic LLC, since April 2012. Mr. Little has had 9 years of experience being a veterinarian assistant and has been with us since our inception in July 2020. Mr. Little is currently our Chief Operations Officer. Ms. Surret joined us in March 2021 as a Franchise Support Specialist. Ms. Surret has over 9 years of experience as a veterinarian assistant and over 6 years of experience in the field of veterinarian clinic operational management. Ms. McCullough joined us in March 2021 as a Franchise Support Specialist. Ms. McCullough has over 12 years of experience as a veterinarian assistant and over 6 years of experience in the field of veterinarian clinic inventory management.

You and the PC and all associated veterinarians (where applicable), must attend and complete initial training to our satisfaction at least 1 day before the Clinic opens for business. You will be evaluated during training on your ability to follow our guidelines for establishing and operating the Clinic and espousing the PetWell brand. In addition to the initial training described above, we may require completion of our then-current training program before renewing the Franchise Agreement, if you are granted rights to renew the Franchise Agreement.

At your option and upon not less than 35 days’ written notice to us, you may receive additional training at our training center in Knoxville, Tennessee or at another agreed-upon location. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation and our reasonable costs and expenses including a reasonable training fee at our then-current rates (currently, \$400 per day).

If you request additional training materials or copies of the Operations Manual during the term of the Franchise Agreement, we will provide such materials to you at your sole expense.

We anticipate that franchisees will open the Clinic within 210 days after the date that the Franchise Agreement is signed. The factors that affect this time are locating an approved site, obtaining a lease, construction of improvements to the site, financing, obtaining building permits, zoning and local ordinances, weather conditions, shortages and any delays in installation of equipment, fixtures and signs. Subject to forces beyond your control, if the Clinic is not open and operating within 210 days after the date that the Franchise Agreement is signed, we will have the right to terminate the Franchise Agreement.

During the operation of the Clinic, we will:

(1) Advise and consult with you in connection with the operation of the Clinic (See Franchise Agreement, Section 7(c)).

(2) Assist you in resolving problems you may incur related to the franchise including, (See Franchise Agreement, Section 7(c)).

(3) Maintain approved vendors, products and services for the Clinic (See Franchise Agreement, Section 7(d)).

(4) Loan you our Operations Manual, which we may amend periodically. (See Franchise Agreement, Section 7(b)).

(5) If we determine that we may lawfully require certain minimum or maximum prices for products or services, you must adhere to our pricing policies as set forth in the Operations Manual. Otherwise, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale. (See Franchise Agreement, Section 2(e)).

We have the right to periodically delegate the performance of any portion of our obligations under the Franchise Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

Computer System

We require you to purchase or lease hardware and software used for communications, accounting, clinic operations, client/patient transactions, invoices, medical records and recordkeeping. We estimate that the costs of purchasing or leasing the required electronic computer systems will be between \$2,000 and \$5,000. You also must acquire the business management and POS software from our affiliate, easyDVM, LLC, and our affiliate is the only approved supplier for the business management and POS system. Neither we nor our affiliates have the contractual right or obligation to provide maintenance, repairs, upgrades or updates for the computer system.

We will have independent access to the information processed and tracked by the computer systems, and we require monthly profit and loss reports, as well as quarterly balance sheets, e-mailed to us. There are no contractual limits on our rights to access this information.

You will be required to maintain computer hardware that is up-to-date and compatible with the PetWell software suite. We may require you to upgrade your computer systems during the term of the Franchise Agreement and we estimate that the cost of any upgrade should not exceed \$4,000.

We also require you to use third-party software from our approved suppliers. For any proprietary software or third-party software that we require you to use, you must execute any software license agreements or any related software maintenance agreements that we, our affiliates, or the third-party licensor of the software requires. Currently, we require you to pay us a technology fee of \$350 per month, which covers the monthly subscription costs for the business management and POS software from our affiliate, easy DVM, LLC. We may periodically increase the technology fee upon 30 days' notice to you, but the technology fee will never exceed \$700 per month.

Advertising

We administer and control a marketing fund for the purpose of promoting the System as a whole and increasing the goodwill of the Marks (the "**Marketing Services Fund**"). Currently, we require you to contribute 1% of Gross Sales to the Marketing Services Fund but may increase this contribution in the future, upon 30 days' written notice to you. However, the contribution will not exceed 2% of Gross Sales during the term of your Franchise Agreement. Other franchisees may contribute to the Marketing Services Fund at different rates due to the form of franchise agreement they signed with us.

We may elect to disseminate marketing and advertising content through Internet-based mediums and social media and print media such as magazines, billboards, flyers, mailers and newspapers. We may use the Marketing Services Fund to cover our in-house costs or the costs of outside agencies in the development, production and dissemination of marketing materials. We may also use the Marketing Services Fund to develop promotional and advertising materials for your use, provide sales training or printed materials to assist you, or in connection with charitable or community service events. The Clinics that we or our affiliates operate are not required to contribute to the Marketing Services Fund on the same basis as our franchisees. Currently, certain of our affiliate-owned Clinics contribute 1% or 2% of Gross Sales to the Marketing Services Fund.

The Marketing Services Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Services Fund or any other reason. The Marketing Services Fund may spend in any fiscal year more or less than the total Marketing Services Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Services Fund Contributions to pay costs before using the Marketing Services Fund's other assets. We may incorporate the Marketing Services Fund or operate it through a separate entity whenever we deem it appropriate. The successor entity will have all of the rights and duties specified here.

At any time, we may defer or reduce the franchisee's contributions to the Marketing Services Fund. Upon at least 30 days' written notice to you, we may reduce or suspend Marketing Services Fund Contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Services Fund. If we terminate the Marketing Services Fund, we will (at our option) either spend the remaining Marketing Services Fund assets consistent with the provisions of this Item 11 or distribute the unspent assets to PetWellClinic operators (including us and our affiliates, if applicable) then contributing to the Marketing Services Fund in proportion to their contributions during the previous 12-month period.

We will prepare periodic unaudited financial reports on the Marketing Services Fund and they will be available to you upon written request. Any amounts in the funds not spent for one

year will carry over to the next year. We will not use any Marketing Services Fund contributions principally to solicit new franchise sales. Fund contributions are neither separately accounted for nor audited.

We intend to use the Marketing Services Fund to promote the System as a whole and increase the goodwill of the Marks. We do not have any obligation to make expenditures that are proportionate or equivalent to your Marketing Services Fund contributions in the market area of your Protected Area, nor do we guarantee that any Clinic will benefit directly or in proportion to the Marketing Services Fund contributions that it makes.

During the last fiscal year, which ended June 30, 2024, the Marketing Services Fund spent 25% of its total expenditure on production, 25% on media placement, and 50% on general and administrative expenses.

We have no obligation to spend any amount on advertising in your area or territory.

We may on occasion solicit comments from franchisees regarding advertising programs and policies but there is no formal advertising council as of the issuance date of this disclosure document.

You are required to conduct local advertising and marketing, in accordance with applicable law. You must allocate 2% of Gross Sales per week for local advertising to promote the Clinic in the local community. Proof of local marketing expenditure must be submitted to us on a quarterly basis. As of the issuance date of this disclosure document, you are not required to participate in a local or regional advertising cooperative, but we reserve the right to require you to do so in the future and you may be required to contribute a maximum of 1% of your Gross Sales to any such cooperative. If implemented, the funds of any such advertising cooperative will be administered by us and we may form, change, dissolve or merge any advertising cooperative at any time in our sole discretion.

In addition, upon opening the Clinic, you must pay an approved marketing vendor at least \$5,000 per month for use on Google ads (the "Minimum Online Marketing Expenditure"). You must pay the Minimum Online Marketing Expenditure until the Clinic has achieved 100 new patients per month for 5 consecutive months.

You may use your own marketing materials to promote the Clinic, but all such materials must be pre-approved by us in writing, and we reserve the right to prohibit the use of such materials if we, acting reasonably, deem them to be inappropriate.

We operate a website that uses our name and other trademarks. You will not display the Marks on or associate the System with (through a link or otherwise) any website, electronic marketing materials, domain name, address, designation, or listing on the Internet or other communication system without our express consent. If we permit you to display or use the Marks in any such manner, the form, content and appearance of such display or use, and any modifications thereto, must comply with our standards and be approved by us so that we can maintain the common identity of the System and the Marks.

Subject to applicable law, we may develop discount programs or coupon or gift certificate programs in the future. If we do so, you must participate in these programs.

Manuals

During the term of your Franchise Agreement, we will loan you a copy of our confidential proprietary Operations Manual. You will be able to view the table of contents of the Operations Manual before purchasing a franchise but may not view any other portion of it before that time. The current version of the manual is 603 pages. The table of contents for the Operations Manual is attached to Exhibit D. We reserve the right to modify and supplement the manual at any time in our discretion. Upon notice, you will be required to comply with all such changes.

ITEM 12

TERRITORY

If you are awarded a franchise, we will grant you the right to operate a Clinic at a location and within a protected area to be approved by us. Your protected area will be an area that can be defined using boundaries, zip codes, radius and other means, the size of which will depend on the demographics and density of the population in the area and proximity to other existing or future Clinics. The typical protected area will encompass a population of 100,000 people around the location of the Clinic, depending on such factors as population density, proximity to competitors, household income and trade area highway access.

Provided that you are in compliance with the Franchise Agreement, and except for operating and/or franchising to others to operate clinics identified in whole or in part by the Marks and/or using the System which are located on military bases, government offices, educational facilities, hospitals or other non-traditional locations with a similar captive market that is not reasonably available to Franchisee ("Non-Traditional Site"), we will not establish or operate, or authorize another party to establish or operate, a Clinic utilizing the Marks and the System in the area described in Exhibit A of the Franchise Agreement and identified therein as the protected area (the "Protected Area").

You may not relocate the Clinic or establish additional locations without our written approval. In general, the factors that we may consider in deciding whether to approve your request to relocate include demographic changes with respect to the location of the Clinic, the performance of the Clinic, and our capacity to assist you in relocating. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises.

You will not receive exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control. We will not compensate you for any of our activities in your Protected Area, even if they have an impact on your Clinic.

You may not conduct any offsite or remote veterinary services without prior written consent from us. You may not sell any products used or offered for sale at the Clinic on a wholesale basis. Except as otherwise provided in the Operations Manual, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit patients whose principal home address or place of business is outside of the Protected Area if the patients reside in areas which are not in a reasonably drivable range of the Clinic and/or the patients are located within the protected area of any other franchised or company-owned Clinic. Except as otherwise provided in the Franchise Agreement, we and our affiliates retain the right, in our and their sole discretion and without granting any right to you:

(i) to use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by you under the Franchise Agreement.

(ii) to operate and grant others the right to operate PetWellClinics outside the Protected Area (including at the boundary of the Protected Area) on such terms and conditions as we deem appropriate.

(iii) sell products or services inside and outside the Protected Area that are identical or similar to and/or competitive with those offered and sold by PetWellClinics, whether identified by the Marks or other trademarks or service marks through channels of distribution other than the PetWellClinics currently reserved to you in the Protected Area including Internet, catalogues, telemarketing, direct marketing, other forms of media now or in the future developed, wholesale and mail order channels, without compensating you. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

(iv) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Protected Area) businesses offering similar services and products under trademarks and service marks other than the Marks.

(v) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at PetWellClinics (even if such a business operates, franchises, or licenses competitive businesses) and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Protected Area;

(vi) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at PetWellClinics, or by another business, even if such a business operates, franchises, or licenses competitive businesses inside or outside the Protected Area.

(vii) to establish, operate, own or franchise any business, including competitive businesses, outside of the Protected Area.

(viii) to engage in all other activities the Franchise Agreement does not expressly prohibit.

As of the issuance date of this disclosure document, we do not intend to establish other franchises or company owned outlets to sell similar products or services under a different trademark, but we reserve the right to do so.

Development Agreement

If you sign a Development Agreement, you will receive a development market to develop Clinics over the term of a development schedule that we set when you sign the Development Agreement ("Market"). You have no other options, rights of first refusal or similar rights to acquire additional franchises under the Development Agreement. In determining the parameter of Markets, we will take into consideration the number of Clinics to be developed, population density,

Market demographics, among other criteria. If you fail to meet the development schedule, we may terminate the Development Agreement. The proposed site for each Clinic developed under a Development Agreement must meet our then-current site selection criteria for Clinics. In addition, the territories for those Clinics will be determined based on our then-current standards for territories.

If you are complying with the Development Agreement, and you and your affiliates are complying with all Franchise Agreements and other agreements between us (or our affiliates) and you (or your affiliates), then, during the Development Agreement's term only, neither we nor our affiliates will operate, or authorize any other party to operate, PetWellClinics the physical premises of which are located within the Market. We and our affiliates may at all times engage in any activities we or they deem appropriate that the Development Agreement does not expressly prohibit, whenever and wherever we or they desire, including those rights listed in (i) through (viii) above. You will not receive exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control. We will not compensate you for any of our activities in your Market, even if they have an impact on your Clinic.

ITEM 13

TRADEMARKS

We grant you the right to operate a Clinic under the name "PetWellClinic®", a design logo, as shown on the cover page of this disclosure document, and related trademarks. You must also use other Marks which we develop or prescribe to identify the Clinic and its services and products.

As of the issuance date of this disclosure document our affiliate, PetWell IP LLC, has registered the following trademarks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration/Application Number	Registration/Application Date	Status
PETWELLCLINIC (Word Mark)	6,633,081	February 1, 2022	Registered
	4,121,267	April 3, 2012	Registered
PetWell (Word Mark)	5,855,140	September 10, 2019	Registered

PetWell IP LLC has granted us the rights to use and sublicense the Marks under a Trademark License Agreement dated August 17, 2020 ("License Agreement"). The License Agreement has a perpetual term and may be terminated only if we fail to comply with any material obligations under the License Agreement and we fail to cure within 15 days or if we are insolvent, bankrupt or make an assignment for the benefit of creditors. In addition, either party may terminate the License Agreement for convenience upon 60 days' written notice to the other party. In any event, the termination of the License Agreement will not affect the rights of franchisees

under franchise agreements signed before the termination. No other agreement significantly limits our right to use or license the use of the Marks.

All required affidavits for these Marks have been filed. There is no pending material litigation regarding our use or PetWell IP LLC's ownership of the Marks and there are no currently effective material determinations from the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition or cancellation proceedings involving our Marks.

We recently became aware of a third-party that re-branded and began using the names "PetWell Vet Center" and "PetWell Veterinary Center" in connection with veterinary and animal wellness services in the Baltimore, Maryland area. We believe that this is an infringing use of our Marks. We sent the third-party a cease-and-desist letter requesting that the party cease using the name. We are currently engaged in settlement discussions with the third-party to protect our rights to the Marks.

Except as disclosed above, we do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where the Clinic will be located. You must notify us immediately if you learn about an infringement of or challenge to your use of our Marks. The Franchise Agreement requires us to protect you against claims of infringement or improper use if you are using the Marks as required by the Franchise Agreement and if you are in good standing, though it also affords us the sole discretion to determine the course of action to effectuate such protection. You must assist us in protecting our rights, at our expense. If our right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have the right to control any administrative proceeding or litigation involving our Marks. If we decide to add a new trademark, or modify or discontinue the use of any trademark, you must use the new trademark or change or discontinue the use of the trademark, all at your expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The Clinic does not involve patents, and we do not own any patents. We do claim trade secret rights and common law copyrights in our Operations Manual, though we have not filed for copyright registration.

You must notify us immediately if you learn about a challenge to your use of our copyright materials. We will defend you against claims of infringement if you are using the copyright material as required by the Franchise Agreement and if you are in good standing.

If you learn about a third party's use of these copyright materials which you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us at our expense if we decide to do so. We have the right to control any litigation involving our copyright materials. If we decide to add, modify or discontinue the use of anything covered by copyright, you must also do so at your expense.

We do not know of any infringing uses that could materially affect your use of our copyright materials.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are required to participate in and directly operate and manage the Clinic either personally or through a manager approved by us who has completed the initial training program to our satisfaction (the “**Manager**”). You (or the Manager, as applicable) must diligently devote the best efforts to the operation and management to maximize sales and profits, keeping them free from conflicting enterprises or any other activities which would be detrimental to or interfere with such an operation or management. In a One-Tier System, at all times the Clinic must employ or contract with 1 or more Doctor of Veterinary Medicine and supporting personnel to operate and be responsible for all veterinary medicine aspects of the Clinic including, without limitation, patient care and all related medical decisions, all in accordance with applicable laws. In a Two-Tier System, always the PC must operate and be solely and exclusively responsible for all veterinary medicine aspects of the Clinic, in accordance with applicable laws. The Clinic Management Agreement must require the presence in the Clinic at all times of a professionally licensed veterinarian. Veterinarians need not have an ownership interest in the Clinic but they must complete all of our required training to our satisfaction. All Management Companies, PCs, veterinarians and others who will have access to our confidential Operations Manual must sign a confidentiality and non-competition agreement in a form we approve. You, and if you are married, your spouse, must sign a personal guaranty agreeing to fulfil obligations of the franchisee, if the franchisee is an entity.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that Clinics offer and sell veterinary and related services only, including at minimum, all services and products designated in the Operations Manual. This mandate will not be construed as permitting us to make or influence decisions relating to diagnosis or treatment of Clinic patients, which are matters reserved exclusively for the discretion and judgment of the PC. It is nevertheless important that the System maintain uniformity. This benefits all our franchisees. For example, we may require you to participate in incentive programs that we develop and promote through our website.

Subject to applicable law, you may not sign any agreement that provides a discount to any customer that is a business entity or non-profit organization without our prior written approval.

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

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
a. Length of the franchise term	Section 4	10 years commencing from the opening date of the Clinic. You must commence business within 210 days after signing the Franchise Agreement.
b. Renewal or extension of the term	Section 5	If you meet certain conditions, you can enter into our then-current renewal Franchise Agreement for 1 additional term of 10 years.
c. Requirements for franchisee to renew or extend	Section 5	You must not be in default of any material provision of the Franchise Agreement or other agreement; no outstanding monetary obligations; pay \$2,5000 renewal fee; successfully complete training; sign a general release; fulfill all your obligations and not have received 3 or more default notices in any 24-month period; meet requirements for new franchisees; remodel and update the Clinic. You may be asked to sign an agreement with materially different terms and conditions than those contained in your original Franchise Agreement.
d. Termination by franchisee	None	Not Applicable.
e. Termination by franchisor without cause.	None	Not Applicable.
f. Termination by franchisor with cause.	Section 16	We could terminate only if the events described in Item 17(g) and (h) below occur.

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
g. "Cause" defined-curable defaults	Section 16(b)	Except as otherwise expressly provided in the Franchise Agreement, you will have 30 days from the date of our issuance of a written notice of default to cure any default under the Franchise Agreement or the Operations Manual, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days. Your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate the Franchise Agreement. This termination will be accomplished by mailing or delivering to you a written notice of termination that will identify the grounds for the termination. The termination will be effective immediately upon the issuance of the written notice of termination. In the event a default under the Franchise Agreement that violates any health, safety, or veterinary licensing law or regulation, violates any System standard, or if the operation of the Clinic presents a health or safety hazard to the public, you will have no more than 24 hours after we provide written notice of default to cure the default. If you fail to cure the default within the 24-hour period, the Franchise Agreement will terminate effective immediately upon our issuance of written notice of termination.
h. "Cause" defined-non-curable defaults	Section 16(a)	Material misrepresentations or omissions in the franchise application or in any report you submit to us; voluntary abandonment of the Franchise Agreement or the Clinic; attempts to make an unauthorized assignment, encumbrance, or other transfer of our rights under the Franchise Agreement; your entry into an agreement with us or our affiliates other than the Franchise Agreement that is terminated because of your breach of that separate agreement; the loss of your

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
		lease; the failure to timely cure a default under the lease; the closing of the Clinic by any state or local authorities for health or public safety reasons; any unauthorized use of confidential information; insolvency of you, a principal owner, a control person, or guarantor; making an assignment or entering into any similar arrangement for the benefit of creditors; any default under the Franchise Agreement or engagement in any conduct that materially impairs the goodwill associated with any of our trademarks, trade names, and related intellectual property; any conviction of or pleading no contest by you, a principal owner, a control person, or guarantor to any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of PetWell's trademarks and trade names into disrepute or impairs or tends to impair your reputation or the goodwill of the trademarks, trade names, or franchise; your unauthorized use of any of our trademarks, trade names, or other intellectual property; the seizure, takeover, or foreclosure of the Clinic or its assets by a government official, or by any of your creditors, lienholders or lessors, or if a writ of levy of execution is issued against the franchise or your assets; you fail to comply with any law applicable to the operation of the Clinic after 3 days' notice of the same; you intentionally underreport your Gross Sales to us; you fail to transmit any health department or similar reports to us immediately upon your receipt of the same; a judgment against you exceeding \$5,000 remains unsatisfied for more than 30 days; you or your affiliates are designated by the US government as a "specially designated national" or "blocked person"; any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period;

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
		and failure to attend at least 75% of the periodic meetings with us in any calendar year.
i. Franchisee's obligations on termination/non-renewal	Sections 17(a)-(c)	Refrain from identifying yourself or any business you are affiliated with as our current or former franchisee; return Operations Manual and other confidential information; abide by the non-competition provisions in the Franchise Agreement; de-identify the Clinic to avoid similarity; cancel business telephone numbers and use of fax numbers, email addresses, web sites, and assign the aforementioned items to us; pay all amounts due to us; discontinue use of trademarks, and System; return or destroy all inventory with PetWell's trademarks; assist in smooth transition of business; refrain from soliciting patients or personnel; refrain from making disparaging remarks; cancel fictitious business name statement; and comply with all other requirements in the Operations Manual.
j. Assignment of contract by franchisor	Section 14(a)	Any direct or indirect transfer of interest in the Franchise Agreement requires our prior written consent, which we will not unreasonably withhold.
k. "Transfer" by franchisee – definition	Section 14(b)	Includes transfer of Franchise Agreement, assets of the Clinic or greater than 25% ownership interest in franchisee.
l. Franchisor approval of transfer by franchisee	Section 14(b)	We may withhold consent if a proposed transferee does not meet our then-current criteria or has not completed our then-current training program to our satisfaction; if you have not satisfied all of your outstanding obligations to us and/or you are in default of your obligations under the Franchise Agreement or any other agreement with us or our affiliates; if the franchise is not in compliance with our standards; if the lessor of the Clinic premises has not consented to the sublease or transfer of the lease; if the

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
		transferee has not executed our then-current Franchise Agreement for a term of years equal to the remaining term of your Franchise Agreement; or if we believe that the sale price of the interest to be conveyed is so high, or the terms of sale so onerous, that it is likely the transferee would be unable to properly operate, maintain, upgrade and promote the Clinic and meet all financial and other obligations to us and to third parties.
m. Conditions for franchisor approval of transfer	Section 14(b)(iii)	At the time you request a transfer, pay us a non-refundable transfer fee equal to \$2,500. When the transfer closes, you and all of your owners must execute a general release on our then-current standard form.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14(c)	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Sections 17(c), (d), (e) and (f)	We have the option of acquiring your assets if the Franchise Agreement expires or terminates.
p. Death or disability of franchisee	Section 15	Within 30 days from the death of you or any of your owner(s), the deceased's legal representative must propose in writing to transfer the interest of the deceased to one or more transferees. The Franchise Agreement will terminate if the transfer doesn't occur within 30 days.
q. Non-competition covenants during the term of the franchise	Section 13(a)	You may not operate a competitive business except as we may otherwise agree. In addition, subject to applicable law, you must require veterinarians who work at the Clinic for 2 or more days per week at any given time to enter into a non-competition agreement stating that, during

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
		the veterinarian's work with you or the PC, as applicable, such veterinarian will not have any interest or otherwise be involved in the establishment or operation of a competitive business within 5 miles of any Clinic.
r. Non-competition covenants after the franchise is terminated or expires	Section 13(b)	You may not operate a similar business for 2 years within 5 miles of any Clinic, subject to applicable law. In addition, subject to applicable law, you must require veterinarians who work at the Clinic for 2 or more days per week at any given time to enter into a non-competition agreement stating that, upon termination of such veterinarian's work with you or the PC, as applicable, such veterinarian will not, for a period of 2 years after working with the Clinic, have any interest or otherwise be involved in the establishment or operation of a competitive business within 5 miles of any Clinic.
s. Modification of the agreement	Section 28	No modification without writing signed by you and us, except that we may amend the Operations Manual at any time and you must comply with the amended version.
t. Integration/merger clause	Section 27	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 25	Except for certain claims, subject to applicable state law, all disputes must be arbitrated.
v. Choice of forum	Section 25	Subject to applicable state law, arbitration in Knoxville, Tennessee.

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
w. Choice of law	Section 24	Subject to applicable state law and the Lanham Act, Tennessee law applies.

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 9	When last Clinic was developed under the 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	Not applicable	Not applicable.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	10	We may terminate upon your failure to meet development obligations or other obligations, or any franchise agreement is terminated.
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined –non-curable defaults	10	You fail to meet your development obligations, or any franchise agreement is terminated.
i. Franchisee's obligations on termination/nonrenewal	10	No further right to develop additional Clinics.
j. Assignment of contract by franchisor	11	The agreement has no restriction on our right to assign.

Provision	Section in Development Agreement	Summary
k. "Transfer" by franchisee – defined	11	The term "transfer" includes the transfer of your rights and obligations under the Development Agreement, any of your material assets, or any ownership interest in you.
l. Franchisor approval of transfer by franchisee	11	We have the right to approve all transfers, and we may grant or withhold approval for any reason.
m. Conditions for franchisor approval of transfer	11	Approval may be conditioned on transfer of all rights, interests, ownership interests such that following that transfer, the transferee must own all Clinics in the Market.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	12	See terms of Franchise Agreement which are incorporated by reference.
r. Non-competition covenants after the franchise is terminated or expires	12	See terms of Franchise Agreement which are incorporated by reference.
s. Modification of the agreement	12	No changes can take place unless mutually agreed to in writing.
t. Integration/merger clause	12	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Development Agreement may not be enforceable. Nothing in the

Provision	Section in Development Agreement	Summary
		Development Agreement is intended to disclaim anything contained in this disclosure document.
u. Dispute resolution by arbitration or mediation	12	Except for certain claims, subject to applicable state law, all disputes must be arbitrated.
v. Choice of forum	12	Subject to applicable state law, arbitration in Knoxville, Tennessee.
w. Choice of law	12	Subject to applicable state law and the Lanham Act, Tennessee law applies.

ITEM 18

PUBLIC FIGURES

We do not 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.

As of June 30, 2024, we had 8 affiliate-owned Clinics and 19 franchised Clinics. All but one of the affiliate-owned Clinics were open for at least 1 year as of June 30, 2024. Of the franchised Clinics, 9 were not open for a full year as of June 30, 2024; as a result, these outlets are excluded from the historical Gross Sales (as defined below) included below. The table below includes the 7 affiliate-owned Clinics and 10 franchised Clinics that were open for at least 1 full year as of June 30, 2024 (the "**Covered Clinics**"). The tables below describe the historical Gross Sales for the Covered Clinics for the fiscal year ending June 30, 2024. Our affiliates and franchisees reported the below financial data to us. The source of such data was our affiliates and franchisee's POS system.

All of the Covered Clinics were open 5 or 6 days a week during the Covered Period, except the West Hills Clinic and the Emory Road Clinic, which were open 7 days a week during the Covered Period. Each of the Covered Clinics had 1 veterinarian at the Clinic during each day of operations, except the Manchester Clinic, which had 2 veterinarians during part of the Covered

Period. The Randolph Clinic is located in an underserved community and near our headquarters, in order to be an easily accessible show location and learning center for our franchisees. There are no other material financial or operational characteristics that we reasonably anticipate to differ from future operational franchise outlets.

Table 1: 2024 Fiscal Year Gross Sales

Location	Revenues	Franchised or Affiliate-Owned	Years Open
Farragut (Knoxville, TN)	\$ 590,802.00	Affiliate-owned	14
West Hills (Knoxville, TN)	\$ 929,017.17	Affiliate-owned	11
Midland (Alcoa, TN)	\$ 385,728.34	Affiliate-owned	11
Randolph St (Knoxville, TN)	\$ 388,575.75	Affiliate-owned	4
Emory Rd (Knoxville, TN)	\$ 767,631.11	Franchised	3
Union (Union City, NJ)	\$ 811,786.67	Affiliate-owned	3
Arvada (Denver, CO)	\$ 356,106.54	Affiliate-owned	2
Scott Township (Pittsburgh, PA)	\$ 726,990.20	Franchised	2
Leetsdale (Pittsburg, PA)	\$ 804,068.30	Franchised	2
Pembroke Pines (Pembroke Pines, FL)	\$ 288,304.82	Franchised	2
Robinson Township (Pittsburgh, PA)	\$ 475,628.38	Franchised	2
North Bethesda (Bethesda, MD)	\$ 584,279.49	Franchised	2
Green Brook (Green Brook, NJ)	\$ 374,444.96	Affiliate-owned	2
Highland Park (Baton Rouge, LA)	\$ 57,030.31	Franchised	1
Ahwatukee (Phoenix, AZ)	\$ 549,909.20	Franchised	1
Ft. Lauderdale (Ft. Lauderdale, FL)	\$ 184,782.24	Franchised	1
Manchester (Manchester, NH)	\$ 580,893.29	Franchised	1

Table 2: 2024 Fiscal Year Gross Sales for Affiliate-Owned Covered Clinics

Average 2024 Gross Sales	#/% Attaining or Exceeding Average	Highest 2024 Gross Sales	Lowest 2024 Gross Sales	Median Gross Sales
\$ 548,065.92	3/43%	\$ 929,017.17	\$ 356,106.54	\$ 388,575.75

Table 3: 2024 Fiscal Year Gross Sales for Franchised Covered Clinic

Average 2024 Gross Sales	#/% Attaining or Exceeding Average	Highest 2024 Gross Sales	Lowest 2024 Gross Sales	Median Gross Sales
\$ 501,951.73	6/60%	\$ 804,068.30	\$ 57,030.31	\$ 512,768.79

Table 4: 2024 Fiscal Year Gross Sales for All Covered Clinics

Average 2024 Gross Sales	#/% Attaining or Exceeding Average	Highest 2024 Gross Sales	Lowest 2024 Gross Sales	Median Gross Sales
\$ 520,939.93	9/53%	\$ 929,017.17	\$ 57,030.31	\$ 549,909.20

“Gross Sales” means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with our policies.

Some Clinics have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

We have written substantiation in our possession to support the information appearing in this financial performance representation. Written substantiation will be made available to you on reasonable request.

Other than the preceding financial performance representation, PetWell Franchisor LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dr. Sam Meisler, 555 West Jackson Avenue, Knoxville, Tennessee, (865) 696-2370, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
System wide Outlet Summary
For Fiscal Years 2022 to 2024

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2022	1	8	+7
	2023	8	15	+7
	2024	15	19	+4
Company-Owned	2022	5	6	+1
	2023	6	6	+0
	2024	6	8	+2
Total Outlets	2022	6	14	+8
	2023	14	21	+7
	2024	21	27	+6

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years 2022 to 2024

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	0
	2024	1

TABLE NO. 3
Status of Franchised Outlets
For Fiscal Years 2022 to 2024

State	Year	Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Colorado	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	1	2	0
Florida	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	1	1
Maryland	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
New Hampshire	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
New York	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Pennsylvania	2022	0	3	0	0	0	0	3
	2023	3	2	0	0	0	0	4
	2024	4	3	0	0	0	1	6
Tennessee	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	1	7	0	0	0	0	8
	2023	8	7	0	0	0	0	15
	2024	15	10	0	0	1	5	19

TABLE NO. 4
Status of Company-Owned Outlets
For Fiscal Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
New Jersey	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3
Tennessee	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Total	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	1	1	0	0	8

* "Company-owned Outlets" includes non-franchised Clinics owned and operated by our affiliates, PetWellClinic, LLC and Westside NJ Petwell, LLC.

TABLE NO. 5
Projected Openings
As of June 30, 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	1	0
Florida	1	1	0
Maryland	0	1	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Massachusetts	0	1	0
New Hampshire	0	1	0
New Jersey	1	1	0
Total	3	6	0

There were no franchisees who had an outlet terminated, canceled, not renewed or otherwise ceased to do business under any Franchise Agreement during the most recently completed fiscal year. In the future, we will provide a list of the names, cities and states, and last known home or business telephone numbers of any franchisees who had an outlet terminated, transferred, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us, during the previous fiscal year or who have not communicated with us within 10 weeks of our then current disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

During the last 3 years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E to this disclosure document are our audited financial statements for the years ended June 30, 2024, June 30, 2023, and June 30, 2022. Also included is our unaudited balance sheet as of November 30, 2024.

Our fiscal year ends on June 30.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

- Exhibit A: Franchise Agreement
- Exhibit C: Clinic Management Agreement
- Exhibit H: Development Rights Agreement
- Exhibit I: Sample Memorandum of Understanding
- Exhibit J: Franchise Sale Compliance Questionnaire

ITEM 23

RECEIPT

Attached to the end of this disclosure document, following the Exhibits, is a receipt. Please sign it, date it as of the date you receive disclosure document and return it to us. A duplicate of the receipt is attached for your records.

EXHIBIT A
FRANCHISE AGREEMENT



PETWELL FRANCHISOR LLC

Franchise Agreement

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EXHIBITS

EXHIBIT A SPECIFIC TERMS OF THE FRANCHISE

EXHIBIT B SPOUSAL CONSENT

EXHIBIT C INFORMATION REGARDING NON-INDIVIDUAL FRANCHISEES

EXHIBIT D GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

PETWELL FRANCHISES, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into by and between PETWELL FRANCHISOR LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 (“Franchisor”), and _____, a _____, with its principal business address located at: _____ (“Franchisee”). This Agreement is for the establishment of one PETWELLCLINIC® business within the Protected Area.

RECITALS

A. Franchisor is authorized to franchise the establishment and operation of walk-in veterinary wellness and care clinics under the name PETWELLCLINIC®, which specialize in providing accessible, affordable and convenient care for cats and dogs. The PETWELLCLINIC® mission is to improve the quality of life of pets through inviting environments focused on exceptional service for pet owners on a walk-in basis.

B. The franchise includes, without limitation, a license to use the trademark PETWELLCLINIC® and related names, trademarks, service marks, logos, copyrights, designs, emblems, slogans, commercial symbols and other indicia and associated goodwill now or hereafter designated for use by Franchisor in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office, or any other local, state, federal or foreign agency, registrar or body (the “Marks”); an operations manual incorporating required standards, procedures, policies, and guidelines for business management; recommended veterinary care protocols; and advertising, marketing, and promotional know-how (the “System”).

C. Franchisor desires to grant to Franchisee, and Franchisee desires to obtain from Franchisor the right to establish and operate a Clinic in accordance with the System and applicable law.

NOW, THEREFORE, in consideration of these premises and the mutual covenants contained herein, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

1. GRANT OF FRANCHISE

(a) Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a license to use the Marks and the System solely in the operation of a Clinic in the Protected Area (the “Franchise”). Franchisee acknowledges that adherence to the standards and policies of the System is essential for the continued operation of the Franchise granted by this Agreement.

(b) If required by law applicable in the location of the Clinic, the Franchisee shall manage an approved veterinary clinic pursuant to an approved form of management agreement (“Management Agreement”) between Franchisee, as a management company (“Management

Company”), and a licensed veterinary professional corporation (or comparable entity commonly used in the location of the Clinic) (a “PC”) that is in good standing under all applicable laws (such arrangement, a “Two-Tier System”). If laws applicable in the location of the Clinic permit Franchisee to directly own and operate a veterinary clinic, then Franchisee shall directly operate an approved veterinary clinic pursuant to the terms of this Agreement (“One-Tier System”). In both a One-Tier System and a Two-Tier System, the veterinary clinic that is operated using the Marks and the System is referred to in this Agreement as the “Clinic”.

(c) If Franchisee must operate in a Two-Tier System, then within thirty (30) days of the date of this Agreement, Franchisee shall submit to Franchisor for its approval the name of the PC and information about its owners and employees, as Franchisor may reasonably request. Franchisor shall approve or disapprove of the PC, in Franchisor’s discretion, within thirty (30) days of its receipt of Franchisee’s request for approval. If Franchisor does not approve of the PC, Franchisee shall propose a different PC for Franchisor’s approval. This Agreement may be terminated by Franchisor if Franchisee has not obtained Franchisor’s approval of a PC on or before the date that is one hundred twenty (120) days after the date of this Agreement.

(d) Upon obtaining Franchisor’s approval of a PC, Franchisee shall enter into a Management Agreement with the PC in a form that has been approved by Franchisor. Certain provisions of the Management Agreement (as specified in Section 15 of the form Management Agreement) may not be changed. Other changes must be consistent with this Agreement, the System and all applicable laws, and be approved in advance in writing by Franchisor. Franchisee is prohibited from terminating the Management Agreement without Franchisor’s consent during the term of this Agreement.

(e) If Franchisee is operating in a Two-Tier System, Franchisee acknowledges and agrees that it is not authorized and shall not engage in the practice of veterinary medicine at any time. Under the Management Agreement, Franchisee shall provide the PC with non-veterinary management and administrative services and support in a manner consistent with the System and all applicable laws and will provide that the PC shall retain exclusive authority and discretion to direct the medical, professional and ethical aspects of the veterinary medical practice at and in affiliation with the Clinic. Without limiting the foregoing, in a Two-Tier System, the PC shall at all times have exclusive ownership of the veterinary medicine practice at the Clinic and the exclusive right and power to employ and manage all veterinarians and veterinary personnel providing veterinary medical services at and in affiliation with the Clinic. Franchisee shall at all times merely provide management and administrative services to the PC.

2. LOCATION

(a) Location. The location for the Clinic is set forth in **Exhibit A** attached hereto and incorporated herein by this reference. If the location of the Clinic has not been determined at the time Franchisee and Franchisor sign this Agreement, then it shall be determined as provided in Section 3 below.

(b) Protected Area. Provided that Franchisee is in compliance with this Agreement, and except for operating and/or franchising to others to operate clinics identified in whole or in part by the Marks and/or using the System which are located on military bases, government

offices, educational facilities, hospitals or other non-traditional locations with a similar captive market that is not reasonably available to Franchisee (“Non-Traditional Site”), Franchisor shall not establish or operate, or authorize another party to establish or operate, a Clinic utilizing the Marks and the System in the area described in **Exhibit A** and identified therein as the protected area (the “Protected Area”).

(c) Limitation Upon Territorial Protection. Franchisee acknowledges the limited nature of the territorial protection granted hereby, and that Franchisor is not granting an exclusive or protected trading area to Franchisee, but rather Franchisor will not establish or operate, nor license any other person to establish or operate, a Clinic in the Protected Area (except to a Non-Traditional Site). Franchisee may not conduct any offsite or remote veterinary services without prior written consent from Franchisor. Franchisee may not sell any products used or offered for sale at the Clinic on a wholesale basis. Except as otherwise provided in the Operations Manual, Franchisee may not directly market or solicit patients whose principal home address or place of business is outside of the Protected Area if those patients reside in areas which are not in a reasonably drivable range of the Clinic, or those patients are located within the protected area of any other Clinic.

(d) Franchisor’s Reservation of Rights. Except as otherwise provided in this Agreement, Franchisor and its affiliates retain the right, in their sole discretion and without granting any right to Franchisee:

(i) to use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by Franchisee under this Agreement.

(ii) to operate and grant to others the right to operate PetWellClinic outside the Protected Area (including at the boundary of the Protected Area) on such terms and conditions as we deem appropriate.

(iii) sell products or services that are identical or similar to and/or competitive with those offered and sold by PetWell Clinics, whether identified by the Marks or other trademarks or service marks, through channels of distribution other than the PetWellClinics currently reserved to Franchisee in the Protected Area including Internet, other forms of media now or in the future developed, wholesale and mail order channels, without compensating Franchisee. The Internet is a channel of distribution reserved exclusively to us, and Franchisee may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

(iv) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Protected Area) businesses offering similar services and products under trademarks and service marks other than the Marks.

(v) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at PetWellClinics (even if such a business operates, franchises, or licenses Competitive Businesses (defined in

Section 13.1 below)), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Protected Area.

(vi) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at PetWellClinics, or by another business, even if such a business operates, franchises, or licenses Competitive Businesses inside or outside the Protected Area.

(vii) to establish, operate, own or franchise any business, including competitive businesses, outside of the Protected Area.

(viii) to engage in all other activities this Agreement does not expressly prohibit.

(e) Maximum Pricing. Franchisor will be permitted, to the extent permitted by relevant law, to establish price ceilings or minimum or maximum allowable prices on the products and services Franchisee offers and sells. Except as specified by Franchisor or as otherwise required in this Agreement and in the Operations Manual, Franchisee may determine the prices at which Franchisee sells products and services, as well as the terms and conditions of sale.

3. SITE SELECTION AND OPENING

(a) Site Selection. Franchisee agrees and acknowledges that Franchisee is responsible for locating, obtaining financing for, securing appropriate zoning and permits for and equipping the site for the Clinic, though Franchisor may assist with site selection in its sole and exclusive discretion. The franchisor shall provide minimum specifications and guidelines for the site of the Clinic. Franchisee shall provide Franchisor with all relevant information concerning the proposed site including the general location, neighborhood and zoning of the site, demographic information about the surrounding area including population density, occupancy costs, locations of any similar or complementary businesses and potential for encroachment, proximity to major retail activity, traffic volume, speed and flow, parking, rent, size, and such other information as Franchisor may require. Franchisor will approve or disapprove of the proposed site within thirty (30) days after it receives notice of the proposed site and all relevant information thereon from Franchisee. Franchisee must obtain Franchisor's consent to a site for the Clinic within one hundred twenty (120) days after execution of this Agreement. Notwithstanding anything to contrary contained herein, failure to so obtain Franchisor's consent shall constitute a non-curable event of default for which Franchisor may terminate this Agreement upon notice to Franchisee.

(b) Lease. Franchisee shall not sign a lease or contract for the Clinic without first receiving Franchisor's prior written consent to the location. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or other contract and shall immediately upon receipt of any notice of violation from the landlord or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. The lease or contract must contain

such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment in a form acceptable to Franchisor, and including the following:

(i) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty;

(ii) the landlord's acknowledgment that Franchisee shall not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;

(iii) the landlord's consent to Franchisee's use of such signage as Franchisor may require;

(iv) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease;

(v) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;

(vi) that upon expiration or termination for any reason of the Agreement, Franchisee's rights under the lease shall, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;

(vii) Franchisee's acknowledgment that the landlord may rely upon such notice and shall not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

(viii) that such notice shall, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord with respect to, any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease;

(ix) Franchisee's acknowledgment that the landlord shall, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting sales made in, upon or from the demised premises;

(x) the landlord's acknowledgment that this Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Agreement for any reason whatsoever, to enter the demised premises and to make any alterations in the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with Franchisor as required by this Agreement and, in the event of the exercise by Franchisor of such right, the

landlord further acknowledges that such re-entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the demised premises; and

(xi) that Franchisor shall be a third-party beneficiary under the lease.

(xii) Franchisee shall be responsible for all costs associated with the negotiation of the lease. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the Clinic shall be due Franchisor from Franchisee upon Franchisor's written demand.

(c) Site Development. Franchisee shall develop the site and construct or remodel and equip the Clinic, all in accordance with Franchisor's requirements. Franchisee shall obtain a layout design and finish schedule for the Clinic from Franchisor's designated architect (the "Design Package"). The Design Package is subject to Franchisor's prior written approval. All signage at the Clinic site shall conform to Franchisor's specifications. Franchisee shall also provide Franchisor with written specifications for the construction and equipping of the Clinic in the form of renderings. Franchisor may, in its sole discretion, provide advisory assistance in determining the details of appropriate construction and equipping of the site, at Franchisee's sole expense.

(d) Construction Standards. Franchisee shall be responsible for the establishment and completion of the Clinic, including construction or remodeling and equipment installation. Franchisee agrees that in constructing or remodeling the Clinic, it shall secure all necessary permits and adhere to the plan, design, color scheme and motif of the System as specified by Franchisor and in accordance with the Design Package. Any changes to the standard plans, specifications or Design Package that are necessary to meet the requirements of applicable codes and regulations will be subject to the Franchisor's prior review and consent. Franchisee shall submit all plans and specifications to Franchisor for review prior to submitting them to regulatory authorities for approval and shall not submit plans or any other materials to any regulatory authority or proceed with construction until Franchisor's written consent is obtained. Franchisor may, in its sole discretion, provide advisory assistance regarding plans and specifications, at Franchisee's sole expense.

(e) Fixture and Equipment Standards. Franchisee shall lease or purchase all fixtures and equipment designated by Franchisor, whether such fixtures are required to be leased and purchased from Franchisor or a third-party supplier authorized by Franchisor, and shall install, or have installed, in the Clinic all such fixtures and equipment. All fixtures, furnishings, color schemes, machinery, equipment, and accessories shall conform to specifications of design, color, quality, performance, and utility designated and approved by Franchisor.

(f) Sign Standards. Franchisee shall prominently display and maintain in good appearance and condition on the Clinic all System signs of such nature, form, color, illumination, and size, and containing such legends and symbols as Franchisor may require from time to time.

(g) Opening. Franchisee shall not open the Clinic until Franchisor has given its approval in writing. Franchisor may require that Franchisor or its representative conduct an on-site inspection prior to giving its approval. Franchisee shall open the Clinic for business, fully

equipped and staffed, within two hundred and ten (210) days of the effective date hereof, failure of which shall be good cause for immediate termination upon written notice to Franchisee.

(h) Relocation. Franchisee may not relocate the Clinic, or establish additional Clinics, without Franchisor's prior written consent which Franchisor may grant or deny as Franchisor deems best. Franchisor may condition relocation approval on (i) the new site and its lease being acceptable to Franchisor, (ii) Franchisee paying Franchisor a reasonable relocation fee to cover Franchisor's costs in approving the location which shall not exceed Two Thousand Five Hundred (\$2,500) Dollars; (iii) Franchisee confirming that this Agreement remains in effect and governs the Clinic's operation at the new site with no change in the Term or, at Franchisor's option, Franchisee signing Franchisor's then-current form of franchise agreement to govern the Clinic at the new site for a new franchise term, (iv) Franchisee signing a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, affiliates, officers, directors, employees, agents and representatives, (v) Franchisee continuing to operate the Clinic at its original site until Franchisor authorizes its closure, and (vi) Franchisee taking, within the timeframe Franchisor specifies and at Franchisee's own expense, all action Franchisor requires to de-brand and de-identify the Clinic's former premises so it no longer is associated in any manner (in Franchisor's opinion) with the System and the Marks.

FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH FRANCHISOR MAY HAVE BEEN INVOLVED IN THE LOCATION AND PROTECTED AREA SELECTION PROCESS AND MAY HAVE REVIEWED INFORMATION ABOUT THE CLINIC, THE PROTECTED AREA, AND OTHER ASPECTS OF THE CLINIC, AND WHERE APPLICABLE, THE PC OR MANAGEMENT AGREEMENT, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION OR THE SUCCESS OR PROFITABILITY OF THE CLINIC.

4. TERM OF AGREEMENT

Except as otherwise provided in this Section 4, this Agreement shall commence on the date it is signed by Franchisor and shall continue for ten (10) years, subject to earlier termination as provided herein ("Term"). The terms of the lease or other contracts (including options) Franchisee enters for the location of the Clinic shall be for such period of time. If Franchisee is acquiring an existing Clinic, or converting an existing Clinic to a franchise, the Term of this Agreement shall be the shorter of: (a) the remaining term of the transferor's franchise agreement, if applicable; and (b) the remaining term of the existing lease (including options) for the Clinic.

5. RENEWAL OF FRANCHISE

Subject to compliance with each and every one of the conditions set forth below, Franchisee has the option to renew the right to operate the Clinic for one (1) additional term of ten (10) years:

(a) Written Notice. Franchisee gives Franchisor written notice of its election to renew not less than six (6) months and not more than nine (9) months prior to the expiration of the term;

(b) No Default. Franchisee, when notice is given and at the time of renewal, is not in default of any material provision of either this Agreement or any other agreement between Franchisee and Franchisor or their affiliates;

(c) No Monetary Obligations Outstanding. All monetary obligations owed by Franchisee to Franchisor or its affiliate have been satisfied prior to renewal;

(d) Renewal Fee. Franchisee shall pay Franchisor an amount equal to Twenty-Five Hundred Dollars (\$2,500), which fee shall be paid to Franchisor prior to the expiration of the term;

(e) General Release. Franchisee must execute and deliver a general release of Franchisor and its affiliates, officers, directors, shareholders, employees, agents and representatives in a form acceptable to Franchisor;

(f) Lease. Franchisee furnishes Franchisor with a copy of a lease for the Clinic premises indicating that Franchisee has the right to the premises for the renewal term;

(g) Updates. The Clinic must meet Franchisor's then-current requirements or Franchisee must make all expenditures necessary to update the Clinic to meet those requirements;

(h) Re-Training. Franchisee and those of Franchisee's other personnel as Franchisor deems necessary shall have successfully completed any retraining or refresher training course Franchisor may require;

(i) Current Agreement. Franchisee shall sign the Franchisor's then-current form of Franchise Agreement for a ten (10) year term. Franchisee acknowledges that the then-current form of Franchise Agreement may contain terms that are materially different from those set forth in this Agreement; and

(j) No Repeated Defaults. Franchisee shall not have, during the term of this Agreement or the preceding renewal term, received three (3) or more notices of default in any twenty-four (24) month period.

Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within thirty (30) days after Franchisor has delivered them to Franchisee.

6. FEES

(a) Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor an initial franchise fee in the amount set forth on Exhibit A attached hereto in full upon execution of this Agreement. The initial franchise fee is deemed to be fully earned immediately upon payment and is non-refundable.

(b) Royalty Fee. Franchisee shall pay to Franchisor a non-refundable continuing royalty of seven percent (7%) of Gross Sales per week during the term, payable on Monday of each week on sales for the previous week ("Royalty Fee"). For purposes of this Agreement, if Franchisee is operating under a One-Tier System, or a Two-Tier System in which Franchisee and the PC do not share common ownership, then "Gross Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with Franchisor's policies. If Franchisee is operating under a Two-Tier System in which the Franchisee and PC share common or identical ownership, then "Gross Sales" means the entire gross receipts of every kind and nature from all products and services sold in, from or in association with the Clinic which are received by the Management Company without reserve or deduction for inability or failure to collect and excluding only the following: (i) the amount of any sales tax levied upon retail sales which is payable to the appropriate governmental authorities (and subsequently actually paid to such authorities); and (ii) refunds made in good faith in accordance with Franchisor's policies.

(c) Marketing Services Fund Contribution. Franchisee shall contribute to the Marketing Services Fund (as defined in Section 8(a) below) the amount Franchisor periodically specifies, not to exceed two percent (2%) of the Clinic's weekly Gross Sales, payable on Monday of each week on sales for the previous week (the "Marketing Services Fund Contribution"). Franchisor shall give Franchisee thirty (30) days' written notice before any increase to the Marketing Services Fund Contribution.

(d) Technology Fee. Beginning ninety (90) days after Franchisee signs a lease or contract for the Clinic and continuing for the duration of the term of this Agreement, Franchisee shall pay to Franchisor or its designee (which may be Franchisor's affiliate or a third-party) a technology fee for the use of Franchisor's designated business management software, POS software, and other third-party technology services that Franchisor requires from time to time (the "Technology Fee"). As of the effective date of this Agreement, the Technology Fee is equal to Three Hundred Fifty Dollars (\$350) per month and is payable on the first Monday of each month. Franchisor may increase the Technology Fee from time to time upon thirty (30) days' written notice to Franchisee, provided that the Technology Fee shall not exceed Seven Hundred Dollars (\$700) per month during the term of this Agreement.

(e) Communications Fee. Beginning on the first Monday of the month after Franchisee obtains a business phone number for the Clinic and continuing for the duration of the term of this Agreement, Franchisee shall pay to Franchisor or its designee (which may be Franchisor's affiliate or a third-party) a communications fee for the use of texting services, phone tree services, and other communications services that Franchisor requires from time to time (the "Communications Fee"). As of the effective date of this Agreement, the Communications Fee is equal to One Hundred Dollars (\$100) per month and is payable on the first Monday of each month. Franchisor may increase the Communications Fee from time to time upon thirty (30) days' written notice to Franchisee, provided that the Communications Fee shall not exceed Five Hundred Dollars (\$500) per month during the term of this Agreement.

(f) Due Date. Franchisor may require that payments be made by electronic funds transfer, cash, check, certified check, bank draft, money order, automatic pre-authorized payment plan or such other method as Franchisor may specify from time to time. Franchisee shall execute and deliver such instruments as are necessary and appropriate to affect such transfers. Franchisor shall have the right to vary the frequency of the due date and the method of payment from time to time.

(g) Non-payment. If Franchisor does not receive Franchisee's Royalty Fee or any other payment hereunder by the dates, they are due, Franchisee acknowledges that, in addition to exercising all other rights and remedies that Franchisor has, Franchisor may terminate this Agreement.

(h) Charge on Late Payments. In addition to all other rights and remedies that accrue to Franchisor, late or overdue payments shall bear interest after the due date at the rate of the lesser of one and one-half percent (1-1/2%) per month or the highest applicable rate allowed by law. In addition, late payments and late reports will be subject to a late payment penalty of Two Hundred and Fifty Dollars (\$250) per occurrence. Franchisee acknowledges that this provision does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

(i) No Withholding of Payment. Franchisee agrees that Franchisee will not, on the grounds of the alleged non-performance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

(j) Application of Payments; Right of Offset. Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amount due to it or its affiliates against any amounts to be paid to Franchisee.

(k) Weekly Reporting. Franchisee shall provide to Franchisor on a weekly basis, an itemized report of the Gross Sales and Franchisee's profit and loss for the prior week. This report must be certified by Franchisee to be true and correct. The report will be in the form and will include such supporting documentation as Franchisor may reasonably demand from time to time. All Royalty and Marketing Services Fund Contributions due based upon Gross Sales for the preceding week will accompany the report.

(l) Quarterly Reporting. Franchisee shall provide to Franchisor on a quarterly basis, on or before the twentieth (20th) day of each month following each calendar quarter, an income and expense statement and a balance sheet in such form and detail as shall from time to time be reasonably required by Franchisor in respect of the Clinic during the preceding calendar quarter, which shall be certified as accurate by Franchisee.

(m) Annual Reporting. Franchisee shall also provide to Franchisor on an annual basis, within ninety (90) days following the end of each fiscal year of Franchisee, a balance sheet and a profit and loss statement for the Clinic for the preceding fiscal year, prepared by a certified public accountant in accordance with generally accepted accounting principles applied on a

consistent basis from year to year, which shall contain such detail as shall from time to time be reasonably required by Franchisor in respect of the Clinic during the previous fiscal year. In the event Franchisee has been in default under this Agreement during such fiscal year, then upon the reasonable written request of Franchisor, said financial statements shall be audited.

7. DUTIES OF FRANCHISOR

(a) Training and Support.

(i) **Initial Training.** Franchisee, Franchisee's Manager (as defined below in Section 9(d), and any other personnel designated by Franchisor shall successfully complete Franchisor's initial training to Franchisor's satisfaction before the Clinic opens for business. Franchisee shall complete the initial training within ninety (90) days of execution of this Agreement. Franchisor reserves the right to approve Franchisee's trainees.

(ii) **Evaluation.** Franchisor shall have the right, during the initial training program, to further evaluate Franchisee's fitness to operate under this Agreement. In the event Franchisee fails to successfully complete the initial training program, Franchisor shall have the right to terminate this Agreement.

(iii) **Training Fees.** Franchisee shall not be charged an additional training fee for training of Franchisee, one Manager, and one additional person with "franchise manager" software access. Franchisor may charge additional fees to provide initial training to additional persons.

(iv) **Additional Training.** At Franchisee's option and upon not less than thirty-five (35) days' prior written notice to Franchisor, Franchisee may receive additional training at Franchisor's training center or at another location designated by Franchisor. All expenses of this training will be borne by Franchisee and Franchisor's reasonable costs and expenses including a training fee. If Franchisor determines, in its sole judgment, that additional on-site training is necessary, Franchisee will be responsible for paying all travel expenses that Franchisor and/or its personnel incur in connection with such additional training, including a training fee.

(v) **Refresher Training.** From time to time, the Franchisor may provide refresher training and/or regional, national and/or international meetings, and may require that the Franchisee or its Manager attend and complete to Franchisor's satisfaction. These programs will be held at locations designated by Franchisor (including, without limitation, virtually) and Franchisee will be solely responsible for paying all expenses associated with attending any refresher training. Franchisors may charge reasonable training fees for such training.

(vi) **Expenses.** Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee and other personnel may incur in connection with initial, additional or refresher training, including the costs of all instructional materials. In addition, Franchisee will be responsible for all of Franchisor's and its personnel's travel and living expenses if Franchisee schedules any on-site training less than two (2) weeks in advance of the commencement of such training. If Franchisee requests additional training materials during the term of this Agreement, Franchisor will provide such materials to Franchisee at Franchisee's sole expense.

(b) Operations Manual. Franchisor will loan to Franchisee for use during the term of this Agreement, at Franchisee's expense, a copy of Franchisor's proprietary and confidential operations manuals which Franchisor may amend from time to time, containing mandatory specifications, standards, operating procedures and rules for the System (collectively, the "Operations Manual"). All such specifications, standards, operating procedures and rules made applicable to Franchisee from time to time in the Operations Manual, or otherwise communicated to Franchisee in writing, shall constitute requirements of Franchisee and shall be kept confidential by Franchisee. None of the obligations of Franchisor set forth in the Operations Manual are intended to be and shall not be construed to be incorporated in this Agreement. Franchisee will not at any time copy any part of these materials, disclose any information contained in them to others or permit others access to them. Franchisee acknowledges and agrees that the Operations Manual may be modified from time to time to reflect changes in the System; provided, however, that no such modification shall alter Franchisee's fundamental status and rights under this Agreement. All modifications to the Operations Manual shall be binding upon Franchisee upon being delivered to Franchisee. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's own cost. The Operations Manual will contain proprietary information belonging to Franchisor and Franchisee acknowledges that the Operations Manual is, and shall remain, the property of Franchisor. Franchisee shall promptly return the Operations Manual to Franchisor upon termination or expiration of this Agreement. All references herein to the Agreement shall include the provisions of the Operations Manual and all such mandatory specifications, standards, procedures and rules, and such additions and modifications thereto. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System maintains a common identity. Franchisee agrees and acknowledges that full compliance with each and every detail of the System and the Operations Manual is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Clinic in accordance with the System and the Operations Manual can cause damage to all of the other parties described above, as well as to Franchisee. Consistent with the goals of the System, Franchisee shall be responsible for the day-to-day operation of Franchisee's business. If Franchisee requests additional copies of the of the Operations Manual during the term of this Agreement, Franchisor will provide such materials to Franchisee at Franchisee's sole expense.

(c) Advice and Consultation. Franchisor shall advise and consult with Franchisee periodically in connection with the development and operation of the Clinic and reasonably attempt to assist Franchisee to resolve any operating problems that may arise. Franchisor shall communicate to Franchisee it knows-how, new developments, techniques, and improvements in business management and services which are pertinent to the operation of the Clinic in accordance with the System, all subject to Franchisee's obligation to maintain in confidence such information as would not ordinarily be disclosed.

(d) Maintenance of Approved Vendors. During the operation of the Clinic, Franchisor will maintain approved vendors, products and services for the Clinic.

(e) Delegation of Obligations. Franchisor shall have the right from time to time to delegate the performance of any portion or all of its obligations under this Agreement to third-

party designees, whether they are Franchisor's affiliates, agents, or independent contractors with which Franchisor contracts to perform such obligations.

8. MARKETING

(a) Marketing Services Fund. Franchisor administers and controls a marketing fund for the purpose of promoting the System as a whole and increasing the goodwill of the Marks (the "Marketing Services Fund"). Franchisee agrees to contribute the Marketing Services Fund Contribution to the Marketing Services Fund. The franchisee agrees and acknowledges that required contributions to the Marketing Services Fund will be deposited in Franchisor's general operating account, may be comingled with Franchisor's general operating funds and may be deemed an asset of Franchisor. Franchisor will not be required to administratively segregate the Marketing Services Fund on its books and records. Franchisor will conduct advertising and marketing of the System and other services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, producing materials for use in connection with such advertising and marketing, providing sales training or printed materials to assist with sales, or in connection with charitable or community service events. We will not use any Marketing Services Fund contributions principally to solicit new franchise sales. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including without limitation the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor and shall be final and binding. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including without limitation the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs or the administration, accounting and collection of the Marketing Services Fund Contributions) will be paid from the Marketing Services Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's Marketing Services Fund Contributions in the market area of the Protected Area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising. Franchisor and its affiliates are not required to contribute to the Marketing Services Fund on the same basis as required for franchisees. The Marketing Services Fund is not a trust, and Franchisor does not owe Franchisee fiduciary obligations because of Franchisor's maintaining, directing or administering the Marketing Services Fund or any other reason. The Marketing Services Fund may spend in any fiscal year more or less than the total Market Services Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Marketing Services Fund Contributions to pay costs before using the Marketing Services Fund's other assets. The franchisor will prepare periodically unaudited financial reports on Marketing Services Fund collections and expenses and give Franchisee such reports upon written request. Franchisor may incorporate the Marketing Services Fund or operate it through a separate entity whenever Franchisor deems appropriate. The successor entity will have all of the rights and duties specified in Section 8(a). Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings at the Marketing Services Fund's expense to collect Marketing Services Fund contributions. Franchisors also may forgive, waive, settle and compromise all claims by or against the Marketing Services Fund. Except as expressly provided in this Section 8(a), Franchisor assumes no direct or indirect liability or obligation to Franchisee for maintaining, directing or administering the Marketing Services

Fund. Franchisor may at any time defer or reduce a Clinic operator's contributions to the Marketing Services Fund and, upon at least thirty (30) days' written notice to Franchisee, reduce or suspend Marketing Services Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Services Fund. If Franchisor terminates the Marketing Services Fund, Franchisor will (at its option) either spend the remaining Marketing Services Fund assets in accordance with this Section 8(a) or distribute the unspent assets to Clinic operators (including Franchisor and its affiliates, if applicable) then contributing to the Marketing Services Fund in proportion to their contributions during the preceding twelve (12)-month period.

(b) Franchisee Website. Franchisor reserves the right to require Franchisee to establish and operate a website that meets Franchisor's specifications, and which may be linked to Franchisor's website; in the absence of such a written directive, Franchisee shall not operate a website relating to the Clinic or the System.

(c) Approval of Advertising. All advertising copies and other materials Franchisee proposes to use shall be in strict accordance and conformity with the standards, formats and specimens set forth in the Operations Manual. Franchisee shall purchase all advertising materials from Franchisor or its approved suppliers to ensure uniformity and quality of the advertising. Franchisee shall submit the proposed advertising material to Franchisor in advance of publication and shall use only such advertising copy and materials as have been approved in writing by Franchisor. Franchisee may not advertise in any media whose primary circulation is outside of the Protected Area except with Franchisor's prior written consent.

(d) Grand-Opening Advertising. Franchisee shall conduct a grand opening advertising program to promote opening of the Clinic in the Protected Area. The program shall begin approximately thirty (30) days before and continue for approximately ninety (90) days after the opening of the Clinic. Franchisee must spend at least Five Thousand Dollars (\$5,000) on the grand opening advertising program. Franchisee shall submit to Franchisor for Franchisor's approval the grand opening marketing plan no later than sixty (60) days prior to the opening of the Clinic. Franchisee acknowledges and agrees that adequate pre-opening advertising is essential to the success of the Clinic and agrees to conduct such advertising in connection with the opening of the Clinic in accordance with Franchisor's directions.

(e) Local Marketing Expenditures. As of the date of this Agreement, Franchisee is required to allocate two percent (2%) of Gross Sales per week for local advertising to promote the Clinic in the local community. Proof of local marketing expenditures shall be submitted to Franchisor quarterly. Local marketing content shall be submitted to the Franchisor for review and approval in accordance with Section 8(c).

(f) Minimum Online Marketing Expenditure. In addition to the local marketing expenditures set forth in Section 8(e) above, Franchisee must pay an approved marketing vendor at least Five Thousand Dollars (\$5,000) per month for use on Google ads (the "Minimum Online Marketing Expenditure"). Franchisee must make the Minimum Online Marketing Expenditure beginning the first full month after the Clinic opens for business and continuing each month until the Clinic has achieved one hundred (100) new patients per month for five (5) consecutive months.

(g) Advertising Cooperatives. Franchisor reserves the right to require Franchisee to participate in local and/or regional advertising cooperatives and Franchisee may be required to contribute up to one percent (1%) of Gross Sales per week to such an advertising cooperative. The funds of any such advertising cooperative will be administered by Franchisor and Franchisor may form, change, dissolve or merge any advertising cooperative at any time in its sole discretion.

(h) Discounts and Coupons. Subject to applicable law, from time to time as part of the advertising and promotional activities conducted by Franchisor, Franchisor may institute discount programs and issue coupons. Franchisee agrees to accept such coupons and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs, as the same may be incorporated in the Operations Manual. Subject to applicable law, Franchisee may not sign any agreement that provides discounts or coupons to any customer that is a business entity or non-profit organization without Franchisor's prior written approval.

(i) No Fiduciary Duty. Nothing in this Section 8 or anywhere in this Agreement creates a fiduciary relationship between the parties, nor shall anything herein be deemed to create any trust or agency duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

9. DUTIES OF FRANCHISEE

In addition to its duties as set forth elsewhere in this Agreement, Franchisee agrees to perform the following:

(a) Specifications. To promote uniformity and quality, and to protect the integrity of the Marks, Franchisee agrees to the following restrictions regarding the Clinic:

(i) Proprietary Products. Franchisor has developed the System using or incorporating trade secrets or confidential information (the "Trade Secrets") which may include future services and products developed and authorized for use in PetWell Clinic businesses. Franchisee agrees to purchase all supplies required for operation of the Clinic and other items which may be specified by Franchisor from time to time ("Proprietary Products") only from Franchisor, or a supplier designated by Franchisor. Franchisee must purchase all vaccines, parasite control products and devices, equipment and inventory and all other items used in the Clinic from suppliers approved by Franchisor.

(ii) All Other Products and Supplies. Franchisor may from time to time establish and publish reasonable specifications for the types of products and supplies authorized for use in connection with the operation of the Clinic. Franchisee may purchase any other products and supplies from suppliers approved by Franchisor, as specified in the Operations Manual. Franchisor may, in its sole discretion, approve suppliers selected by Franchisee provided the following conditions are first met:

(A) Franchisee shall submit a written request to Franchisor for approval of the supplier;

(B) The supplier shall demonstrate to Franchisor's satisfaction that it is able to supply an item to Franchisee meeting Franchisor's specifications for such an item, including but not limited to, providing Franchisor with samples;

(C) The supplier shall demonstrate to Franchisor's satisfaction that the supplier is of good standing in the business community with respect to its financial soundness and the reliability of its product or service; and

(D) In the event the item to be supplied is required to bear one of the Marks, such supplier must execute a license agreement (which may include a royalty payment) in a form acceptable to Franchisor.

Until and unless Franchisor notifies Franchisee in writing that it has approved a supplier, Franchisee must continue to purchase from previously approved suppliers. Franchisor will notify Franchisee of its approval or disapproval of a supplier within sixty (60) days of receiving all required materials. At any time, Franchisor may revoke its approval of any product, service or supplier that does not continue to meet its standards. If Franchisor determines that a previously approved supplier no longer conforms to such standards, it shall notify Franchisee and Franchisee shall thereupon discontinue making purchases from supplier.

(iii) Clinic Operation and Appearance. The Clinic must be open and operate for business a minimum of five (5) days per week. In addition, Franchisee agrees to maintain the appearance, maintenance and cleanliness of the Clinic in accordance with all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor. Without limiting that obligation, Franchisee must take the following actions during the Term at Franchisee's sole expense: (i) thorough cleaning, repainting, and redecorating of the Clinic's interior and exterior at intervals Franchisor periodically specifies and at Franchisor's direction; (ii) interior and exterior repair of the Clinic and the site as needed; and (iii) repair or replacement, at Franchisor's direction, of damaged, worn-out, unsafe, non-functioning, or obsolete equipment at intervals Franchisor periodically specifies.

(b) Revenue and Rebates. Franchisor and/or Franchisor's affiliates may derive revenue based on Franchisee's purchases and leases, including, without limitation, from charging Franchisee (at prices exceeding Franchisor's and their affiliates' costs) for services and products Franchisor or its affiliates sell Franchisee and from promotional allowances, volume discounts, and other amounts paid to Franchisor and its affiliates by suppliers that Franchisor designates, approves, or recommends for some or all PetWellClinic franchisees. Franchisor and its affiliates may use all amounts received from suppliers, whether or not based on Franchisee's and other franchisees' prospective or actual dealings with them, without restriction for any purposes Franchisor and its affiliates deem appropriate.

(c) Confidential Information and Operations. Franchisee acknowledges that the information contained in the Operations Manual constitutes confidential and trade secret information. Additionally, Franchisor may provide Franchisee with other information which has been designated by Franchisor as "Confidential," "Trade Secret," or "Proprietary Information." Without the prior written consent of Franchisor, Franchisee shall neither disclose the contents of the Operations Manual to any person, except employees of Franchisee for purposes related solely

to the operation of the Clinic, nor reprint or reproduce the Operations Manual, or any other confidential or proprietary information or trade secrets in whole or in part for any purpose. Upon request by the Franchisor, Franchisee shall obtain agreements from its personnel prohibiting disclosure of any trade secret or proprietary information.

(d) Operation of Clinic. Franchisee shall participate in and directly operate and manage the Clinic either personally or through a manager approved by Franchisor who has completed the initial training program to Franchisor's satisfaction (the "Manager") and shall diligently devote Franchisee's best efforts to the operation and management so as to maximize sales and profits, keeping free from conflicting enterprises or any other activities which would be detrimental to or interfere with such operation or management. Franchisee shall operate and maintain the Clinic only within the Protected Area and only in accordance with the business standards, procedures, policies, and techniques comprising the System as specified in the Operations Manual. In a One-Tier System, at all times the Clinic shall employ or contract with one or more doctors of veterinarian medicine and support personnel to operate and be responsible for all veterinary medicine aspects of the Clinic including, without limitation, patient care and related medical decisions, all in accordance with applicable laws. In a Two-Tier System, at all times a PC shall operate and be solely and exclusively responsible for all veterinary medicine aspects of the Clinic, in accordance with applicable laws.

(e) Remodeling of Clinic. During the term of this Agreement, Franchisor may require Franchisee to remodel, redecorate, purchase new equipment and/or refurbish the Clinic to meet Franchisor's then-current System standards. Franchisee shall be required to expend up to Twenty-Five Thousand Dollars (\$25,000) every five (5) years during the Term for such remodeling, redecorating or refurbishing of the Clinic and the premises in which it is located; provided, however, that Franchisor shall not require such remodeling, redecorating or refurbishing of the Clinic during the last two (2) years of the Term unless required as a condition of offering Franchisee the right to enter into a renewal franchise agreement in accordance with Section 5(g) of this Agreement.

(f) Sales Records and Reports. Franchisee understands and agrees that both technological and operational developments may require Franchisee to upgrade, maintain, repair, and update software systems during the term of this Agreement or upon its renewal. Franchisee will upgrade, maintain, repair and update the systems in order to assume and discharge all of the System related tasks specified, and as modified from time to time, by Franchisor. Franchisee agrees to execute any and all necessary agreements and pay fees in connection with the licensing, maintenance and upgrade of systems which may be in excess of the estimated expenditures. There are no limits or restrictions regarding the cost or frequency with which Franchisee will be required to manage the software systems. Franchisor may obtain independent access to the information in the software system and reserves the right to request records from Franchisee at any time.

(g) Legal Compliance. At its sole expense, Franchisee shall comply with all federal, state, and local laws, ordinances and regulations applicable to the ownership and operation of the business and Clinic. Franchisee shall consult with its own independent advisors to the extent necessary to comply with all applicable laws, ordinances and regulations. The franchisor shall not be responsible for the operation of Franchisee's Clinic. Whenever a provision of this

Agreement provides for Franchisor's review and consent or approval, Franchisor's review shall not be to determine compliance with law, which compliance is the sole responsibility of Franchisee.

(h) Staffing. If Franchisee is required to operate under a Two-Tier System, the PC shall staff veterinarians to operate the veterinarian medicine aspects of the Clinic and Franchisee shall employ a Manager to operate the Management Company and day-to-day operations of the Clinic if Franchisee is unable to do so on premises on a day-to-day basis. If Franchisee is operating under a One-Tier System, Franchisee shall hire a veterinarian to operate the veterinary medicine aspects of the Clinic and a Manager to manage the day-to-day operations of the Clinic if Franchisee is unable to do so on-premises on a day-to-day basis. Before the Clinic opens for business or anytime thereafter that a new veterinarian is hired, the veterinarian must complete initial training to Franchisor's satisfaction. From time to time, Franchisor may also make various mandatory and optional training programs available to Franchisee, the PC (where applicable) and its veterinarians, as applicable. Franchisee agrees to timely and successfully complete, and to require the PC (where applicable) and all veterinarians to timely and successfully complete all training that Franchisor designates as mandatory.

(i) Right of Inspection. Franchisee shall allow the agents and representatives of Franchisor to enter the Clinic at any time for the purpose of examining and inspecting fixtures, furnishings, signs, equipment, products, supplies, and staffing of the Clinic to determine whether Franchisee is in compliance with this Agreement and the standards and policies of the System. In order to monitor the System, Franchisor shall have the right to conduct quality assurance audits, employ mystery customers and conduct customer surveys. If Franchisee fail to operate the Clinic in accordance with the System, Franchisor may, at its option, and at Franchisee's expense, and in addition to any other remedies of Franchisor hereunder, place a representative of Franchisor in the Clinic until Franchisor shall determine in its sole discretion that there is compliance.

(j) Books and Records. Franchisee shall keep books of account in accordance with good accounting practices which fully and accurately disclose Gross Sales, and which accurately reflect current results of the operation of the Clinic. Franchisee shall permit Franchisor, or its agent or representative, to inspect and examine Franchisee's books and records at reasonable times. If any audit discloses that reported Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amounts due, together with late charges as provided herein, and shall reimburse Franchisor for any and all expenses incurred in connection with or attributable to the audit including, without limitation, accounting and legal fees, and travel expenses for Franchisor's agents and representatives. Such payments shall be without prejudice to any other rights and remedies Franchisor may have under this Agreement or otherwise. Franchisee shall maintain the books and records of the Clinic for at least three (3) years.

(k) Computer Systems. Franchisee must lease, purchase or otherwise acquire all software and hardware which meets Franchisor's specifications as prescribed in the Operations Manual. Franchisee must install and use in the operation of the Clinic the proprietary software for all client/patient transactions, invoices, medical records and Clinic operations. communications, accounting, clinic operations, client/patient transactions, invoices, medical

records and recordkeeping, as prescribed by Franchisor from time to time. If Franchisor requires Franchisee to use any proprietary software or to purchase any software from a designated supplier, Franchisor must execute any software license agreements or any related software maintenance agreements that Franchisor (or its affiliate) or the licensor of the software requires. Franchisors shall have independent access to and use the information and data on Franchisee's computer systems.

(l) Required Disclosure. Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem advisable, to disclose information regarding Franchisee or the operation of the Clinic, including without limitation, earnings or other financial performance information. Franchisee agrees that Franchisor should be entitled to disclose such information, and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

(m) Notification of Legal Proceedings. Franchisee shall notify Franchisor in writing within ten (10) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award, or decree of any court or government agency which may adversely affect Franchisee's financial condition or ability to perform its duties or meet its obligations hereunder.

(n) Periodic Meetings with Franchisor. Franchisee must attend periodic meetings (the "Periodic Meetings") with Franchisor to discuss the Clinic's compliance with, and implementation of, the System. Franchisor will determine the frequency of the Periodic Meetings. The Periodic Meetings may be conducted via telephone, videocall, or any other means of communication designated by Franchisor. Franchisor may change the frequency of the Periodic Meetings upon written notice to Franchisee. Franchisee, or if Franchisee is an entity, at least one owner with at least a ten percent (10%) ownership interest in Franchisee, must attend each Periodic Meeting, unless Franchisor excuses Franchisee's attendance in writing in advance of a Periodic Meeting. If Franchisee, or an owner with at least a ten percent (10%) ownership interest in Franchisee (if Franchisee is an entity), fails to attend at least seventy-five percent (75%) of the Periodic Meetings in any calendar year (not including those Periodic Meetings for which Franchisor has excused Franchisee's attendance in advance), such failure shall constitute a non-curable event of default for which Franchisor may terminate this Agreement upon notice to Franchisee.

10. INSURANCE

At all times during the term of this Agreement, Franchisee shall maintain in full force and effect at its sole cost and expense Commercial General Liability Insurance with minimum limits of liability of One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) in the aggregate, including products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, and personal injury coverage, including umbrella coverage, and such other limits and coverages as Franchisor may recommend from time to time. Franchisee shall also maintain in full force and effect at its sole cost and expense, workers compensation insurance as

required by law and, in a One-Tier System, Professional Liability Insurance with minimum limits of liability of One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) in the aggregate. Franchisor and all other subsidiaries, affiliates and other parties designated by Franchisor from time to time shall be named as additional insureds. Franchisee shall provide Franchisor with certificates of insurance evidencing coverage, which certificates shall be renewed and provided annually and shall contain such detailed information as Franchisor may from time-to-time request, and Franchisee shall also provide Franchisor with full and complete copies of any and all of the above policies including copies of any renewals or modifications thereto upon request of Franchisor. All insurance policies must be issued by an insurance company licensed to do business in the state where the Clinic is located, approved by Franchisor, and rated A- or better by A.M. Best & Company, Inc. Franchisee shall cause the companies to agree by endorsement or separate written document that Franchisor shall be given at least twenty (20) days' prior written notice of termination, expiration, cancellation, modification or reduction in coverage limits of any such policy. All insurance policies must contain a blanket waiver of the insurer's rights of subrogation in respect of or against Franchisor and its officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause but will contain a severability clause providing that each policy will be treated as though a separate insurance policy had been issued to each named insured. Upon failure of Franchisee to maintain in effect any of the insurance required, or to furnish to Franchisor satisfactory evidence of such insurance, Franchisor may, in its discretion, obtain insurance coverage on behalf of Franchisee, and Franchisee agrees to promptly execute applications or instruments required to obtain any such insurance and to pay to Franchisor, on demand, all costs, premiums and other expenses incurred by Franchisor.

11. INDEMNITY

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates and associates, licensors, officers, directors, owners, employees, agents, representatives and assignees (the "Indemnified Parties") harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Clinic, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement. For purposes of this indemnification, "claims" means and includes all obligations, actual and consequential damages, losses, claims, judgments, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any claim. Franchisee shall have no right to settle or refuse any claim; Franchisor shall retain all rights to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor. The defense of such claim, litigation or administrative proceeding by an Indemnified Party, or by Franchisee on an Indemnified Party's behalf, shall be at the sole cost and expense of Franchisee, who shall hold each Indemnified Party free and harmless from all such obligations and liabilities and shall reimburse an Indemnified Party for all expenses incurred therein, including attorneys' fees. Further, an Indemnified Party shall have the right independently to take any action it may

deem necessary, in its sole discretion, to protect and defend itself against any threatened action subject to indemnification hereunder, without regard to expense, forum or other parties that may be involved.

12. MARKS AND TRADE DRESS

(a) Ownership of Marks and Goodwill. Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Clinic in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee acknowledges that the Marks are valid trademarks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, the ownership or use of, application for, or registration of, or the validity or enforceability of, any of the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor and or its affiliates.

The Marks and other aspects of the System are subject to replacement, addition, deletion, and other modification by Franchisor in its sole discretion. If any such action is taken by Franchisor, Franchisee will promptly accept and use such replacement, addition, deletion, and other modification, and, in the case of the System, display such changed Marks as if they were part of the System as of the effective date of this Agreement (and replace, add, remove or modify the Mark(s) that have been so changed), and Franchisee will bear the cost of conforming the Clinic to any such replacement, modification, addition, deletion, or other change.

(b) Limitations on Franchisee's Use of Marks and Trade Dress. If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor. Franchisee will not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Clinic without the prior written consent of Franchisor, or as expressly permitted in the Operations Manual.

(c) Defense of Trademarks.

(i) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or of any of Franchisor's copyrights in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written

consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(ii) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's, or its affiliate's copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to defend or settle such action. Franchisee agrees to render such assistance as Franchisor shall reasonably demand to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

(d) Copyright. Franchisee acknowledges that Franchisor has developed and may further develop during the term of this Agreement, certain artistic designs (e.g. business cards and Clinic materials), and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor and/or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement.

(e) Discontinuance of Use of Marks. If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or any items of trade dress, or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of trade dress and to accept, use and display such additional marks or items of trade dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, substitution, modification or discontinuance.

(f) Internet Website. Franchisee will not display the Marks on or associate the System with (through a link or otherwise) any website, electronic marketing materials, domain name, address, designation, or listing on the Internet or other communication system without the express consent of Franchisor. If Franchisor permits Franchisee to display or use the Marks in any such manner, the form, content and appearance of such display or use, and any modifications thereto, must comply with the Franchisor's standards and be approved by Franchisor so that Franchisor can maintain the common identity of the System and the Marks.

(g) Domain Name. Franchisee acknowledges that Franchisor's domain name is the sole property of Franchisor and its affiliates. Franchisee will not, directly or indirectly, use, register, obtain or maintain a registration for any Internet domain name, address, or other designation that contains any Mark or any mark that is in Franchisor's sole opinion confusingly similar, including misspellings and acronyms. Upon Franchisor's request, Franchisee must promptly take all steps to cancel or transfer to Franchisor or its designee any such domain name, address, or other designation under its control.

13. NON-COMPETITION

(a) Franchisee acknowledges that Franchisor could not protect the Trade Secrets against unauthorized use or disclosure and could not achieve a free exchange of ideas and information among franchisees in the System if Franchisee held interest in any competitive business. Franchisee acknowledges that Franchisor grants the rights to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to deal exclusively with Franchisor. Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business involving or related to operating a Clinic, the offering of veterinary pet care, wellness, vaccination, and parasite clinic services ("Competitive Business"), or sale of assets related thereto, except as Franchisor may otherwise agree.

(b) In addition, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not carry on, be engaged in or advise in the establishment or operation of any business involving or related to the operation of a Clinic or similar businesses described in section (a) above except (i) pursuant to Franchise Agreements with Franchisor, or (ii) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only in an area that is at least five (5) miles from any location in which a PETWELLCLINIC business (including Franchisee's former Clinic) that is operating or being established. Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect the goodwill and interest of Franchisor and the System.

(c) Without limiting anything contained in this Agreement, Franchisee shall require veterinarians who work at the Clinic for two (2) or more days per week at any given time to enter into a non-competition agreement stating that, upon termination of such veterinarian's work with Franchisee or the PC, as applicable, such veterinarian shall not, during the term of its work with the Clinic, and for a period of two (2) years thereafter, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of, a Competitive Business in a location that is within five (5) miles of any PetWellClinic® business, whether then existing or in development.

(d) The covenants contained in this Section 13 shall be construed as severable and independent and shall be interpreted and applied consistently with the requirements of reasonableness and equity. The period, the geographic area and the scope of the restrictions on Franchisee's activities are divisible so that if any provision of the restrictions is invalid, that provision shall be automatically modified to the extent necessary to make it valid.

(e) Franchisee shall require and obtain execution of agreements similar to those set forth in this Section 13 including agreements applicable upon the termination of a person's relationship with Franchisee that shall be effective for a period of two (2) years after such termination from all officers, directors, and holders of a beneficial interest of ten percent (10%) or more of the equity of any entity directly or indirectly controlling Franchisee, if Franchisee is an entity.

(f) All agreements required by this Section 13 shall be in forms satisfactory to Franchisor, including without limitation specific identification of Franchisor as a third-party beneficiary with the independent right to enforce them.

14. ASSIGNMENT; TRANSFER

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

(b) By Franchisee.

(i) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee or, if Franchisee is a corporation, partnership, limited liability company or other entity, of its principal owners and officers or partners. Accordingly, Franchisee shall not transfer (as defined below) this Agreement or any interest herein without Franchisor's prior written consent and without offering Franchisor a right of first refusal. In addition, during the term of this Agreement, Franchisee's governing documents (if Franchisee is a corporation, partnership, limited liability company or other entity) must provide that no transfer of any ownership interest may be made except in accordance with this Agreement, and any securities that Franchisee issues must bear a conspicuous printed legend to this effect. Any attempt at a transfer that violates the provisions of this Section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement and shall therefore be void. A transfer by an individual franchisee to an entity that is wholly owned by Franchisee and the sole business of which is the operation of the Clinic shall not be subject to Franchisor's right of first refusal nor shall Franchisee be required to pay the transfer fee set forth below; provided that Franchisee notifies Franchisor in advance of the transfer and provides Franchisor with all documents Franchisor deems necessary or advisable including without limitation, an assumption agreement and personal guaranty by Franchisee as an individual. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer.

(ii) For purposes hereof, “transfer” means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Clinic or more than twenty-five percent (25%) of the ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity. “Transfer” shall also include, in the event of Franchisee’s death, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee (the “Survivor”).

(iii) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any Transfer:

(A) The transferee must meet Franchisor’s standards for quality of character, financial capacity and experience required of a new franchisee.

(B) The transferee must complete to Franchisor’s exclusive satisfaction, the training programs Franchisor then requires of new franchisees.

(C) Franchisee must pay all fees in full which are owed to Franchisor or its affiliates and third-party suppliers.

(D) If required by the lease or sublease for the Location, the lessor or sublessor must have consented to the assignment or sublease of the Clinic premises to the transferee. All veterinary clinic equipment must be inspected and certified by a qualified professional inspector to be in good working order and free of operational defects.

(E) The franchisee shall pay to the Franchisor a nonrefundable transfer request fee in the amount of Two Thousand Five Hundred Dollars (\$2,500).

(F) Franchisee will enter into an agreement to subordinate to the transferee’s obligations to Franchisor, any obligations of the transferee to make installment payments of the purchase price to Franchisee. The form of the subordination is subject to Franchisor’s approval.

(G) The transferee will refurbish the Clinic, including the veterinary clinic equipment and signage to conform to the then-current standards for new Clinics as prescribed in the Operations Manual and the Standards.

(H) Franchisee will pay Franchisor a commission in the amount of Ten percent (10%) of the gross transfer price (excluding the price of real property, if any) if Franchisor obtains the transferee for Franchisee.

(I) The transferee will execute all documents Franchisor requires of new franchisees, which will include the then-current franchise agreement used by Franchisor in the grant of franchises which may contain economic and other terms which are materially different from those contained in this Agreement. The term will be for the unexpired term of this Agreement or for a new full term, at the sole discretion of Franchisor.

(J) Franchisee and all of its owners must execute a general release on Franchisor's then-current standard form.

(c) Right of First Refusal. Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within sixty (60) days of receipt of the complete information and documents from Franchisee, Franchisor will inform Franchisee (i) whether it will exercise its right of first refusal, and (ii) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and brokers or finder's fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee). Moreover, Franchisor shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transferee, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor.

15. OPERATION IN THE EVENT OF ABSENCE, DISABILITY OR DEATH

The parties hereto acknowledge that it is imperative that the Clinic be operated without any interruption and in a manner that will not cause harm to the Clinic or the System. In order to insure such continued operation, in the event that Franchisee, or any of its owners, is not able to operate the Clinic, by reason of illness, disability, death, or otherwise, and within thirty (30) days of such illness or death, Franchisee's executor or representative has not transferred the franchise in accordance with the provisions of this Agreement, Franchisee authorizes Franchisor or Franchisor's nominee to operate the Clinic for as long as Franchisor deems necessary and practicable without waiver of any other rights or remedies Franchisor may have under this Agreement. All proceeds from the operation of the Clinic during such a period of operation by Franchisor shall be separately accounted for, and the expenses of the Business, including Franchisor's management fee, which shall be equal to twenty percent (20%) of monthly Gross Sales, shall be charged to said proceeds. If Franchisor, in its sole discretion, temporarily operates the Clinic as provided in this section, Franchisee agrees to hold harmless and fully indemnify Franchisor and any representative(s) of Franchisor who may act hereunder.

16. DEFAULT AND TERMINATION

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

(a) With Notice and No Opportunity to Cure. This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause":

If Franchisee:

- (i) has made any material misrepresentations or omissions in the franchise application or in any report Franchisee has submitted to Franchisor pursuant to this Agreement;
- (ii) abandons the Clinic by failing to operate it for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Clinic, unless such failure is due to disaster or similar reasons beyond Franchisee's control;
- (iii) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;
- (iv) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;
- (v) loses its lease for the Clinic;
- (vi) fails to timely cure a default under its lease for the Clinic;
- (vii) has its Clinic closed by any state or local authorities for health or public safety reasons;
- (viii) is operating in a Two-Tier System and terminates the Management Agreement without Franchisor's prior consent;
- (ix) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including but not limited to any portion of the Operations Manual;
- (x) becomes insolvent or admits in writing to its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not resolved favorably to Franchisee within ninety (90) days; or if the same should occur to a principal owner, a control person or guarantor;
- (xi) causes any default under this Agreement, or engages in any conduct, that impairs or is likely to impair the goodwill associated with the Marks or any of Franchisor's other intellectual property;
- (xii) is convicted by a trial court of, or pleads no contest to, a felony, regardless of the nature of the charges, or any misdemeanor that brings or tends to bring the Marks or any of Franchisor's other intellectual property into disrepute, or impairs or tends to impair Franchisee's reputation or the goodwill of the Marks or any of Franchisor's other intellectual property; or if the same should occur to a principal, control person or guarantor;

(xiii) shall at any time have the Clinic or its assets seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lien holder or lessor of Franchisee, or a writ or levy of execution shall issue against the franchise granted hereunder or the goods and chattels of Franchisee;

(xiv) fails, for a period of three (3) days after notification of non-compliance, to comply with any federal, state or local law or regulations applicable to the operation of the Clinic;

(xv) intentionally under-reports its Gross Sales to Franchisor;

(xvi) fails to transmit any health department or similar reports to Franchisor immediately upon Franchisee's receipt of the same;

(xvii) if a judgment against Franchisee in the amount of more than Five Thousand Dollars (\$5,000) remains unsatisfied (unless an appeal is filed or a supersedeas bond is secured) for a period of more than thirty (30) days;

(xviii) if the United States government designates Franchisee or any person affiliated with Franchisee a "specially designated national" or "blocked person;"

(xix) any default by Franchisee that is the second (2nd) same or similar default within any twelve (12) month consecutive period or the third (3rd) default of any type within any twenty-four (24) month consecutive period; or

(xx) or, if Franchisee is an entity, an owner with at least a ten percent (10%) ownership interest in Franchisee fails to attend at least seventy-five percent (75%) of the Periodic Meetings in any calendar year, not including those Periodic Meetings for which Franchisor excused Franchisee's attendance in advance.

(b) With Notice and Opportunity to Cure. This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(i) Failure to cure any default under this Agreement or the Operations Manual within thirty (30) days from the date of Franchisor's issuance of a written notice of default; or

(ii) Failure to pay amounts due or failure to submit required reports within ten (10) days after notice thereof is delivered to Franchisee.

(iii) Failure to cure a Health Default within twenty-four (24) hours after notice thereof is delivered to Franchisee. A "Health Default" occurs when a default under this Agreement occurs that violates any health, safety, or veterinary licensing law or regulation, violates any System standard, or when the operation of the Clinic presents a health or safety hazard to the public.

A termination under this Section 16(b) will be accomplished by mailing or delivering to Franchisee written notice of termination that will identify the grounds for termination. Unless

otherwise specified in Franchisor's written notice, the termination will be effective immediately upon Franchisor's issuance of the written notice of termination.

(c) No Waiver. The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

(d) Enforcement. Franchisee acknowledges that the decision to enforce or not to enforce compliance with its rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

17. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

(a) Payment of Amounts Owed to Franchisor. Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid.

(b) Marks. After the termination or expiration of this Agreement, Franchisee shall:

(i) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, any imitation thereof or other indicia of the Clinic in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor or the System;

(ii) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee or a principal thereof the items destroyed) all supplies bearing any Marks;

(iii) refrain from engaging in a competing business as provided in Section 13 above;

(iv) stop using the Marks and the System and return to Franchisor all copies of the Operations Manual and all other proprietary information, including, without limitation, customer lists;

(v) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, websites and the like that are associated with the Clinic and the System and cooperate with Franchisor in causing all applicable telephone companies and other service providers to reassign such numbers and addresses to Franchisor or its nominee including, without limitation, signing telephone transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(vi) refrain from soliciting clients of the Clinic, and turn over all client information and data to Franchisor;

(vii) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks;

(viii) assist in the smooth transition of the Clinic to any successor franchisee;

(ix) refrain from making any disparaging comments regarding Franchisor or the System; and

(x) comply with all further requirements set forth in the Operations Manual.

(c) Option to Purchase the Assets of the Clinic. After the termination or expiration of this Agreement, Franchisor shall have the option, exercised by giving Franchisee written notice before or within thirty (30) days after the effective date of termination or expiration of this Agreement, to purchase the assets associated with the Clinic that Franchisor designates. Franchisor has the unrestricted right to assign this purchase option to a third party (including an affiliate or another franchisee) which will then have the rights and obligations described in this Section 17(c). Franchisor is entitled to all customary representations, warranties, and indemnities, including representations and warranties regarding ownership and condition of, and title to, the assets being acquired; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Clinic before the closing of the purchase. Franchisee agrees (at Franchisor's option) to assign the lease for the Clinic's premises to Franchisor for the remainder of its term (including renewal options).

(d) Determination of Purchase Price. If Franchisor elects to purchase all or substantially all of the operating assets associated with the Clinic, the purchase price for those assets will be their fair market value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to the Marks, brand image, and other intellectual property, or (c) participation in the System or network of PetWell Clinics. In all cases, Franchisor may exclude from the assets purchased any operating assets or other items not reasonably necessary (in function or quality) to the Clinic's operation or that Franchisor has not approved as meeting System standards. Franchisor and Franchisee must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after Franchisor delivers notice exercising Franchisor's rights under Section 17(c) hereof. If Franchisor and Franchisee cannot agree on fair market value within this fifteen (15) day period, fair market value will be determined by the appraisal process set forth in Section 17(e) below.

(e) Appraisal Process. Fair market value will be determined by one (1) independent accredited appraiser upon whom Franchisor and Franchisee agree who, in conducting the appraisal, will be bound by the criteria specified in Section 17(d) above. Franchisor and Franchisee agree to select the appraiser within fifteen (15) days after Franchisor delivers its purchase notice (if Franchisor and Franchisee do not agree on fair market value before then). If Franchisor and Franchisee cannot agree on a mutually acceptable appraiser within the fifteen (15) day period, Franchisor will send Franchisee a list of three (3) independent appraisers, and Franchisee must within seven (7) days select one (1) of them to be the designated appraiser to determine the purchase price. If Franchisee fails to select one (1) of the appraisers proposed by Franchisor within such seven (7) day period, then Franchisor has the right to select the appraiser

in its sole discretion, and such selection shall be binding upon Franchisee. Franchisor and Franchisee will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice commencing the appraisal process outline in this Section 17(e), Franchisor and Franchisee each must send the appraiser their respective calculations of the purchase price, with such detail and supporting documents as the appraiser reasonably requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether Franchisor's proposed purchase price or Franchisee's proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and shall be deemed to be final and binding upon the parties.

(f) Closing. The franchisor will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, Franchisor may decide after the purchase price is determined not to complete the purchase and will have no liability to Franchisee for choosing not to do so. Franchisor may set off against the purchase price and reduce the purchase price by any and all amounts Franchisee owes to Franchisor (or its affiliates). At closing, Franchisor agrees to deliver instruments transferring to Franchisor: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee; (b) all of the Clinic's licenses and permits that may be assigned; and (c) possessory rights to the Clinic's premises.

(g) Continuing Obligations. All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 11, 12 and 13, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

18. CONDEMNATION AND CASUALTY

(a) Franchisee shall give Franchisor notice of any proposed taking through the exercise of the power of eminent domain, at the earliest possible time. If Franchisee relocates the Clinic in accordance with the terms of Section 3(h) above, and Franchisee opens a new Clinic at a new location in accordance with Franchisor's specifications within one (1) year of the closing of its original Clinic, the new Clinic will thereafter be deemed to be the Clinic franchised under this Agreement. If such a condemnation takes place and Franchisee either does not intend to open or does not open, for whatever reason, a new Clinic at a new location approved by Franchisor within one (1) year of the date Franchisee has ceased operations at its original Clinic, then this Agreement shall terminate immediately upon notice by Franchisor to Franchisee.

(b) If the Clinic is damaged by fire or other casualties, Franchisee will expeditiously repair the damage. If the damage or repair requires closing the Clinic, Franchisee will immediately notify Franchisor, will repair or rebuild the Clinic in accordance with Franchisor's specifications, and will reopen the Clinic for continuous business operations as soon as reasonably practicable (but in any event within one (1) year after closing of the Clinic), giving Franchisor advance notice of the date of reopening. If the Clinic is not reopened in accordance with this paragraph, this Agreement shall terminate immediately upon notice by Franchisor to Franchisee.

19. UNAVOIDABLE DELAYS

In the event of failure to perform or delays in the performance of any duties hereunder caused by forces not within the reasonable preventive control of the party due to perform, for example (without limitation), government regulations, fire, flood, labor disputes, natural disasters, acts of God, civil disorders, riots, insurrections, work stoppages, slowdowns or disputes, or other similar events, such failures or delays shall not cause a default in said performance, but, in the event of delay, the parties shall extend the time of performance for a period of time equivalent to the length of delay, or for such other reasonable period of time as agreed to between the parties, provided that such extension shall not enlarge or extend the term of Agreement.

20. INVALID OR UNENFORCEABLE PROVISIONS

If any provision of this Agreement, or its application to any person or circumstances, is invalid or unenforceable, then the remainder of this Agreement or the application of such provision to other persons or circumstances shall not be affected thereby.

21. RELATIONSHIP BETWEEN PARTIES

(a) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the Clinic, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(b) It is acknowledged that Franchisee is the independent owner of its business, shall be in full control thereof, and shall conduct such business in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business and as a franchisee of Franchisor. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damage to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the Franchise.

22. WAIVER

No failure of Franchisor or Franchisee to exercise any power hereunder granted, or to insist on strict compliance by the other with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of either party's right to demand exact compliance with the terms hereof. Waiver by either party of any particular default by the other shall not affect or impair any rights with respect to any subsequent default of the same or of a different nature; nor shall any delay or omission of either party to exercise any rights arising from a default affect or impair any rights as to said default or any subsequent default.

23. NOTICES

All notices hereunder shall be hand delivered or sent by express mail, federal express or air courier or by registered or certified mail to Franchisor and Franchisee at the respective addresses set forth on the first page of this Agreement, unless Franchisor and/or Franchisee shall from time-to-time change said addresses by written notice to the other as provided herein. Any notice given by registered or certified mail shall be deemed received by the party to whom it is addressed on the third day after such notice is deposited in the United States mail with postage thereon fully prepaid, return receipt requested. Any notice given by express mail, federal express or air courier shall be deemed given the next business day.

24. APPLICABLE LAW

This Agreement shall be governed in all respects and aspects by the laws of the State of Tennessee, subject to the Lanham Act (15 U.S.C. 1051 et seq.).

25. RESOLUTION OF DISPUTES

(a) Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (in each case, a “Dispute”), the Dispute shall first be submitted to arbitration in Knoxville, Tennessee or in the future the county in which Franchisor’s headquarters is the located, administered by the American Arbitration Association (“AAA”), or its successor, in accordance with the AAA rules and procedures then in effect. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney licensed to practice law in Tennessee (or such other location where Franchisor’s headquarters is then located) who is experienced in complex commercial transactions (franchise experience is preferred but not required). If the parties are unable to agree on an arbitrator, AAA shall designate the arbitrator. The parties will cooperate with AAA and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable AAA procedures. The arbitration shall be conducted in accordance with the AAA rules. Any party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with AAA, with a copy to the other party. The party seeking arbitration must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court or by a jury.

(b) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiffs, consolidated or similar basis.

(c) The prevailing party in any legal proceeding will be entitled to recover as an element of such a party's cost of arbitration, suit or proceeding, and not as damages, reasonable attorneys' fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of \$100.00 shall be sufficient), in connection with the Marks, Trade Secrets, Confidential Information, Proprietary Information. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such a party may have.

(d) EXCEPT FOR FRANCHISEE'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 11 AND CLAIMS BASED ON FRANCHISEE'S UNAUTHORIZED USE OF THE MARKS, TRADE SECRETS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

(e) SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 25, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS). FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) ACKNOWLEDGE THAT FRANCHISOR AND FRANCHISEE (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

(f) EXCEPT FOR:

(i) CLAIMS ARISING FROM NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR FOR ROYALTY FEES, MARKETING SERVICES FUND CONTRIBUTIONS, AND ANY OTHER AMOUNTS THAT WOULD ACCRUE FOR AN OPERATING CLINIC UNDER THIS AGREEMENT; AND

(ii) FRANCHISOR'S (AND CERTAIN OF FRANCHISOR'S RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM FRANCHISEE FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT,

ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

26. TERMINOLOGY

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of this Agreement or any section, paragraph, or clause herein may require, as if such word had been fully and properly written in the appropriate number and gender.

27. ENTIRE AGREEMENT

(a) This Agreement and the exhibits attached hereto and incorporated herein, if any, contain the entire agreement of the parties and there are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties hereto other than those set forth and duly executed in writing in this Agreement.

(b) Upon execution of this Agreement by Franchisor, all previous agreements, contracts, arrangements or undertakings of any kind relative to the Franchise granted herein are canceled, and as between the parties hereto, all claims and demands are fully satisfied; provided, however, that this paragraph shall have no effect upon written agreement(s) signed by both parties, whenever executed, except to the extent that such written agreement specifically refers to and modifies or cancels this Agreement. If Franchisee is a corporation, partnership or other entity, those shareholders, partners and other persons owning an interest in such entity shall sign Franchisor's form of confidentiality and non-competition agreement. If Franchisee is a corporation, partnership or other entity, Franchisor will determine which of the shareholders, partners or other principals shall sign Franchisor's form of Guaranty and Assumption of Franchisee's Obligations, in accordance with Franchisor's criteria, set forth on **Exhibit D** attached hereto and incorporated herein.

(c) Franchisee's spouse or, the spouses of all owners of Franchisee if Franchisee is an entity, shall execute a spousal consent in the form attached hereto as Exhibit B.

(d) The foregoing provisions notwithstanding, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee.

(e) This Agreement, although drawn by Franchisor, shall not be construed more strictly against one party than against the other party.

28. MODIFICATION OR AMENDMENT OF AGREEMENT

This Agreement shall not be modified or amended except by written agreement executed by both parties hereto. No subsequently published manual or other publication of Franchisor shall materially alter the parties' rights and obligations under this Agreement. Notwithstanding the preceding sentence, Franchisor may unilaterally amend the Operations Manual from time to time.

29. COSTS AND EXPENSES OF ENFORCEMENT

The prevailing party shall recover the reasonable costs and expenses, including reasonable attorneys' fees, incurred by such party in connection with any legal proceeding involving the enforcement of any of the provisions of this Agreement.

30. CAPTIONS

The section headings throughout this Agreement are for convenience and reference only, and the words contained therein shall not be held to expand, modify, amplify, or aid in the interpretation or construction of this Agreement.

31. FRANCHISEE'S ACKNOWLEDGMENTS

(a) NEITHER FRANCHISEE (INCLUDING, WITHOUT LIMITATION, ANY AND ALL OF ITS DIRECTORS AND OFFICERS, IF ANY), NOR ANY OF ITS AFFILIATES OR THE FUNDING SOURCES FOR EITHER IS SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. NEITHER FRANCHISEE NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY OWNED OR CONTROLLED BY THE GOVERNMENT OF ANY COUNTRY THAT IS SUBJECT TO AN EMBARGO BY THE UNITED STATES GOVERNMENT. NEITHER FRANCHISEE NOR ANY OF ITS AFFILIATES IS ACTING ON BEHALF OF A GOVERNMENT OF ANY COUNTRY THAT IS SUBJECT TO SUCH AN EMBARGO. FRANCHISEE FURTHER REPRESENTS AND WARRANTS THAT IT IS IN COMPLIANCE WITH ANY APPLICABLE ANTI-MONEY LAUNDERING LAW, INCLUDING, WITHOUT LIMITATION, THE USA PATRIOT ACT. FRANCHISEE AGREES THAT IT WILL NOTIFY FRANCHISOR IN WRITING IMMEDIATELY UPON THE OCCURRENCE OF ANY EVENT THAT WOULD RENDER THE FOREGOING REPRESENTATIONS AND WARRANTIES OF THIS SECTION INCORRECT.

(b) BY SIGNING THIS AGREEMENT, THE FRANCHISEE IS AGREEING TO HAVE ALL DISPUTES, CLAIMS OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT DECIDED BY NEUTRAL ARBITRATION IN KNOXVILLE, TENNESSEE, AND FRANCHISEE IS GIVING UP ANY RIGHTS FRANCHISEE MIGHT POSSESS TO HAVE THOSE MATTERS LITIGATED IN A COURT OR JURY TRIAL. BY SIGNING THIS AGREEMENT THE FRANCHISEE IS GIVING UP THE FRANCHISEE'S JUDICIAL RIGHTS TO DISCOVERY AND APPEAL EXCEPT TO

THE EXTENT THAT THEY ARE SPECIFICALLY PROVIDED FOR UNDER THIS AGREEMENT. IF FRANCHISEE REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION FRANCHISEE MAY BE COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW. FRANCHISEE'S AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

32. FRANCHISEE'S ACKNOWLEDGMENT IN CERTAIN STATES

The following acknowledgement shall be made by and binding on Franchisee, unless this Agreement and/or the relationship between Franchisor and Franchisee is subject to state franchise registration and/or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

NO REPRESENTATION, PROMISE, GUARANTY OR WARRANTY WAS MADE TO INDUCE THE EXECUTION OF THIS AGREEMENT OR IN CONNECTION HERewith WHICH IS NOT EXPRESSLY CONTAINED HEREIN.

33. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY 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 FRANCHISOR, ANY FRANCHISE SELLER, OR ANY OTHER PERSON ACTING ON BEHALF OF FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

[REMINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

34. EFFECTIVE DATE

This Agreement shall become effective and binding upon execution and delivery by Franchisor.

DATE: _____
Franchisee (Print Name)

By: _____

Title: _____

DATE: _____ PETWELL FRANCHISOR LLC

By: _____

Title: _____

EXHIBIT A

SPECIFIC TERMS OF THE FRANCHISE:

(1) Address of Clinic: _____

(2) Protected Area: _____

(3) Initial Fee: _____

(4) Franchisee shall operate the Clinic pursuant to:

_____ One-Tier System

_____ Two-Tier System (required by local law)

EXHIBIT A

EXHIBIT B

SPOUSAL CONSENT

The undersigned each being the spouse of a Franchisee (or the spouse of an owner of Franchisee) hereby states:

- 1) That he or she has read and understands the Franchise Agreement and the Franchise Disclosure Document; and
- 2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer, and
- 3) That he or she consents to execution of the Franchise Agreement by Franchisee; and
- 4) That he or she consents to the execution of the Guaranty and Assumption of Franchisee's Obligations by Guarantor.

Dated: _____

Signature: _____

Print Name: _____

EXHIBIT B

EXHIBIT C

**INFORMATION REGARDING
NON-INDIVIDUAL FRANCHISEES**

(1) If Franchisee is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee:

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(2) If Franchisee is a corporation or limited liability company, there is set forth below the name, address and title of each officer and director or manager of Franchisee:

NAME	ADDRESS	TITLE
_____	_____	_____
_____	_____	_____
_____	_____	_____

(3) The address where Franchisee's records are maintained is:

(4) There is set forth below the name, address and title of each of Franchisee's principal officers or partners who will be devoting their full-time efforts to the operation of the franchised business.

NAME	ADDRESS	TITLE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

DATE: _____

Name and Title of Person Completing

Signature

EXHIBIT D

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") with PetWell Franchisor LLC ("Franchisor") of even date herewith, each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (2) agrees to be personally bound by and personally liable for the breach of each and every provision in the Agreement, including but not limited to monetary obligations.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and demands and legal and equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) he/she will individually comply with all the provisions and subsections of the Agreement and any renewals and amendments thereto; (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall, in any way, modify or amend this guaranty which shall be continuing and irrevocable during the term of the Agreement and thereafter.

If any provision of this Guaranty and Assumption Agreement is deemed to be invalid or inoperative, for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty and Assumption Agreement shall continue in full force and effect as if it had been executed and entered into with the invalid portion so modified or eliminated.

IN WITNESS WHEREOF, each of the undersigned hereto affixed his/her signature effective on the same day and year as the executed Agreement.

GUARANTOR(S)

By: _____

Print Name: _____

By: _____

Printed Name: _____

Acknowledged and agreed as to form:

PETWELL FRANCHISOR LLC

By: _____

Title: _____

EXHIBIT B
STATE ADDENDA

**ADDENDUM TO
PETWELL FRANCHISOR LLC
FRANCHISE DISCLOSURE DOCUMENT**

The following are additional disclosures for the PetWell Franchisor LLC Franchise Disclosure Document required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

CALIFORNIA

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

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

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

4. Item 5 of the Disclosure Document is revised to add the following:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchisee fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees

attributable to a specific unit in your development schedule is deferred until that unit is open.

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

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning transfer, termination, or nonrenewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision might not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Tennessee. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency, bankruptcy, or reorganization. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

Material Modification. Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

Release. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Arbitration. The Franchise Agreement requires binding arbitration. Arbitration will occur where we have our principal business address when the arbitration demand is filed (it currently is in Knoxville, Tennessee), with each party bearing its own costs. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

ILLINOIS

Item 5 of the Franchise Disclosure Document is amended by adding the following:

All initial fees owed by you to us will be deferred until we have met our initial obligations owed to you under the Franchise Agreement and your Clinic opens for business under the Franchise Agreement. In addition, all development fees will be deferred until we have met our initial obligations owed to you and the first Clinic under the Development Rights Agreement opens for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

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

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

MARYLAND

1. Item 5 of the Franchise Disclosure Document is amended by adding the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completed its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by developers shall be deferred until the first Clinic under the Development Rights Agreement opens.

2. The "Summary" sections of Items 17(c) and (m) in the Franchise Agreement chart in the Franchise Disclosure Document, captioned "Requirements for you to renew or extend" and "Conditions for our approval of transfer," are amended by adding the following:

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

3. The "Summary" section of Item 17(h) in the Franchise Agreement chart in the Franchise Disclosure Document, captioned "'Cause' defined – non-curable defaults," is amended by adding the following:

The Agreement provides for termination upon your insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 *et seq.*), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(v) in the Franchise Agreement chart in the Franchise Disclosure Document, captioned "Choice of forum," is amended to read as follows:

Subject to arbitration requirements, litigation generally must be in courts located closest to where we have our principal business address when the action is commenced (it currently is in Knoxville, Tennessee), although you may, subject to your arbitration obligations, commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following is added at the end of the charts in Item 17 of the Franchise Disclosure Document:

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

6. The following is added to the end of the Franchise Sale Compliance Questionnaire attached as Exhibit J to the Franchise Disclosure Document:

FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH CLINICS TO BE OPERATED IN MARYLAND: All representations requiring prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waive of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA

The following statements are added to the end of Item 17:

1. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

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

3. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

NEW YORK

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

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the

application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

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

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

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

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

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

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

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

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

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

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

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

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

NORTH DAKOTA

The Securities Commissioner of North Dakota has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisees’ business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.
- I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

RHODE ISLAND

The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

VIRGINIA

1. Item 5 of the Franchise Disclosure Document is amended by adding the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by developers will be deferred until the franchisor has completed its pre-opening obligations under the Development Rights Agreement.

2. The “Summary” section of Item 17(h) in the Franchise Agreement chart in the Franchise Disclosure Document is amended by adding the following:

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

WASHINGTON

The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

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

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

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

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

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

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

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN CALIFORNIA**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in California and the franchised business that Franchisee will operate under the Franchise Agreement will be located in California, and/or (b) Franchisee is a resident of California.

2. FEES. Section 6(a) of the Franchise Agreement is amended by adding the following:

All initial fees owed by Franchisee will be deferred until Franchisor has met its initial obligations owed to Franchisee under the Franchise Agreement and Franchisee's Clinic opens for business under the Franchise Agreement. The California Commissioner has imposed this fee deferral requirement due to Franchisor's financial condition.

3. DISCLAIMERS. The following is added to the end of Section 31 (Franchisee's Acknowledgments) of the Franchise Agreement:

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By: _____

Title:

DATE: PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN ILLINOIS**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Illinois and the franchised business that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is a resident of Illinois.

2. FEES. Section 6(a) of the Franchise Agreement is amended by adding the following:

All initial fees owed by Franchisee will be deferred until Franchisor has met its initial obligations owed to Franchisee under the Franchise Agreement and Franchisee's Clinic opens for business under the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. GOVERNING LAW. Section 24 of the Franchise Agreement is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

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.

4. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. The following language is added to the end of Section 25 of the Franchise Agreement:

However, this Section shall not act as a condition, stipulation, or provision purporting to bind any person acquiring any franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois Regulations at Section 200.609.

5. DEFAULT AND TERMINATION. The following language is added to the beginning of Section 16 of the Franchise Agreement:

Your rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

6. ILLINOIS FRANCHISE DISCLOSURE ACT. The following language is added as Section 33 of the Franchise Agreement.

33. **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 any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By:

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN MARYLAND**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) Franchisee's franchised business will be located or operated in Maryland.

2. FEES. Section 6(a) of the Franchise Agreement is amended by adding the following:

Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.

3. RELEASES. Sections 3(h), 5(e), and 14(b)(iii)(J) of the Franchise Agreement are amended by adding the following:

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

4. TERMINATION. Section 16(a)(x) of the Franchise Agreement is amended by adding the following:

Termination upon bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce this provision to the extent enforceable.

5. NON-WAIVER. The following language is added to the end of Sections 22, 27 and 31 of the Franchise Agreement:

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

6. GOVERNING LAW/CONSENT TO JURISDICTION. Section 24 of the Franchise Agreement is amended by adding the following language:

Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. RESOLUTION OF DISPUTES. The following language is added to the end of Section 25 of the Franchise Agreement:

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or a deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Subject to Franchisee's arbitration obligations, nothing in this Section affects Franchisee's right under the Maryland Franchise Registration and Disclosure Law to bring a lawsuit in Maryland for claims arising under that law.

8. LIMITATION OF CLAIMS. The following language is added as Section 25(f)(iii) of the Franchise Agreement:

Any limitation of claims will not act to reduce the three (3) year statute of limitations afforded Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Minnesota, and/or (b) Franchisee's franchised business will be located or operated in Minnesota.

2. TERMINATION AND NON-RENEWAL. Sections 5 and 16 of the Agreement are amended to add the following:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. INTELLECTUAL PROPERTY. Section 12 of the Agreement is amended to add the following:

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. RELEASES. Sections 5 and 14 of the Agreement are amended to add the following:

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. RESOLUTION OF DISPUTES. Section 25 of the Agreement is amended to add the following:

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN NEW YORK**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the franchised business that Franchisee will operate under the Franchise Agreement was made in New York, and/or (b) the Franchisee is a resident of New York and the franchised business will be located in New York.

2. RELEASES. The following is added to the end of Sections 3(h), 5(e), and 14(b)(iii)(J) of the Franchise Agreement:

Provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. TERMINATION. The following is added to the end of Section 16 of the Franchise Agreement:

You may terminate the Franchise Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. GOVERNING LAW/CONSENT TO JURISDICTION. The following statement is added at the end of Section 24 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

5. LIMITATION OF CLAIMS; NO IMPLIED COVENANT. The following is added to the end of Section 31 of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____

Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of North Dakota, and/or (b) Franchisee's franchised business will be located or operated in North Dakota.

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17 (the "**ND Law**"), and the policies of the office of the North Dakota Securities Commissioner, the Franchise Agreement is amended to include the following:

1. Grant of Successor Term. Franchisee is not required to sign a general release upon renewal of the Franchise Agreement.

2. Post-Term Competitive Restrictions. Covenants not to compete are generally unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

3. Jurisdiction. Any actions permitted to be brought under the Franchise Agreement in any court may be brought only in the courts of North Dakota, unless the parties mutually agree to another forum.

4. Situs of Arbitration Proceedings. Any disputes or claims that must be arbitrated under the Franchise Agreement shall be arbitrated at a location that is mutually agreeable to all parties and that is not remote from your place of business.

5. Waiver of Punitive Damages and Jury Trial. To the extent required by the ND Law, Franchisee is not required to consent to a waiver of exemplary and punitive damages or consent to a waiver of trial by jury.

6. Limitation of Claims. The statute of limitations under the ND Law will apply to all claims or actions arising under ND Law.

7. Governing Law. The Franchise Agreement will be governed by North Dakota law.

8. Liquidated Damages and Termination Penalties. Franchisee is not required to consent to liquidated damages and termination penalties.

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Rider shall govern.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____

Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Rhode Island, and/or (b) Franchisee's franchised business will be located or operated in Rhode Island.

2. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN VIRGINIA**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with _____ its principal business address located at: _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Virginia, and/or (b) Franchisee's franchised business will be located or operated in Virginia.

2. **FEES.** Section 6(a) of the Franchise Agreement is amended by adding the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under the Franchise Agreement.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____
Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**RIDER TO THE PETWELL FRANCHISOR LLC
FRANCHISE AGREEMENT FOR USE IN WASHINGTON**

THIS RIDER (the "Rider") is entered into by and between PetWell Franchisor LLC, a Delaware limited liability company, with its principal business address located at 555 West Jackson Avenue, Unit 304, Knoxville, Tennessee 37902 ("Franchisor"), and with its principal business address located at: _____ ("Franchisee").

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

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

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

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

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

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

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

DATE: _____

Franchisee (Print Name)

By: _____

Title:

DATE:

PETWELL FRANCHISOR LLC

By: _

Title:

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC AMENDMENTS TO THE
DEVELOPMENT RIGHTS AGREEMENT**

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF CALIFORNIA**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor” or “We”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with the California Franchise Investment Law. To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

2. Section 4 of the Agreement is amended by adding the following:

The payment of the Development Fees and initial fees attributable to a specific Clinic in your Schedule is deferred until that Clinic is open for business. The California Commissioner has imposed this fee deferral requirement due to our financial condition.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____
Name: _____ Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF ILLINOIS**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor” or “We”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44 (West 2016) (the “Act”). To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

a. Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Development Rights Agreement.

b. In conformance with Section 4 of the Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

c. Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Act.

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

3. Section 4 of the Agreement is amended by adding the following:

All Development Fees will be deferred until we have met our initial obligations to you and the first Clinic under the Agreement opens for business. The Illinois Attorney General’s Office imposed this deferral requirement due to our financial condition.

4. Section 14 of the Agreement (Incorporation of Other Terms) is supplemented as follows:

Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF MARYLAND**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection is legally enforceable.

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

3. Section 4 of the Agreement is amended by adding the following:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by developers shall be deferred until the first Clinic under the Agreement opens.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF MINNESOTA**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

MINNESOTA LAW MODIFICATIONS

The Minnesota Department of Commerce - Securities Section requires that certain provisions contained in franchise documents be amended to be consistent with the Minnesota Franchise Act. To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

1. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
3. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
4. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date:

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date:

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

NORTH DAKOTA LAW MODIFICATIONS

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17 (the “**ND Law**”), and the policies of the office of the North Dakota Securities Commissioner, the Agreement is amended to include the following:

1. Post-Term Competitive Restrictions. Covenants not to compete are generally unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

2. Jurisdiction. Any actions permitted to be brought under the Agreement in any court may be brought only in the courts of North Dakota, unless the parties mutually agree to another forum.

3. Waiver of Punitive Damages and Jury Trial. To the extent required by the ND Law, Franchisee is not required to consent to a waiver of exemplary and punitive damages or consent to a waiver of trial by jury.

4. Limitation of Claims. The statute of limitations under the ND Law will apply to all claims or actions arising under ND Law.

5. Governing Law. The Agreement will be governed by North Dakota law.

To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of the Agreement, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

RHODE ISLAND LAW MODIFICATIONS

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____
Name: _____
Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF VIRGINIA**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

1. Section 4 of the Agreement is amended by adding the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Development Fee and initial payments owed by you to us until we have completed our pre-opening obligations under the Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**AMENDMENT TO PETWELL FRANCHISOR LLC
DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF WASHINGTON**

The PETWELL FRANCHISOR LLC Development Rights Agreement between _____ (“Franchisee” or “You”) and PETWELL FRANCHISOR LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an Integral part of the Agreement (the “Amendment”).

WASHINGTON LAW MODIFICATIONS

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

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

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

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

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

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

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISOR

PETWELL FRANCHISOR LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

EXHIBIT C
CLINIC MANAGEMENT AGREEMENT

CLINIC MANAGEMENT AGREEMENT

THIS CLINIC MANAGEMENT AGREEMENT ("Agreement") is made effective as of _____, 20____ (the "Effective Date"), by and between _____, a [State] [corporation/limited liability company] ("Manager"), and _____, a [State] [professional service corporation] ("Provider"), with regard to the following:

BACKGROUND

- A. Manager is a [corporation/limited liability company] duly organized, validly existing and in good standing under the laws of the State of _____ and in the business of providing non-medical, non-licensed practice management services to veterinary providers such as Provider;
- B. Provider is a [professional service corporation] duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of veterinary medicine in the State of _____ ;
- C. Provider owns a veterinary practice and desires to engage Manager to facilitate administrative and other non-professional expenses pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual and dependent covenants hereinafter set forth, Manager and Provider agree as follows:

AGREEMENT

1. Definitions.

(a) "Deficit Advance" shall have the meaning set forth in Section 6(b) of this Agreement.

(b) "Deficit Balance" shall have the meaning set forth in Section 6(b) of this Agreement.

(c) "Franchise Agreement" shall mean that certain franchise agreement between Franchisor and Manager, as franchisee.

(d) "Franchisor" shall mean PetWell Franchisor LLC.

(e) "Management Fee" shall have the meaning set forth in Section 6(a) of this Agreement.

(f) "Management Services" shall have the meaning set forth in Section 2 of this Agreement.

(g) “Manager’s Monthly Expenses” shall mean any costs and expenses incurred by Manager allocable to Provider that fairly and accurately reflect Manager’s expenses incurred for the benefit of Provider in the month to which the Management Fee relates, as Manager shall determine from time to time.

(h) “Practice Location” shall mean the location at which Provider provides veterinary services, located at _____.

(i) “Professional Staff” shall mean Provider’s professional veterinary and other licensed staff, if any.

(j) “Provider’s Monthly Expenses” shall mean any costs and expenses incurred by Provider, whether or not paid by Manager on Provider’s behalf, for the month to which the Management Fee relates, as Manager shall determine from time to time, including but not limited to the Management Fee, payroll, benefits, rent, utilities, and similar operating expenses.

(k) “Provider Net Patient Receipts” shall mean all amounts Provider derives from the performance of veterinary services for its patients by its Professional Staff, for the sale of products and other goods and services ancillary to veterinary treatment rendered to patients of Provider by its Professional Staff, net of refunds or billing adjustments, for the month to which the Management Fee relates, as determined by a cash basis accounting method in accordance with generally accepted accounting principles consistently applied.

2. Practice of Veterinary Medicine. Only Provider and the licensed individuals employed by Provider shall carry on the practice of veterinary medicine. Notwithstanding anything else to the contrary set forth herein, manager agrees that Provider and its licensed veterinarians shall retain the authority to direct the medical, professional, and ethical aspects of the veterinary medical practice and shall carry on the practice of veterinary medicine. The Provider and its licensed veterinarians shall be entitled to counsel, advise, and instruct customers and patients on any veterinary issue as the Provider or such licensed veterinarian deems reasonably advisable. Subject to the provisions of this Agreement, matters involving the internal agreements and finances of Provider, including the distribution of veterinarian income among the individual employees of Provider, shall remain the sole responsibility of Provider.

3. Appointment; Manager Responsibilities. Provider hereby engages Manager and Manager hereby agrees, upon the terms and subject to the conditions set forth in this Agreement, to be the sole provider of management services relating to the provision of veterinary services by Provider to Provider’s patients (the “Management Services”) at the Practice Location. Management Services shall include general management and administration of the day-to-day business operations of the Provider at the Practice Location, exclusive of veterinary, professional, and ethical aspects of the Provider’s practice of veterinary medicine and shall be specified in Exhibit 1 attached hereto.

4. Provider Responsibilities. Provider shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by Provider, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Professional Staff. Provider shall ensure the presence of a [State]-licensed veterinarian at the Practice Location at all times the Practice Location is open for business.

5. Power of Attorney. Provider appoints Manager as Provider's true and lawful agent and attorney in fact and grants to Manager a power of attorney to act for Provider and in

Provider's name (in any way Provider could act) with respect to all matters related to and necessary to the Management Services. Manager accepts such power of attorney and appointment and acknowledges that such power of attorney and agency does not include the provision of professional veterinary services. Notwithstanding anything to the contrary herein, Manager will not take any action or make any decision on behalf of Provider that may directly or indirectly impact the professional services delivered by Provider.

6. Term. The term of this Agreement shall be until this Agreement is mutually terminated by the parties. If this Agreement is terminated within one (1) year of the Effective Date, the parties shall not renew this Agreement before the one (1) year anniversary of the Effective Date.

6. Compensation for Management Services.

(a) As compensation for the Management Services provided by Manager on behalf of Provider under this Agreement, Provider shall pay Manager a monthly management fee ("Management Fee") in an amount equal to _____, which amount represents the fair market value of the Management Services provided to Provider by Manager hereunder and, absent a change in the amount of Management Services being provided, may be renegotiated by Manager and Provider no more frequently than annually.

(b) In the event the Provider Net Patient Receipts is insufficient to fully pay the corresponding month's Manager's Monthly Expenses and Provider's Monthly Expenses, Manager shall advance to Provider an amount equal to the deficit (a "Deficit Advance"), which Deficit Advance shall be documented through a separate agreement between Provider and Manager. In the event there is an accrued Deficit Advance balance (a "Deficit Balance"), then in any month in which the Provider Net Patient Receipts exceed the Manager's Monthly Expenses and the Provider's Monthly Expenses, the Manager shall first apply such excess toward the Deficit Balance, until such Deficit Balance is eliminated.

7. Patient Referrals. Manager and Provider agree that the benefits to Provider under this Agreement do not require, are not payment for, and are not in any way contingent upon the referral or any other arrangement for the provision of any item or service to patients of Provider. The parties further agree that no part of this Agreement shall be construed to induce or encourage the referral of patients or the purchase of healthcare services or supplies.

8. Use of Trade Name. Manager provides Provider with a sub-license to use the name "PetWell® or PetWell Clinic®" in compliance with the Franchise Agreement and applicable law.

9. Notices.

(a) All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when personally delivered; (b) when received by the addressee if sent by a nationally recognized overnight courier; (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such

communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10).

If to Practice:

If to Manager:

(b) During such time as the Franchise Agreement is in effect, a copy of any notice sent pursuant to this Section 10 shall also be sent to Franchisor at:

PetWell Franchisor LLC
555 West Jackson Avenue
Knoxville, Tennessee 37902

10. Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

11. Successor and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. However, during such time as the Franchise Agreement is in effect, neither this Agreement nor any of the rights of the parties hereunder may otherwise be transferred or assigned by Practice to any other party without the written consent of Franchisor. Any attempted transfer or assignment in violation of this Section 12 shall be void.

12. Independent Contractors. Nothing herein shall be construed to create a joint venture or partnership between the parties hereto or an employee/employer relationship. Manager shall be an independent contractor of Provider pursuant to this Agreement.

13. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

14. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. During such time as the Franchise Agreement is in effect, Sections 7, 9, 10(b), 15 (this sentence only) and 19 of this Agreement shall not be amended. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

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Clinic Management Agreement – Page 4

15. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

16. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

17. Compliance with Laws. Manager and Provider intend that this Agreement shall comply with all applicable federal, state, and local laws, regulations, and rules, as well as the rules and regulations of any regulatory body or authority of competent jurisdiction regarding the provision of professional services by Provider and its Professional Staff. Manager shall provide all Management Services in conformance with an in support of Provider's professional independence.

18. Governing Law; Binding Arbitration; Venue.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of _____ without giving effect to any choice or conflict of law provision or rule.

(b) Any dispute arising out of or relating to this contract or the subject matter thereof, or any breach of this contract, including any dispute regarding the scope of this clause, will be resolved through arbitration administered by the American Arbitration Association ("AAA"), or its successor, in accordance with the AAA rules and procedures then in effect. Judgment on the award may be entered and enforced in any court having jurisdiction.

(c) The seat or place of arbitration shall be in the State of _____.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Clinic Management Agreement as of the Effective Date.

PROVIDER

[NAME OF PROVIDER]

By _____

Name:

Title:

MANAGER

[SPECIFIC VETERINARY FRANCHISEE]

By _____

Name:

Title:

EXHIBIT 1

C-10

MANAGEMENT SERVICES

- Provision of facilities and equipment in consultation with the PC
- Trademarks and Trade Names
- Preparation of budgets in consultation with PC for PC's approval
- Recruiting assistance
- Consultation on service expansion
- Preparation of financial statements
- Preparation of tax returns
- Payroll management
- Managing purchasing of inventory, supplies and equipment
- Consultation on strategic planning
- Consultation on fee setting, provided PC maintains final authority to set fees, and collection policies
- Hiring and placing of non-professional staff
- HR management
- Staff training and education
- Education platform for staff
- Consultation on sales and marketing
- Creation of marketing collateral
- Consulting on operations systems and processes
- Handling of team/client communications
- Customer service issue management
- POS/transaction processing set up and management
- Medical waste and disposal management
- Service and product offering consulting
- Local and regional brand management
- Informational Technology setup and support

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

PetWellClinic Franchise Brand Standards Manual (603 pages total)

Table of Contents

PetWellClinic Daily Operations Manual (30 Pages)

Table of Contents & Introduction

Mission Statement

Our Values

What PetWellClinic® is About

Featured As A Leader

Walk-ins Always

No Phones Tying Up Staff

No Costly Overhead

À-la Carte Services and Wellness Packages

Working With The Client's Regular Vet

Special Note about PetWellClinic® Wellness Requirements

People

Veterinary Assistants

Doctors

Clients

Community

Processes

Check-in and the Queue

Bonding and Rapport

Wellness Visits

Sick Visits

Referrals

Telephone Messages and Emails

Laboratory Testing

Chronic Medication Requirements

Prescriptions For Heartworm and Flea Medications Written

Prescriptions for Other Medications Medication Dispensing

Customer Complaint Response

Common Customer Service Issues

The Steps to Resolving Client Conflict

The Steps in Detail

Process Policy Key Points

Training and Task Lists

Place

Facility

Cleanliness Technology

Franchisee Guide (23 pages)

The PetWellClinic® Concept

Legal

Company Structure

Practice of Veterinary Medicine

Employee Handbooks

Financial Plans

Making a Business Plan

Setting Up Projections Using a Spreadsheet

Meeting with Banks (If Needed)

Location Selection

Zoning

Lease Agreement

Demographics

Startup Checklists

Regulations, Insurance, Licenses and Permitting

Permits & Licenses

Insurance

Employment Considerations

Clinic Design and Build

Architecture Packet for Design and

Construction Signage

Software and Technology

easyDVM

Web-based third party Apps

Hiring a Values-based Team

Veterinarians

Vet Assistants

Suggested Interview Questions Suggested Post-Interview Survey

Marketing

4Imprint Catalog (3 pages)

Northeast Color Product Guide (16 pages)

Branding Guide (16 pages)

Flyers (1 page)

Postcards (6 pages)

Launch Marketing Ground Game Manual (47 pages)

Ground Game Marketing Spreadsheet (1 page)

Deciding What to Offer Shelters (2 pages)

Shelter/Rescue Partner Agreement (2 pages)

Example Shelter Relationship Agreement (2 pages)

PetWell® Package Pre-Sale Guide (2 pages)

Full Guide - Coupon Usage and Rules (10 pages)

Coupon Payment Method vs. Built In Coupons (2 pages)

Addendae

Addendae List

1. Site Selection Criteria (2 pages)
2. Architecture Packet (13 pages)
3. Vendor Contact List (1 page)
4. Exterior Sign Packet (4 pages)
5. Software User Guide (20 pages)
6. Excel P&L Template (1 page)
7. Inventory, Supply, Equipment lists (17 pages)
8. PetWellClinic Interview Template (4 pages)
9. Post Interview Evaluation (3 pages)

10. Veterinary Assistant Training Slides (64 pages)
11. Veterinary Assistant Level Test Questions and Answers (45 pages)
12. Position Agreement Samples (11 pages)
13. Web-based Add-ons For Franchisees (15 pages)
14. Questions for the Veterinarian Professional (1 page)

Other

17. Landlord lease checklist (2 pages)
18. Architectural checklist (1 page)
19. Landlord package (6 pages)

Webinar Information (9 pages)

Helpful Items and Guides

Templates

- Medical Records (5 pages)
- Take Home Instructions (42 pages)
- Travelsheet (1 page)
- Urinalysis Sheet (1 page)

How-To Guides

- How to Setup Vendors (3 pages)
- How to Order Antech Supplies (1 page)
- How to Use Gravity Payments (2 pages)
- Guide to Common Ailment Treatment (3 pages)
- How to report the End of Day - EOD (4 pages)
- Opening Order Guide (2 pages)
- How to Organize Your Clinic (7 pages)

Lists and Logs

- Antech Log (1 page)
- Cash Log (1 page)
- Chronic Meds List - Example (6 pages)
- Task List Items - Example (2 pages)
- Suggested Practice Files (1 page)

HR

Instructions - Veterinary Assistant Skills Evaluations (7 pages)

Employee Handbook Template (24 pages)

L1 Skills Assessment (6 pages)

L2 Skills Assessment (12 pages)

L3 Skills Assessment (16 pages)

Business Tips

Organizational chart form (1 page)

Organizational chart duties and descriptions (4 pages)

Forms

TCP Authorization Form (2 pages)

FAQ for Franchisees (5 pages)

Questions Chart - Who to contact (1 page)

Compliance Folder

Client Visit Checklist for Franchisee Managers (1 page)

Visual Quick Client Visit Checklist for Franchisee Managers (1 page)

More In-Depth Tools for Franchisee Managers (3 pages)

Remote Performance Review FYI (1 page)

Compliance Notice Scorecard (1 page)

Training Schedule

Tasks Prior to Scheduling Launch Week (2 pages)

Tasks Prior to Launch Week Itself (2 pages)

Buildout

PetWellClinic® Buildout Lookbook (34 pages)

Logo (20 pages)

EXHIBIT E
FINANCIAL STATEMENTS



PETWELL FRANCHISOR LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2024



PETWELL FRANCHISOR LLC

Table of Contents

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Independent auditor's report.....	3
Balance sheet	5
Statement of operations	6
Statement of member's deficit.....	7
Statement of cash flows.....	8
Notes to the financial statements	9

Independent Auditor's Report

To the Member
PetWell Franchisor LLC
Knoxville, TN

Opinion

We have audited the accompanying financial statements of PetWell Franchisor LLC, which comprise the balance sheet as of June 30, 2024, and the related statements of operations, member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PetWell Franchisor LLC as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of matter – Change in Estimate

As discussed in Note 2 to the financial statements, the Company has elected to change its accounting estimate pertaining to the valuation of pre-opening obligations related to franchise sales under ASC 606 *Revenue from Contracts with Customers*. Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with accounting principles generally accepted in the United States of America. The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Management has provided comprehensive disclosure in the notes to the financial statements regarding the nature of the change, its impact on the financial statements, and the reasons for the change.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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, including omissions, 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 the Company'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 the Company's ability to continue as a going concern for a reasonable period of time.

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunbar

St. George, Utah
October 31, 2024

PETWELL FRANCHISOR LLC

BALANCE SHEET

As of June 30, 2024

	<u>2024</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 61,984
Accounts receivable, net	17,688
Due from affiliates	5,433
Deferred commissions, current	248,500
Total current assets	<u>333,605</u>
Non-current assets	
Property and equipment, net	324
Operating lease right-of-use asset	58,951
Deferred commissions, non-current	354,626
Total non-current assets	<u>413,901</u>
Total assets	<u><u>\$ 747,506</u></u>
Liabilities and Member's Deficit	
Current liabilities	
Accounts payable and accrued expenses	\$ 54,497
Deferred revenue, current	497,000
Operating lease liability, current	17,714
Total current liabilities	<u>569,211</u>
Non-current liabilities	
Deferred revenue, non-current	709,500
Operating lease liability, non-current	46,540
Total non-current liabilities	<u>756,040</u>
Total liabilities	<u>1,325,251</u>
Member's deficit	<u>(577,745)</u>
Total liabilities and member's deficit	<u><u>\$ 747,506</u></u>

The accompanying notes are an integral part of these financial statements.

PETWELL FRANCHISOR LLC
STATEMENT OF OPERATIONS
For the year ended June 30, 2024

	<u>2024</u>
Operating revenue	
Initial franchise fees	\$ 1,215,748
Royalty fees	553,220
Marketing fees	76,196
Technology fees	164,055
Other revenue	118,072
Total operating revenue	<u>2,127,291</u>
Operating expenses	
General and administrative	1,584,249
Advertising and marketing	158,706
Legal and professional fees	125,418
Total operating expenses	<u>1,868,373</u>
Net income	<u><u>\$ 258,918</u></u>

The accompanying notes are an integral part of these financial statements.

PETWELL FRANCHISOR LLC
STATEMENT OF MEMBER'S DEFICIT
For the year ended June 30, 2024

Balance as of July 1, 2023	\$ (836,663)
Net income	<u>258,918</u>
Balance as of June 30, 2024	<u><u>\$ (577,745)</u></u>

The accompanying notes are an integral part of these financial statements.

PETWELL FRANCHISOR LLC

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

	<u>2024</u>
Cash flow from operating activities:	
Net income	\$ 258,918
Adjustments to reconcile net income to	
net cash used in operating activities:	
Depreciation and amortization	1,084
Non-cash lease expense	3,646
Changes in operating assets and liabilities:	
Accounts receivable	61,562
Other receivables	6,303
Due from affiliates	15,956
Deferred commissions	556,942
Accounts payable and accrued expenses	(15,948)
Deferred revenue	(926,498)
Net cash used in operating activities	<u>(38,035)</u>
Cash flows from financing activities:	-
Cash flows from investing activities	-
Net change in cash	(38,035)
Cash at the beginning of the year	100,019
Cash at the end of the year	<u><u>\$ 61,984</u></u>
Supplementary disclosures of cash flows	
Cash paid for interest and taxes	\$ -

The accompanying notes are an integral part of these financial statements.

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

PetWell Franchisor LLC (the "Company"), a wholly-owned subsidiary of PetWellClinic Franchise Holdings, LLC (the "Parent"), was formed on July 2, 2020, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated August 17, 2020, between the Company and PetWell IP, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "PetWell" name and system that will manage walk-in veterinary wellness clinics dedicated to helping dog and cat owners protect their pets from diseases and parasites through wellness care and prevention products, as well as treating minor ailments and managing chronic conditions in North America.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending June 30 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of June 30, 2024, the Company had cash and cash equivalents of \$61,984.

(e) Accounts Receivable

Accounts receivable represents amounts due from franchisees for various fees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of June 30, 2024, the Company determined that no allowance for doubtful accounts was necessary. As of June 30, 2024, the Company had net accounts receivable of \$17,688.

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

(f) Property and Equipment

In accordance with ASC 360, *Property, Plant and Equipment*, the Company accounts for property and equipment at cost less accumulated depreciation. Expenditures for major renewals and improvements are capitalized. Minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the result of operations for the respective period. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for significant property and equipment categories are as follows:

Computers and office equipment	3-5 years
Leasehold improvements	Lesser of the useful life or lease term

(g) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Tennessee. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 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 rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

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. As of June 30, 2024, the 2023, 2022, and 2021 tax years are subject to examination.

(h) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties and marketing fees based on a percentage of gross revenues, and technology fees.

Royalties and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees are to be recognized in the same period as the underlying sales.

Technology fees

Technology fees are payable monthly for services provided to the franchisees. Revenue is recognized in the same period as the underlying services.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping

In prior periods, the Company allocated the franchise between the pre-opening services obligation and the franchise license (recognizing the amount allocated to the license over the life of the underlying agreement). Effective for the current year, in determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the fair value of pre-opening services exceeds the initial franchise fee received (see Note 2); as such, the Company allocates the entire initial franchise fees to pre-opening services, which is then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(i) Leasing

The Company adopted ASC 842, *Leases* on July 1, 2022. The Company has an operating lease agreement for an office space. In accordance with ASC 842, the Company determines if an arrangement is a lease at the inception of the contract.

At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the balance sheets.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

The lease contains fixed and escalating clauses for which the Company recognizes rental expense under this lease on the straight-line basis over the lease term, which includes the period of time from when the Company takes possession of the leased space. There were no cumulative expenses recognized on the straight-line basis in excess of the cumulative payments through June 30, 2022, prior to the adoption of ASC 842. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

(j) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal year ended June 30, 2024 were \$158,706.

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

(k) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(l) Concentration of Risk

The Company maintains its cash in bank deposit accounts that 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.

(2) Change in Accounting Estimate – Revenue Recognition

In prior years, the Company's revenue recognition policy under ASC 952-606, *Franchisors—Revenue from Contracts with Customers* was to allocate a portion of the initial franchise fee to certain pre-opening obligations, which was then recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the related franchise location). The remainder of the fee was allocated to the franchise license and amortized over the life of the franchise agreement.

During the year ended June 30, 2024, management re-evaluated its estimate of the standalone selling prices or fair market values of its pre-opening obligation. As a result of this re-evaluation, the Company determined the fair value of pre-opening services exceeds the initial fees received; as such, effective as of July 1, 2023, the entire initial fee is allocated to the pre-opening services, and recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the underlying franchise location). Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with accounting principles generally accepted in the United State of America. The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Accordingly, during the year ended June 30, 2024, the Company recognized as revenue the remaining deferred revenue for all locations sold and opened prior to July 1, 2023. The net impact of this change was to recognize franchise fee revenue and commissions of \$287,248 and \$237,693, respectively, during the year ended June 30, 2024.

(3) Related Party Transactions

(a) License Agreement

On August 17, 2020, the Company entered into a perpetual non-exclusive license agreement with the Licensor for the use of the registered name "PetWell" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate "PetWell" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company is required to pay the Licensor a license fee based on the Company's gross revenue, as defined. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system. The Company was not charged a license fee for the year ended June 30, 2024.

(b) Service Fee Arrangement

On March 31, 2021, the Company entered into a service fee arrangement with Acacia Holdings LLC ("Acacia"), an entity related through the managing member of the Parent. Acacia provides administrative and other services and the Company is required to pay a service fee. The service fees charged by Acacia under the arrangement were \$38,468 for the year ended June 30, 2024.

On March 31, 2021, the Company entered into a service fee arrangement with Westside NJ Petwell LLC ("Westside"), an entity related through a member of the Parent. Westside provides administrative and other services

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

and the Company is required to pay a service fee. The service fees charged by Westside under the arrangement were \$63,306 for the year ended June 30, 2024.

(c) Assignment and Assumption Agreement

On August 17, 2020, the Company entered into an assignment and assumption agreement with the Licensor formerly known as PetWellClinic Franchisor, LLC ("PWCF"), an entity related to the Company by common ownership and control, whereby PWCF assigned its interest in franchise agreements with existing franchisees to the Company. PWCF was the predecessor franchisor of "PetWell."

(d) Revenues

In connection with the assignment and assumption agreement with PWCF, four franchise agreements signed with PetWellClinic, LLC ("PWC") were assigned to the Company. The Company charges for marketing fund fees in accordance with the franchise agreements. Total marketing fund fees charged to PWC for the year ended June 30, 2024 were \$23,046.

During the year ended June 30, 2021, the Company entered into a franchise agreement with Westside. The Company charges for royalties in accordance with the franchise agreement. Total royalties charged to Westside for the year ended June 30, 2024 were \$103,723.

(e) Due from Affiliates

In the ordinary course of business, the Company advances funds to affiliates through common ownership and charges affiliates royalties and marketing fees. The amounts due from affiliates do not accrue interest and have no specific payment terms. Management expects balances due from affiliates to be settled within the next year. As of June 30, 2024, the amounts receivable from affiliates were \$5,433.

(4) Property and Equipment

As of June 30, 2024, the Company's property and equipment were as follows:

	2024
Computers and office equipment	\$ 5,140
Leasehold improvements	1,134
	6,274
Less: accumulated depreciation	(5,950)
	\$ 324

Depreciation expense for the year ended June 30, 2024 was \$1,084.

(5) Operating Leases

The Company is a lessee in an operating lease for office space, which expires in June 2027. As of June 30, 2024, the Company recorded a right of use asset of \$58,951. As of June 30, 2024, the Company had the following operating lease liability:

	2024
Operating lease liability, current	\$ 17,714
Operating lease liability, non-current	46,540
	\$ 64,254

PETWELL FRANCHISOR LLC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

As of June 30, 2024, the maturities of the Company's lease liability were as follows:

For the year ended June 30,	
2025	\$ 17,714
2026	22,917
2027	23,623
	<u>\$ 64,254</u>

(6) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the PetWell system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred contract costs as of June 30, 2024:

	2024
Deferred commissions, current	\$ 248,500
Deferred commissions, non-current	354,626
	<u>\$ 603,126</u>

The Company has estimated the following current and non-current portions of deferred revenue as of June 30, 2024:

	2024
Deferred revenue, current	\$ 497,000
Deferred revenue, non-current	709,500
	<u>\$ 1,206,500</u>

(7) Retirement Plan

The Company has established an employee benefit plan under Section 401(k) of the Internal Revenue Code (the "Plan"). Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Company may also contribute an additional amount, to be determined each year, to each employee. The Company contributed approximately \$11,926 to the Plan for the year ended June 30, 2024.

(8) 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 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.

(9) Subsequent Events

Management has reviewed and evaluated subsequent events through October 31, 2024, the date on which the financial statements were issued.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

**YEARS ENDED JUNE 30, 2023 AND 2022 AND
PERIOD FROM JULY 2, 2020 (INCEPTION)
THROUGH JUNE 30, 2021**

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022, AND FOR
THE PERIOD FROM JULY 2, 2020 (INCEPTION)
THROUGH JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Member
PetWell Franchisor LLC

Opinion

We have audited the accompanying financial statements of PetWell Franchisor LLC (a limited liability company) (the "Company"), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations and member's deficit and cash flows for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, 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 PetWell Franchisor LLC as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Company adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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 PetWell Franchisor 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 PetWell Franchisor 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 PetWell Franchisor LLC's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Citrin Cooperman & Company, LLP

New York, New York
October 26, 2023

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
BALANCE SHEETS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 100,019	\$ 139,682
Accounts receivable	79,250	-
Other receivables	6,303	1,085
Due from affiliates	57,030	70,255
Prepaid commissions	<u>67,512</u>	<u>57,251</u>
Total current assets	310,114	268,273
Property and equipment, net	1,408	3,348
Operating lease right-of-use asset	78,759	-
Other asset:		
Prepaid commissions, net of current portion	<u>1,092,556</u>	<u>844,055</u>
TOTAL ASSETS	<u>\$ 1,482,837</u>	<u>\$ 1,115,676</u>
<u>LIABILITIES AND MEMBER'S DEFICIT</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 70,445	\$ 9,129
Due to affiliates	35,641	8,289
Deferred revenues	297,067	337,035
Operating lease liability	<u>19,400</u>	<u>-</u>
Total current liabilities	<u>422,553</u>	<u>354,453</u>
Long-term liabilities:		
Deferred revenues, net of current portion	1,835,931	1,369,155
Operating lease liability, net of current portion	<u>61,016</u>	<u>-</u>
Total long-term liabilities	<u>1,896,947</u>	<u>1,369,155</u>
Total liabilities	2,319,500	1,723,608
Commitments and contingencies (Notes 8, 9 and 10)		
Member's deficit	<u>(836,663)</u>	<u>(607,932)</u>
TOTAL LIABILITIES AND MEMBER'S DEFICIT	<u>\$ 1,482,837</u>	<u>\$ 1,115,676</u>

See accompanying notes to financial statements.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022,
AND FOR THE PERIOD FROM JULY 2, 2020 (INCEPTION)
THROUGH JUNE 30, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Franchise fees	\$ 179,442	\$ 155,475	\$ 26,085
Royalties	373,238	113,784	9,610
Marketing fund fees	49,700	45,174	21,275
Technology fees	34,528	8,261	-
Other revenues	<u>23,599</u>	<u>2,631</u>	<u>-</u>
Total revenues	660,507	325,325	56,970
Selling, general and administrative expenses	<u>889,238</u>	<u>815,942</u>	<u>674,170</u>
Net loss	(228,731)	(490,617)	(617,200)
Member's deficit - beginning	(607,932)	(117,315)	-
Contributions	<u>-</u>	<u>-</u>	<u>499,885</u>
MEMBER'S DEFICIT - ENDING	<u>\$ (836,663)</u>	<u>\$ (607,932)</u>	<u>\$ (117,315)</u>

See accompanying notes to financial statements.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022,
AND FOR THE PERIOD FROM JULY 2, 2020 (INCEPTION)
THROUGH JUNE 30, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Net loss	\$ (228,731)	\$ (490,617)	\$ (617,200)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,940	1,940	986
Non-cash lease expense	1,657	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(79,250)	2,185	(2,185)
Other receivables	(5,218)	6,603	(7,688)
Due from affiliates	13,225	(16,455)	(53,800)
Prepaid commissions	(258,762)	(496,341)	(404,965)
Accounts payable and accrued expenses	61,316	266	8,863
Due to affiliates	27,353	(57)	8,346
Deferred revenues	<u>426,807</u>	<u>890,775</u>	<u>815,415</u>
Net cash used in operating activities	(39,663)	(101,701)	(252,228)
Cash used in investing activity:			
Purchases of property and equipment	-	-	(6,274)
Cash provided by financing activity:			
Member contributions	<u>-</u>	<u>-</u>	<u>499,885</u>
Net increase (decrease) in cash	(39,663)	(101,701)	241,383
Cash - beginning	<u>139,682</u>	<u>241,383</u>	<u>-</u>
CASH - ENDING	<u>\$ 100,019</u>	<u>\$ 139,682</u>	<u>\$ 241,383</u>
Supplemental schedules for non-cash investing and financing activities:			
Operating lease liability and right-of-use asset recognized in connection with implementation of ASC 842	<u>\$ 97,283</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. ORGANIZATION

PetWell Franchisor LLC (the "Company"), a wholly-owned subsidiary of PetWellClinic Franchise Holdings, LLC (the "Parent"), was formed on July 2, 2020, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated August 17, 2020, between the Company and PetWell IP, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "PetWell" name and system that will manage walk-in veterinary wellness clinics dedicated to helping dog and cat owners protect their pets from diseases and parasites through wellness care and prevention products, as well as treating minor ailments and managing chronic conditions in North America.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue recognition

The Company derives its revenues from franchise fees, royalties, technology fees, transfer fees and marketing fund fees.

Franchise fees, royalties, technology fees, transfer fees and marketing fund fees

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, development fees, sales-based royalties, fixed technology fees, sales-based marketing fund fees and transfer fees. Development agreements ("DAs") grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front development fees are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties and marketing fund fees are payable weekly. Technology fees are payable monthly. Transfer fees are payable by a franchisee for the transfer of its franchise unit to another franchisee and are due when a transfer to a third party occurs.

The Company's primary performance obligations under the franchise agreement include the granting of certain rights to access the Company's intellectual property in addition to a variety of activities relating to the opening of a franchise unit. Those activities would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities." The Company applies Financial Accounting

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Franchise fees, royalties, technology fees, transfer fees and marketing fund fees (continued)

Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"). Pre-opening activities consistent with those under ASU 2021-02 are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand-specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities, if any, that is not brand-specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and therefore accounted for as a separate performance obligation. All other pre-opening activities will be determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a component of a single performance obligation which is satisfied along with granting of certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand-specific is recognized when those performance obligations are satisfied. Consideration allocated to pre-opening activities included under ASU 2021-02 is recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. DAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as initial and renewal franchise fees.

Royalties are earned based on a percentage of a franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Marketing fund

The Company reserves the right to establish a marketing fund to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Marketing fund fees are collected from franchisees based on a percentage of franchisee gross revenues. The Company has determined that it acts as a principal in the collection and administration of the brand development fund and therefore recognizes the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and, therefore, are accounted for as a single performance obligation. As a result, revenues from the marketing fund represent sales-based royalties related to the right to access the Company's licensed intellectual property, which are recognized as franchisee sales occur. When marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs are accrued up to the amount of marketing fund revenues recognized.

Other revenues

The Company recognizes revenue from technology, vendor rebates, and other fees and other services provided to the franchisees as a single performance obligation when the services are rendered. The Company is party to certain vendor arrangements for which it earns a commission or rebate payable by the vendor based on a percentage or volume of purchases made by the franchisees. Revenues from vendor arrangements are recognized when purchases are made by franchisees.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises which are amortized over the term of the franchise agreements and DAs. In the case of costs paid related to DAs, for which no signed franchise agreement has been signed, these costs are deferred until the signed franchise agreement is received.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial condition of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company had no allowances for doubtful accounts at June 30, 2023 and 2022.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related accumulated depreciation and amortization are eliminated from the accounts, and any resulting gain or loss is recognized. The Company capitalizes qualified costs related to software obtained for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that is customized to meet the Company's specific operational requirements.

Depreciation and amortization are provided for using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Computer and equipment	3 - 5 years
Leasehold improvements	Shorter of useful life or lease term

Long-lived assets

The Company's long-lived assets, including the Company's right-of-use assets, are reviewed whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, the Company recognizes an impairment loss based on the estimated fair value of the asset. The Company did not identify an impairment adjustment as of June 30, 2023 and 2022.

Leases

The Company has an operating lease agreement for an office space. The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the balance sheets.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

The lease contains fixed and escalating clauses for which the Company recognizes rental expense under this lease on the straight-line basis over the lease term, which includes the period of time from when the Company takes possession of the leased space. There were no cumulative expenses recognized on the straight-line basis in excess of the cumulative payments through June 30, 2022, prior to the adoption of ASU No. 2016-02, *Leases (Topic 842)* ("ASC 842"), as amended. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at June 30, 2023 and 2022.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Advertising

Advertising costs are expensed as incurred and amounted to \$127,586, \$157,235 and \$73,040 for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, respectively.

Recently issued but not yet effective accounting pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and subsequent amendment to the initial guidance: ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (collectively, "Topic 326"). Topic 326 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts and will generally result in earlier recognition of allowances for losses. For non-public companies, Topic 326 will be effective for annual and interim reporting periods beginning after December 15, 2022. The guidance is to be applied using the modified retrospective approach. The Company is in the process of assessing the impact of Topic 326 on its financial statements.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Variable interest entities

In accordance with the provisions of the FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* ("ASU 2018-17"), FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entities disclosed in Notes 8 and 9 meet the conditions under ASU 2018-17, and accordingly, are not required to be included in the Company's financial statements.

Recently adopted accounting standard

In February 2016, FASB issued ASC 842, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Company adopted ASC 842 under the modified retrospective method on July 1, 2022.

The Company adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. The Company did not elect the practical expedient to use hindsight in determining its lease terms.

In addition, at the date of initial application, the Company recorded operating lease right-of-use assets and aggregate operating lease liabilities in the amount of \$97,283.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through October 26, 2023, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 3. FRANCHISED OUTLETS

The following data reflects the status of the Company's franchised outlets as of and for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises sold	7	13	13
Franchises purchased	-	-	-
Franchised outlets in operation	21	14	6
Franchisor-owned outlets in operation	-	-	-
Terminated outlets	-	-	-

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4. LIQUIDITY AND MEMBER'S DEFICIT

The Company has incurred a net loss of \$228,731, working capital deficit of \$112,439, member's deficit of \$836,663 and negative cash flows from operations of \$39,663 as of and for the year ended June 30, 2023. Since inception, the Company's operations have been funded primarily through the initial capital contributions. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets.

Subsequent to year end, management has taken several actions to improve operating cash flows mainly through the sales of franchise agreements and the anticipated opening of franchised units. As of the date these financial statements were available to be issued, the Company continues to sell franchises and collect franchise fees. The weekly royalties are expected to continue to increase as the Company opens additional franchised units. The Company believes that the combination of the actions taken will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued. If necessary, management of the Company has been advised that the members of the Parent will continue to provide any financial assistance needed by the Company should its cash flows from operations combined with its available cash balances not be sufficient to meet its working capital needs. Management believes that the members of the Parent have the intent and ability to provide the funds needed, if any, to continue to fund the operations of the Company for at least one year from the date these financial statements were available to be issued.

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Point in time:</i>			
Franchise fees	\$ 119,000	\$ 119,000	\$ 15,000
Royalties	373,238	113,784	9,610
Marketing fund fees	49,700	45,174	21,275
Technology fees	34,528	8,261	-
Other revenues	<u>23,599</u>	<u>2,631</u>	<u>-</u>
Total point in time	600,065	288,850	45,885
<i>Over time:</i>			
Franchise fees	<u>60,442</u>	<u>36,475</u>	<u>11,085</u>
Total revenues	<u>\$ 660,507</u>	<u>\$ 325,325</u>	<u>\$ 56,970</u>

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenues" in the accompanying balance sheets. A summary of significant changes in deferred revenues is as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenues - beginning of year	\$ 1,706,190	\$ 815,415
Additions for initial franchise fees received	606,250	1,046,250
Revenue recognized during the year	<u>(179,442)</u>	<u>(155,475)</u>
Deferred revenues - end of year	<u>\$ 2,132,998</u>	<u>\$ 1,706,190</u>

At June 30, 2023, revenues expected to be recognized over the remaining term of the associated franchise agreements are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 297,067
2025	296,588
2026	297,347
2027	232,692
2028	213,690
Thereafter	<u>795,614</u>
Total	<u>\$ 2,132,998</u>

Deferred revenues consisted of the following:

	<u>2023</u>	<u>2022</u>
Franchise units not yet opened	\$ 1,818,978	\$ 1,535,330
Opened franchise units	<u>314,020</u>	<u>170,860</u>
Total	<u>\$ 2,132,998</u>	<u>\$ 1,706,190</u>

The direct and incremental costs, principally consisting of commissions, are included in "Prepaid commissions" in the accompanying balance sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at June 30, 2023, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 67,512
2025	89,965
2026	113,983
2027	123,735
2028	126,232
Thereafter	<u>638,641</u>
Total	<u>\$ 1,160,068</u>

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6. CONCENTRATIONS OF CREDIT RISK

Cash

The Company may place its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy limits the Company's exposure to credit risk.

Accounts receivables

As of June 30, 2023, 100% of the Company's receivables were derived from one franchisee.

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 5,140	\$ 5,140
Leasehold improvements	<u>1,134</u>	<u>1,134</u>
	6,274	6,274
Less: accumulated depreciation and amortization	<u>4,866</u>	<u>2,926</u>
Property and equipment, net	<u>\$ 1,408</u>	<u>\$ 3,348</u>

Depreciation and amortization expense amounted to \$1,940, \$1,940 and \$986 for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating leases

On June 19, 2020, the Company entered into a lease agreement with PetWellClinic, LLC ("PWC"), an entity related through common managing member of the Parent, which has an initial term expiring on June 18, 2025. The lease agreement contains an option to extend the term through June 18, 2027, which management believes is reasonably certain to be exercised. Accordingly, the operating lease payments in the table below include payments related to the extension period. The Company is charged a monthly rent of \$1,617 and recorded operating lease expense of \$23,951, \$22,113 and \$22,295 for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, respectively.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Maturities of lease liability at June 30, 2023, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 19,400
2025	19,783
2026	24,000
2027	<u>22,000</u>
Net minimum lease payments	85,183
Less: interest	<u>4,767</u>
Present value of lease liability	80,416
Less: current portion	<u>19,400</u>
Lease liability, net of current portion	<u>\$ 61,016</u>

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating leases \$ 19,400

Variable lease payments \$ 2,894

Weighted-average lease term and discount rate for the operating lease were as follows:

Weighted-average remaining lease term (years) 3.97

Weighted-average discount rate 2.88 %

NOTE 9. RELATED-PARTY TRANSACTIONS

License agreement

On August 17, 2020, the Company entered into a perpetual non-exclusive license agreement with the Licensor for the use of the registered name "PetWell" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate "PetWell" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company is required to pay the Licensor a license fee based on the Company's gross revenue, as defined. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system. The Company was not charged a license fee for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021. In addition, in the ordinary course of business, the Company advances funds to the Licensor. At June 30, 2023 and 2022, the balance due from the Licensor amounted to \$36,242 and \$35,321, respectively, and is included in "Due from affiliates" in the accompanying balance sheets.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9. RELATED-PARTY TRANSACTIONS (CONTINUED)

Service fee arrangement

The Company entered into a service fee arrangement with Acacia Holdings LLC ("Acacia"), an entity related through the managing member of the Parent. Acacia provides administrative and other services and the Company is required to pay a service fee. The service fees charged by Acacia under the arrangement amounted to \$28,932, \$18,030 and \$8,346 for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, respectively. At June 30, 2023 and 2022, the balance due to Acacia amounted to \$34,573 and \$7,221, respectively, and is included in "Due to affiliates" in the accompanying balance sheets.

The Company entered into a service fee arrangement with Westside NJ Petwell LLC ("Westside"), an entity related through a member of the Parent. Westside provides administrative and other services and the Company is required to pay a service fee. The service fees charged by Westside under the arrangement amounted to \$51,178 and \$12,991 for the years ended June 30, 2023 and 2022, respectively. There were no service fees charged for the period from July 2, 2020 (inception) through June 30, 2021.

Assignment and assumption agreement

On August 7, 2020, the Company entered into an assignment and assumption agreement with the Licensor formerly known as PetWellClinic Franchisor, LLC ("PWCF"), an entity related to the Company by common ownership and control, whereby PWCF assigned its interest in franchise agreements with existing franchisees to the Company. PWCF was the predecessor franchisor of "PetWell."

Revenues

In connection with the assignment and assumption agreement with PWCF, four franchise agreements signed with PWC were assigned to the Company. The Company charges for marketing fund fees in accordance with the franchise agreements. Total marketing fund fees charged to PWC for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, amounted to \$30,335, \$41,568 and \$19,612, respectively. There were no amounts due from PWC as of June 30, 2023 and 2022.

In 2021, the Company entered into a franchise agreement with Westside. The Company charges for royalties in accordance with the franchise agreement. Total royalties charged to Westside for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021, amounted to \$81,570, \$37,321 and \$1,264, respectively. The amount due from Westside as of June 30, 2022, amounted to \$14,146. There were no amounts due from Westside as of June 30, 2023.

Due from Parent

In the ordinary course of business, the Company advances funds to the Parent. The amounts due from the Parent at both June 30, 2023 and 2022, were \$20,788. The amount due from the Parent is included in "Due from affiliates" in the accompanying balance sheets. No interest is charged on these advances. Advances to the Parent are unsecured and have no specific repayment terms. Management expects balances due from the Parent to be settled within the next year.

PETWELL FRANCHISOR LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9. RELATED-PARTY TRANSACTIONS (CONTINUED)

Due to affiliate

In the ordinary course of business, the Company periodically receives funds from easyDVM, LLC ("easyDVM"), an entity related through common ownership. No interest is charged on these advances. Advances from easyDVM are unsecured and have no specific repayment terms. Management has made arrangements with easyDVM to settle the balance due within the next year. The amounts due to easyDVM at both June 30, 2023 and 2022, were \$1,068. The amount due to easyDVM is included in "Due to affiliates" in the accompanying balance sheets.

NOTE 10. MARKETING FUNDS

Marketing fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees up to 2% of franchisees' gross sales per week. Funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company. The Company collected marketing fund contributions up to 1% of franchisees' gross sales for the years ended June 30, 2023 and 2022, and for the period from July 2, 2020 (inception) through June 30, 2021. There were no unspent marketing funds as of June 30, 2023 and 2022.

Advertising cooperative

The Company reserves the right to establish an advertising cooperative for the Company. Franchisees would be required to contribute up to 1% of gross sales per week to be placed into the advertising cooperative in accordance with the signed franchise agreement. Funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company. As of June 30, 2023, the Company has not yet established an advertising cooperative.

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

PetWell Franchisor LLC
Balance Sheet
As of November 30, 2024

	<u>Nov 2024</u>
ASSETS	
Current Assets	
Bank Accounts	
1000 PETWELL FRANCHISOR LLC Checking 7396	
(7396)	22,997.66
Total Bank Accounts	\$ 22,997.66
Accounts Receivable	
1100 Accounts Receivable (A/R)	7,687.50
Total Accounts Receivable	\$ 7,687.50
Other Current Assets	
1160 Undeposited Funds	0.00
1200 Due from PetWellClinic Franchise Holdings LLC	20,636.19
1202 Due to Acacia Holdings LLC	0.00
1203 N/R-PWC Colorado LLC	177,100.43
1204 Accrued Rebates	62,500.00
1300 Prepaid Commissions	603,125.73
Total Other Current Assets	\$ 863,362.35
Total Current Assets	\$ 894,047.51
Fixed Assets	
1170 Intangible Assets	0.00
1171 Building Improvements-	1,134.00
1172 Computers and Equipment-	5,139.63
1900 Accumulated Depreciation	-5,949.16
Total Fixed Assets	\$ 324.47
Other Assets	
1201 Due from PetWell IP LLC	36,679.74
1400 Right of Use Asset	58,951.41
1500 Accumulated Amortization	0.00
1501 N/R-PetWell Clinic Franchise Holdings	200.00
1502 N/R-Arvada	3,608.38
Total Other Assets	\$ 99,439.53
TOTAL ASSETS	\$ 993,811.51
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable (A/P)	69,540.40
Total Accounts Payable	\$ 69,540.40
Credit Cards	
2100 Double Cash Citi CArd	6,342.61
Total Credit Cards	\$ 6,342.61
Other Current Liabilities	
2001 Accrued Expenses	0.00
2002 Accrued Commissions	0.00
2101 Owed to easyDVM LLC	1,372.77
2104 Loan-Meisler	0.00

Total Other Current Liabilities	<u>\$ 1,372.77</u>
Total Current Liabilities	\$ 77,255.78
Long-Term Liabilities	
2102 N/P-Meisler Family	179,908.96
2400 Lease Liability	64,254.49
2500 Deferred Franchise fees	<u>1,206,499.63</u>
Total Long-Term Liabilities	<u>\$1,450,663.08</u>
Total Liabilities	<u>\$1,527,918.86</u>
Equity	
3000 Opening Balance Equity	0.00
3100 Retained Earnings	-875,761.85
Net Income	<u>341,654.50</u>
Total Equity	<u>-\$ 534,107.35</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 993,811.51</u>

Tuesday, Dec 10, 2024 01:28:41 PM GMT-8 - Accrual Basis

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS AND 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.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Agency	Agent for Service of Process
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT G
LISTS OF FRANCHISEES
(As of June 30, 2024)

Franchisee Entity Name	Address	City	State	Zip Code	Telephone Number
WB Petcare LLC	5029 E. Chandler Blvd #305	Phoenix	AZ	85048	480-447-4566
WB Petcare LLC	4757 E Greenway Rd, #107A	Phoenix	AZ	85032	602-962-9788
WB Petcare LLC	742 E. Glendale Ave, #162	Phoenix	AZ	85020	602-497-2230
PW Fort Lauderdale, LLC	1591 N Federal Highway	Ft.Lauderdale	FL	33305	954-361-9209
PW PLANTATION, LLC	14944 Pines Blvd	Pembroke Pines	FL	33027	954-367-7165
Live Oak Canine LLC	18303 Perkins Rd E ste 405A	Baton Rouge	LA	70810	225-330-7275
DRP LLC	The Loop 90 Pleasant Valley Street, Unit 114	Methuen	MA	01844	978-975-1745
PWFL Holdings, LLC	11802 Rockville Pike STE D	Rockville	MD	20852	301-348-8963
PWFL Holdings, LLC	6925 Oakland Mills Rd. Suite G	Columbia	MD	21045	410-888-0069
Mi Pet Clinic, LLC,	30345 Woodward Ave	Royal Oak	MI	48073	248-609-3212
Hector Mendez	Shoppes at 655 South Willow Street	Manchester	NH	03103	603-782-9504
Hector Mendez	10 Andrews Road	Somersworth	NH	03878	603-608-3250
Emmitt Industries LLC	1100 Washington Avenue	Carnegie	PA	15106	412-275-3675
Emmitt Industries LLC	195 Montour Run Rd	Coraopolis	PA	15108	412-505-5650
Munchkin Holdings LLC	Quaker Villager Shopping Center Rm 14	Leetsdale	PA	15056	412-259-8068

Munchkin Holdings LLC	800 Wildflower Circle Suite 803	Washington	PA	15301	724-948-1442
Munchkin Holdings LLC	1800 GOLDEN MILE HIGHWAY	Pittsburgh	PA	15239	412-419-2101
Munchkin Holdings LLC	6902 Fifth Ave	Pittsburgh	PA	15208	412-365-4234
HarmonKraft LLC	713 E. Emory Road Suite 104	Knoxville	TN	37938	865-339-4172

List of Signed but Not Opened

(as of June 30, 2024)

Clinic Name	Franchisee Entity Name	State
PetWellClinic - California	Tier Pet Care, LP	CA
PetWellClinic - Tampa	Pawesome Animal Care Tampa, LLC	FL
PetWellClinic - New Jersey	Pawesome LLC	NJ

Exhibit H
Development Rights Agreement

PETWELLCLINIC®
DEVELOPMENT RIGHTS AGREEMENT

THIS DEVELOPMENT RIGHTS AGREEMENT (the “**Agreement**”) is made and entered into as of _____ (the “**Effective Date**,” regardless of the dates of the parties’ signatures), between, PetWell Franchisor LLC, a Delaware limited liability company with its principal business address at 555 West Jackson Avenue, Knoxville, Tennessee 37902 (“**we**,” “**us**” or “**our**”), and _____, whose principal business address is _____ (“**you**” or “**your**”).

1. Background. We and you (or your Controlled Affiliate, as defined in Section 2) are signing or have signed a franchise agreement dated as of _____ (the “**Existing Agreement**”) pursuant to which you (or your Controlled Affiliate) operate or will operate a Clinic at _____. All capitalized terms used but not defined in this Agreement shall have the meanings in the Existing Agreement. We and you are signing this Agreement because you have requested the right to develop and operate a number of Clinics within a certain geographic area over a certain period of time, and we are willing to grant you such development rights if you comply with the terms of this Agreement.

2. Grant of Development Rights. Subject to your compliance with this Agreement, we hereby grant you (and your Controlled Affiliates) the right to develop _____ (_____) new Clinics, including the Clinic to be operated under the Existing Agreement, according to a mandatory development schedule (the “**Schedule**”) identified on Exhibit A to this Agreement, within the geographic area described on Exhibit B to this Agreement (the “**Market**”). In this Agreement, “**Controlled Affiliate**” means any corporation, limited liability company or other Entity: (a) of which you or one or more of your owners owns one hundred percent (100%) of the total authorized ownership interests and has the power unilaterally, without the consent or approval of any other person or Entity, to direct and control the Entity’s management and policies; and (b) that is approved by us in our sole judgment to own and operate a Clinic.

3. No PetWell Clinics in Market. Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of your Controlled Affiliates) and us (or any of our affiliates), including, without limitation, the Existing Agreement and all other franchise agreements then in effect between you (or any Controlled Affiliate) and us for the operation of Clinics, then, during the term of this Agreement only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a Clinic that has its physical location within the Market. We (and any affiliates that we may have from time to time) shall at all times have the right to engage in any activities we or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever we or they desire, including, without limitation, those which we now reserve in the Existing Agreement. After this Agreement expires or is terminated, regardless of the reason, we (and our affiliates) may operate, and authorize any other parties to operate, Clinics located within the Market and engage, and allow others to engage, in any other activities we desire within and outside the Market without any restrictions whatsoever, subject only to your (or any of your Controlled Affiliate’s) rights under then-existing franchise agreements with us.

4. **Development Fee.** A Development Fee in the amount of _____ (“**Development Fee**”) is due and owing to us upon execution of this Agreement which is equal to the sum of initial franchise fees for the second and third Clinics and fifty percent (50%) of the initial franchise fee for the fourth and any additional Clinics you will be developing under this Agreement and the Schedule.

5. **Development Obligations.** To maintain your rights under this Agreement, you and/or your Controlled Affiliates must sign franchise agreements for, develop, open and continuously operate in accordance with the System the agreed-upon number of Clinics within the Market by the dates set forth on the Schedule. Time is of the essence under this Agreement and the Schedule. You or a Controlled Affiliate will operate each Clinic under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents) that you or your Controlled Affiliate will sign for each Clinic will be the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Clinics, including, without limitation, personal guarantees (collectively, the “**Franchise Documents**”), any or all of the terms of which may differ materially from the terms contained in the Existing Agreement and any later versions of our agreements.

6. **No Sublicensing Rights or Rights to Use Marks.** This Agreement does not grant you any right to license others to operate Clinics. Only you (and your Controlled Affiliates) have rights to develop Clinics pursuant to this Agreement and only under Franchise Documents with us. This Agreement does not grant you (or your Controlled Affiliates) any right to use, or authorize others to use, the Marks in any manner. Your (and your Controlled Affiliates’) right to use the Marks arises only under Franchise Documents with us.

7. **Development of Additional Franchises.** You must deliver to us for our review materials and information we request for Clinic you propose to develop, and your (or your Controlled Affiliate’s) financial and operational ability to develop and operate each proposed Clinic, including the proposed Manager for the Clinic. Despite any assistance, information or recommendations that we provided or will provide (whether before or after the Effective Date) with respect to any Clinic, we have made and will make no representations or warranties of any kind, express or implied, of the suitability or likelihood of success of any Clinic.

8. **Grant of Franchises.** If we accept your (or your Controlled Affiliate’s) financial and operational ability to develop and operate the proposed Clinic, then you or your Controlled Affiliate (and your or its owners) must sign separate Franchise Documents for that Clinic. If you or your Controlled Affiliate (and your or its owners) do not sign separate Franchise Documents within the time periods set forth in the Schedule, then we may terminate this Agreement according to Section 10. After you (or your Controlled Affiliate) signs the Franchise Documents, their terms and conditions will control the development and operation of the Clinic, although the opening deadline is controlled by the Schedule.

9. **Term.** The term of this Agreement begins on the Effective Date and ends on the date when (a) you (or your Controlled Affiliate) open the final Clinic under the Schedule, or (b) this Agreement otherwise is terminated, whichever occurs first.

10. Termination. We may terminate this Agreement and your right to develop additional Clinics within the Market at any time, effective upon delivery of written notice of termination, if: (a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this Agreement, which defaults you have no right to cure; or (b) the Existing Agreement or any Franchise Documents between us and you (or any Controlled Affiliate) for a Clinic is terminated by us or you (or the Controlled Affiliate) for any reason.

11. Assignment. You (and your owners) acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your owners') individual and collective character, skill, business acumen, financial capability and proven ability to operate Clinics according to our System standards. These rights are personal to you and your owners. Therefore, you and your owners may not assign this Agreement or any of your ownership interests (whether directly or indirectly) without our prior written approval, which we may grant or withhold for any or no reason. We may assign this Agreement or any of our ownership interests (whether directly or indirectly) without restriction.

You acknowledge that consistency of ownership and control of all Franchises in the Market at all times is necessary for uniformity of the System and protection of the goodwill associated with the Marks. Therefore, you and your owners agree that if you, any of your owners, or any Controlled Affiliate seeks to enter into any transfer that would (if consummated) require our approval pursuant to this Section 11 or the applicable Franchise Documents, regardless of the form of transaction, then we may condition our approval of that transfer (in addition to any other conditions set forth in this Agreement or the applicable Franchise Documents) on the simultaneous transfer to that transferee of other rights, interests, obligations, assets, and/or ownership interests such that, following such transfer, you (or your successor in interest) own and operate (directly or through your Controlled Affiliates) all of the Clinics in the Market.

12. Incorporation of Other Terms. Sections 9.3(c) (Confidential Information and Operations), 11 (Indemnification), 12 (Marks and Trade Dress), 13 (Non-Competition), 21 (Relationship Between Parties), 25 (Resolution of Disputes), and 25 (Applicable Law) of the Existing Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship with you under this Agreement and the construction of this Agreement as if fully restated within the text of this Agreement. This Agreement, together with the Existing Agreement, supersedes all prior agreements and understandings, whether oral and written, between the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements between the parties relating to the subject matter of this Agreement. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

13. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the

effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Effective Date.

FRANCHISOR

PetWell Franchisor LLC, a Delaware
limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

EXHIBIT A
to the
PETWELL CLINIC DEVELOPMENT RIGHTS AGREEMENT

You agree to sign Franchise Documents for and open _____ (__) new Clinics within the Market (including the Clinics operating or to be operated under the Existing Agreement) according to the following Schedule:

Franchise Agreement	To Be Executed By (Date)	Development Fee to be Paid Upon Execution of this Agreement	Initial Franchise Fee to be Paid upon Execution of Franchise Agreement	Cumulative Minimum Number of PetWell Clinics Operating During the term of this Agreement
1 (Existing Agreement)	Simultaneously with this Agreement	\$0	\$49,250	1
2		\$40,000	\$0	2
3		\$40,000	\$0	3
4		\$20,000	\$20,000	4
5		\$20,000	\$20,000	5

FRANCHISOR

PetWell Franchisor LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

EXHIBIT B
to the
PETWELL CLINIC DEVELOPMENT RIGHTS AGREEMENT

The Market is defined as the entire territory encompassed by _____ in the State of _____. If the Market is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Market is depicted on the map attached to this Exhibit B. However, if there is an inconsistency between the language in this Exhibit B and the attached map, the language in this Exhibit B shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

FRANCHISOR

PetWell Franchisor LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

MAP OF MARKET

Exhibit I

SAMPLE MEMORANDUM OF UNDERSTANDING



**NON-BINDING
MEMORANDUM OF UNDERSTANDING**

[DATE]

PETWELL FRANCHISOR LLC
555 WEST JACKSON AVE
KNOXVILLE, TN 37902
(865) 309-5818
WWW.PETWELLCLINIC.COM

Dear _____ ,

Thank you for your interest in franchising rights to establish and operate a PetWellClinic® franchise. Below is a summary of some of the basic information and terms that we have been discussing. This Memorandum does not contain all of the material terms applicable to the franchise and is not intended, and shall not be construed, to be an offer to purchase a franchise. When we and you have a preliminary understanding of these terms we will incorporate them into the Franchise Agreement that is attached to our Franchise Disclosure Document that you received on _____, 20____, and send it to you for your review.

Basic Terms

- **Franchisee**
Entity Name _____
Organized In _____
Owners _____
Phone _____
Address _____

- **System**
One-Tier _____
Two-Tier _____

- **Development Territory**

- **Number of Units**

Total _____
Per Area _____

- **Development Schedule**

Year ____: Open ____ Clinics
Year ____: Open ____ Clinics; total operating Clinics ____
Year ____: Open ____ Clinics; total operating Clinics ____

- **Franchise Fees Due Upon Signing Franchise Agreement**

Total _____
Calculation _____

- **Royalty Fee**

7% of Gross Sales per week.

- **Marketing Services Fund Contribution**

Currently, 1% of Gross Sales per week, but we will have the right to increase the Marketing Services Fund Contribution during the term of your Franchise Agreement. We will give you 30 days' written notice before any increase to the Marketing Services Fund Contribution. The Marketing Services Fund Contribution will not exceed 2% during the term of your Franchise Agreement.

- **Technology Fee**

The Technology Fee is \$350 per month. We will have the right, upon 30 days' written notice to you, to periodically increase the Technology Fee to cover any additional technology expenses we incur but the Technology Fee will not exceed \$700 per month during the term of your Franchise Agreement.

- **Communications Fee**

The Communications Fee is \$100 per month. We will have the right, upon 30 days' written notice to you, to periodically increase the Communications Fee to cover any additional communication services that we may periodically require you to use but the Communications Fee will not exceed \$500 per month during the term of your Franchise Agreement.

Other Terms

As stated above, this Memorandum is not binding on either of us and is not an offer to purchase a franchise. We look forward to exploring this opportunity further with you.

Exhibit J

FRANCHISE SALE COMPLIANCE QUESTIONNAIRE

NOTE: THIS FRANCHISE SALES COMPLIANCE QUESTIONNAIRE SHALL NOT BE COMPLETED OR SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE PETWELLCLINIC FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

DO NOT SIGN THIS FRANCHISE COMPLIANCE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, ANY OF THE ABOVE LISTED STATES, INCLUDING CALIFORNIA OR MARYLAND.



FRANCHISE SALE COMPLIANCE QUESTIONNAIRE

Important Instructions: PetWell Franchisor LLC (“we,” “us,” or “our”) and you are preparing to enter into a Franchise Agreement for the development and operation of a PetWellClinic (the “Clinic”) and, possibly, a Development Rights Agreement for the development of multiple Clinics. This document’s purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents, and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

Name of Prospective Franchisee: _____ (the

“Franchisee”). Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us, our affiliates, the System (as that term is used in our Franchise Agreement), the risks, burdens, and nature of the business that Franchisee will conduct under the Franchise Agreement, the Clinic, the location for the Clinic (if already selected), and the Clinic’s protected area.

***Insert initials into the following blank to confirm this statement: ____**

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee’s ability and efforts, the viability of the Clinic’s location, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

***Insert initials into the following blank to confirm this statement: ____**

3. Each of the undersigned understands that we previously might have entered, and in the future, we may enter into franchise agreements with provisions different from the provisions of the Franchise Agreement for the Clinic.

***Insert initials into the following blank to confirm this statement: ____**

4. If we unilaterally made material changes in Franchisee's final, ready-to-be signed copies of the Franchise Agreement and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven (7) calendar days before executing them and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents.

***Insert initials into the following blank to confirm this statement: ____**

5. Franchisee has received a franchise disclosure document ("FDD") as required by law at least 14 calendar days before signing the Franchise Agreement, or paying any consideration to us or our affiliate in connection with this franchise, and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

***Insert initials into the following blank to confirm this statement: ____**

6. Except as provided in Item 19 of our FDD, we and our affiliates and agents have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Clinic or any other business, except: (None, unless something is filled-in here or provided on additional sheets)

***Insert initials into the following blank to confirm this statement: ____**

7. Each of the undersigned understands that:

7.1 Except as provided in Item 19 of our FDD, we do not authorize our affiliates, or our or their respective officers, directors, employees, or agents, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any PETWELL Clinic.

***Insert initials into the following blank to confirm this statement: ____**

7.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular PETWELL Clinic.

***Insert initials into the following blank to confirm this statement: ____**

7.3 We have specifically instructed our affiliates, and our and their respective officers, directors, employees, and agents, that except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular PETWELL Clinic.

***Insert initials into the following blank to confirm this statement: ____**

7.4 If any unauthorized representation, warranty, promise, guaranty, prediction, projection, or other statement or information is made or given, the undersigned should not (and will not) rely on it.

***Insert initials into the following blank to confirm this statement: ____**

8. Before signing the Franchise Agreement and any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the Franchise Agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisee; and (c) to investigate all statements and information

made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the System, the Clinic, and any other subject.

***Insert initials into the following blank to confirm this statement: ____**

9. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, Clinic, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as may be provided in the Franchise Agreement or a signed Development Rights Agreement with us, no “exclusive,” “expansion,” “protected,” “non-encroachable,” or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning location in which the Clinic is located, the contiguous or any other protected area of the Clinic, or any other existing or potential PetWellClinic or geographic territory.

***Insert initials into the following blank to confirm this statement: ____**

10. Each of the undersigned understands that the Franchise Agreement (including any riders and exhibits) constitutes the entire agreement between the parties and supersedes all prior and contemporaneous oral or written agreements, statements, representations (except for those in the FDD), or understandings of us, the undersigned, and Franchisee.

***Insert initials into the following blank to confirm this statement: ____**

11. Each of the undersigned understands that nothing stated or promised that is not specifically set forth in the Franchise Agreement or FDD can be relied upon by the undersigned or Franchisee.

***Insert initials into the following blank to confirm this statement: ____**

12. Each of the undersigned has confirmed that no employee or agent of ours or our affiliates, or other person speaking on our behalf, has made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance we will furnish to Franchisee that is contrary to, or different from, the information contained in the FDD and the Franchise Agreement. ***Insert initials into the following blank to confirm this statement: ____**

13. Each of the undersigned understands that we and our affiliates may sell or transfer our assets, our trademarks, and/or the PETWELL Clinic System outright to a third party; may go public; may engage in a private placement of some or all of our and our affiliates’ securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

***Insert initials into the following blank to confirm this statement: ____**

14. The only state(s) in which each of the undersigned is a resident is (are):

***Insert initials into the following blank to confirm this statement: _____.**

15. Each of the undersigned understands the importance of the Clinic’s location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the Clinic’s location, the shopping or strip center or other building in which it is contained, the protected area and all other facts relevant to the selection of a site for an PETWELL Clinic, and the lease documents for such location.

***Insert initials into the following blank to confirm this statement: ____**

16. Each of the undersigned understands that neither our acceptance or selection of any location nor our negotiation or acceptance of any lease implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease is on favorable terms. It often is the case that leases are available only on very tough terms. ***Insert initials into the following blank to confirm this statement: ____**

Each of the undersigned understands that site selection is a difficult and risky proposition. We and our affiliates have not given (and will not give) any representation, warranty, promise, guaranty, prediction, projection, or other statement or information relied upon by the undersigned or Franchisee regarding a location's prospects for success, nearby tenants or other attributes, or the form or contents of any lease. Franchisee will have any lease reviewed by its, his, or her own attorney and other advisors. ***Insert initials into the following blank to confirm this statement: ____**

17. The covenants and restrictions concerning competition contained in the Franchise Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors. ***Insert initials into the following blank to confirm this statement: ____**

18. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests. ***Insert initials into the following blank to confirm this statement: ____**

19. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, this document, the Clinic, any lease or sublease for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so. ***Insert initials into the following blank to confirm this statement: ____**

20. Neither we or our affiliates, nor any of our or our affiliates' employees or agents, have provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice. ***Insert initials into the following blank to confirm this statement: ____**

21. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Franchise Agreement. The statements made in this document or the Franchise Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other. ***Insert initials into the following blank to confirm this statement: ____**

22. Each of the undersigned understands that, in the franchise relationship, we and Franchisee will be independent contractors. Nothing is intended to make either Franchisee or us (or any affiliate of ours) a general or special agent, joint venturer, partner, or employee of the other for any purpose. We (and our affiliates) will not exercise direct or indirect control over the Clinic's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, service, or the PETWELL Clinic brand. We (and our affiliates) will not share or codetermine the terms and conditions of employment of the Clinic's employees or affect matters relating to the employment relationship between Franchisee and the Clinic's employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the Clinic's employees. ***Insert initials into the following blank to confirm this statement: ____**

23. The President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations, and the United States

government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

***Insert initials into the following blank to confirm this statement: ____**

25. If required by applicable law, the Franchisee will operate an approved veterinary clinic in the protected area pursuant to an approved form of management agreement (“Management Agreement”) between Franchisee as a management company (“Management Company”) and licensed veterinary professional corporation (or comparable entity, if permitted by applicable law) (a “PC”) that is in good standing under all applicable laws. Where there is an applicable state law regulating the corporate practice of veterinary medicine, Franchisee acknowledges and agrees that it is not authorized and shall not engage in the practice of veterinary medicine at any time. Under the Management Agreement, Franchisee will provide the PC with non-veterinary management and administrative services and support in a manner consistent with the System and all applicable laws, and will provide that the PC shall retain authority to direct the medical, professional and ethical aspects of the veterinary medical practice. The PC will at all times have the exclusive right and power to employ and manage all veterinarians and veterinary personnel providing veterinary services at and in affiliation with the Clinic. Franchisee will at all times merely provide management and administrative services to the PC.

***Insert initials into the following blank to confirm this statement: ____**

~Signature to Follow~

FRANCHISEE:

[_____]

By: _____
Signature

Print Name:_____

Title:_____

Date:_____

Owners/executives of the Franchisee legal entity must sign below individually.

Signature:_____

Signature:_____

Name Printed:_____

Name Printed:_____

Date:_____

Date:_____

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	<i>Pending</i>
Illinois	<i>Pending</i>
Indiana	<i>Pending</i>
Maryland	<i>Pending</i>
Minnesota	<i>Pending</i>
New York	December 12, 2024
North Dakota	<i>Pending</i>
Rhode Island	November 3, 2024
South Dakota	December 3, 2024
Virginia	<i>Pending</i>
Washington	<i>Pending</i>
Wisconsin	<i>Pending</i>

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.

PETWELL CLINIC
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 PetWell Franchisor 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 PetWell Franchisor 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 F.

Following is information about the franchise seller(s) involved in this transaction: Dr. Sam Meisler, 555 West Jackson Avenue, Knoxville, Tennessee 37902 (865) 696-2370 and

Issuance Date: November 1, 2024

PetWell Franchisor LLC authorizes the agents listed in Exhibit F to this disclosure document to receive service of process.

I received a disclosure document issued November 1, 2024 that included the following Exhibits:

- A. Franchise Agreement
- B. State Addenda
- C. Clinic Management Agreement
- D. Operations Manual Table of Contents
- E. Financial Statements
- F. State Franchise Administrator and Agents for Service of Process
- G. Lists of Franchisees
- H. Development Rights Agreement
- I. Sample Memorandum of Understanding
- J. Franchise Sale Compliance Questionnaire

Date

Franchisee

Print Name

individually and as an officer, partner or member
of _____

a (_____ corporation)

a (_____ partnership)

a (_____ limited liability company)

which has been or will be formed to act as franchisee

Address:

City State Zip Code

Area Code Phone Number

PETWELL CLINIC
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 PetWell Franchisor 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 PetWell Franchisor 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 F.

Following is information about the franchise seller(s) involved in this transaction: Dr. Sam Meisler, 555 West Jackson Avenue, Knoxville, Tennessee 37902 (865) 696-2370 and

Issuance Date: November 1, 2024

PetWell Franchisor LLC authorizes the agents listed in Exhibit F to this disclosure document to receive service of process.

I received a disclosure document issued November 1, 2024, that included the following Exhibits:

- A. Franchise Agreement
- B. State Addenda
- C. Clinic Management Agreement
- D. Operations Manual Table of Contents
- E. Financial Statements
- F. State Franchise Administrator and Agents for Service of Process
- G. Lists of Franchisees
- H. Development Rights Agreement
- I. Sample Memorandum of Understanding
- J. Franchise Sale Compliance Questionnaire

Date

Franchisee

Print Name

individually and as an officer, partner or member
of _____

a (_____ corporation)

a (_____ partnership)

a (_____ limited liability company)

which has been or will be formed to act as franchisee

Address:

City State Zip Code

Area Code Phone Number

