

BarkSuds

— BATHED IN LOVE —

Franchise Disclosure Document

Issuance Date: January 1, 2023

BarkSuds, Incorporated (“Franchisor”) offers BarkSuds® franchises for the operation of retail stores specializing in essential care and grooming services for dogs (a “BarkSuds® franchise” or the “Franchised Business”). The services for dogs principally offered by a BarkSuds® franchise focuses on a membership recurring income model with opportunity for up sell grooming options.

The total investment necessary to begin operation of one BarkSuds® franchise ranges from \$200,000.00 to \$250,000.00. This amount includes an initial franchise fee of \$45,000.00 that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement (the “Franchise Agreement”) and other information in plain English. Read this Disclosure Document and all of the accompanying exhibits and 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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

Risk Factor

SHORT OPERATING HISTORY

The franchisor is at an early stage of development and has a limited operating history. The franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your contract carefully and in its entirety. It is strongly recommended you that 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 “Buying a Franchise: A Consumer Guide” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov 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.

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How to Use this Franchise Disclosure Document

Question	Where to Find Information
How much can I earn?	Item 19 may give you information. About outlets sales, costs, profits or losses. You should also try to obtain this information from others, like current or former franchisees. You can find their names in Item 20 and Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements.
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 BarkSuds 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 is like to be a BarkSuds franchisee?	Item 20 or Exhibit F 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 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 our state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement.

Special Risks to Consider about this Franchise

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

OUT-OF-STATE DISPUTE RESOLUTION

The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and / or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.

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ITEM 1.

The Franchisor and any Parents, Predecessors, and Affiliates

We,” “You” and Guaranty

To simplify the language in this Franchise Disclosure Document (the “Disclosure Document”), “we” or “us” or “our” means BarkSuds Incorporated, the franchisor. “You” or “your” means the person who is awarded the franchise rights. If you are a corporation, partnership or other legal entity, your owners must sign our “Guaranty” which means that all of the Franchise Agreement’s provisions will also apply to your owners.

The Franchisor

We are a Florida corporation incorporated on September 11, 2020. Our principal place of business is 3307 West Bay to Bay Boulevard, Tampa, FL 33629. We do business under our corporate name and under the trade name “BarkSuds®”. We do not do business under any other name. We do not engage in any business other than the offer and sale of BarkSuds® franchises. We have never offered franchises in any other line of business.

Our Predecessors, Parents and Affiliates

Currently there are no parent companies or affiliates. Likewise, there is no predecessors.

The Business We Offer

We franchise retail stores operated under the name BarkSuds®, which principally offer routine dog care that is called the BarkSuds S “Paw” Service. BarkSuds is a full-service dog salon and is unique in that it offers membership services which provide our franchisees a revolutionary re-occurring income model, which provides a consistent and predictable income stream (the “BarkSuds® franchise” or the “Franchised Business”). You must sign our standard Franchise Agreement (the “Franchise Agreement”) in the form attached as Exhibit B to this Disclosure Document. The Franchise Agreement grants you the right to develop, own and operate a single BarkSuds® franchise at an approved location (the “Unit Franchise”).

Agents for Service of Process

We disclose our agents for service of process in Exhibit A attached hereto to the Disclosure Document.

The BarkSuds® Franchised Business

BarkSuds® franchises offer grooming and essential care services to dogs. We have developed a proprietary menu of services centered around “The BarkSuds Brand” BarkSuds® franchises will occupy approximately 1,500 square feet. Each BarkSuds® franchise operates under the trademark “BarkSuds®” and other marks that we may designate from time to time at our discretion.

The System

Your Franchised Business will include:

- a. The BarkSuds[®] service marks, trademarks, and logos we designate;
- b. Advertising and other marketing programs;
- c. Training programs;
- d. Site acceptance;
- e. Operations manuals and certain other written standards for operations, design, furniture, fixtures and equipment, facilities, and the like;
- f. Quality assurance and inspection programs (the “System”).

The System is characterized by certain equipment; a distinctive interior and exterior design and color scheme; decorations and furnishings; branded signage; operating methods and procedures; sales techniques and other business techniques; management control systems, and other proprietary operational processes, all of which may change from time to time at our discretion.

The Market and Competition

BarkSuds[®] franchises offer dog grooming and essential care services, as well as other related goods and services to the general public. Our concept is targeted to provide routine dog care services to members of the general public who are dog owners. While the market for pet grooming centers is a niche area and still developing, it has become more competitive in recent years with national brands offering in-store services. BarkSuds[®] Franchised Businesses are not seasonal. Your competitors will include national, regional, and local pet care businesses that offer dog grooming services from retail locations or mobile units, kennels, veterinarian offices that offer any of similar dog wellness services, and retail businesses that sell dog merchandise. Your competitors may include well-established international, national, regional, and local chains, which may have significant financial, marketing, and other resources.

Applicable Government Regulations

In addition to laws and regulations that apply to businesses generally, your BarkSuds[®] franchise will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the American with Disabilities Act; noise ordinances; grooming licensing (where applicable), registration and permit laws and requirements; bonding requirements; environmental and hazardous waste laws; and health, sanitation, and safety laws and regulations. Local city and county zoning ordinances may prohibit you from establishing your BarkSuds[®] franchise in a particular location due to applicable land-use codes, which may prohibit may dog-related services, in neighborhood commercial zones and / or

business districts. In addition, it is your sole obligation to comply with all immigration and naturalization laws, discrimination laws, workers' compensation laws, labor laws, including requirements pursuant to the Fair Labor and Standards Act, as well as federal and state tax laws, including those promulgated by the United States Internal Revenue Service. It is also your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities. Consult your local lawyer about all of these laws, rules, and regulations.

ITEM 2. Business Experience

Founder and Chief Executive Officer: Richard Landman

Richard Landman is the founder and CEO of BarkSuds, Incorporated. Mr. Landman has both a Juris Doctorate and Master of Business Administration Degree with decades of business and legal experience. Prior to launching the BarkSuds Brand and Franchising, Mr. Landman held both Equity Partnerships at National Law Firms and was in-house counsel Vice President at multiple fortune 500 Financial Institutions. Mr. Landman contributes his full-time to BarkSuds operations and is involved in all aspects of franchising.

ITEM 3. Litigation

There is no litigation required to be disclosed in this Item. Presently, BarkSuds is not named in any litigation in any capacity.

ITEM 4. Bankruptcy

There is no bankruptcy required to be disclosed in this Item. BarkSuds has never filed for bankruptcy relief nor has it been involved in any bankruptcy in any capacity whatsoever.

ITEM 5. Initial Fees

Franchise Fee

The initial franchise fee for one Franchised Business is \$45,000.00 payable in full upon execution of the Franchise Agreement (the "Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned by us upon receipt. We are not required to refund your Initial Franchise Fee under any conditions. We use the Initial Franchise Fee to provide support services to our franchisees. Except as provided herein, we charge the Initial Franchise Fee uniformly to all franchisees.

We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case-by-

case basis. We reserve the right to waive or reduce the initial franchise fee for our affiliates, employees, existing franchises or if we run a franchise marketing promotion.

ITEM 6. Other Fees

Type of Fee ^{(1) (4)}	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Every Friday, for Gross Sales from the previous week	You must pay the Royalty Fee by electronic funds transfer. We reserve the right to increase the Royalty Fee by 1% in our discretion.
Local Advertising ⁽³⁾	No minimum only as Franchisee deems appropriate	Monthly expenditure required to be spent by you on local advertising BarkSuds® franchise	Uniformly imposed on all franchisees. All advertisements must be approved by us.
Interest Charge on Late Payments	1.5% per month or the highest amount allowed by applicable law, whichever is less (the “Default Rate”) 0	On-demand	Only required if payment is late.
Late Fee	5% of the amount due or \$100.00 whichever is more 0	On-demand	Only required if any payment or report is late.

Type of Fee	Amount	Due Date	Remarks
Audit Fee	Cost of audit plus interest on underpayment at default rate	Immediately upon a determination by audit	Payable only if we find, based on an audit, that you have understated amounts owed to us by 2% or more.
Transfer Fee (if the transfer is to an unrelated third party)	50% of the then current Initial Franchise Fee, subject to a minimum payment \$20,000.00	Before transfer	Payable when Franchised Business is transferred to an unrelated third party.
Transfer Fee (if the transfer is to an existing franchisee of ours)	\$2,500.00	Before transfer	Payable when Franchised Business is transferred to an existing BarkSuds franchisee.

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	No Renewal Franchise Fee for the life of the Franchisee.	Not Applicable	You must provide us not less than six months nor more than 12 months and meet other renewal conditions.
Indemnification	Will vary under circumstances	On-demand	You must indemnify us when certain of your actions result in loss or damages to us.
Attorneys' Fees and Costs	Will vary under circumstances	On-demand	You will reimburse us for all costs, including reasonable attorneys' fees, as a result of your default and to enforce and terminate the Agreement.

Type of Fee ^{(1) (4)}	Amount	Due Date	Remarks
Alternative Supplier Approval	Reasonable costs and expenses of inspection and testing estimated to range from \$500.00 to \$2,000.00	As invoiced	We may require you to pay us for our reasonable costs and expenses if we evaluate a proposed product, service, or supplier at your request.
Insurance - Reimbursement of Costs	Amount of unpaid premiums and our reasonable expenses	As invoiced	Payable only if you fail to purchase and maintain or provide adequate evidence of any required insurance coverage.

“Gross Sales” means all revenue derived from the operation of your BarkSuds® franchise, but excludes:

- a. Sales, use or service taxes;
- b. Documented refunds, credits, and approved discounts to customers.

Gift certificate, gift card or similar program payments are included when the gift certificate, gift card, other instrument or applicable credit is redeemed. Gross Sales also includes all insurance proceeds received for loss of business due to a casualty to or similar event.

We reserve the right to offer you additional programs and services and charge corresponding fees for those additional programs and services. We will notify you of any additional fees in our Manual and through other written communications.

ITEM 7. Estimated Initial Investment

Your Estimated Initial Investment: Franchise Agreement

Type of Expenditure	Amount (Low to High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$45,000.00 to \$45,000.00	Lump sum	When you sign the Franchise Agreement	BarkSuds, Inc.
Leasehold Improvements²	\$18,000.00 to \$200,000.00	Lump sum	As incurred	Contractor, Designated sources and other Third Parties
Furniture, Fixtures, and Equipment (including point of sale / cash register system)³	\$20,000.00 to \$30,000.00	Lump sum	As arranged	Suppliers
Plans, Permits and Licenses⁴	\$500.00 to \$4,000.00	As Incurred	Before opening	Governmental Agencies
Signs⁵	\$12,000.00 to \$15,000.00	Lump sum	Before opening	Suppliers
Initial Inventory and Supplies⁶	\$4,000.00 to \$5,000.00	Cash on Delivery; Invoice	As Incurred	Us or Approved Supplier
Utility Deposits¹⁰	\$200.00 to \$800.00	As Arranged	As Incurred	Utility Providers
Lease Deposits¹¹	\$3,000.00 to \$5,000.00	As Agreed	As Incurred	Landlord
Insurance¹²	\$1,000.00 to \$3,000.00	As Agreed	As Incurred	Insurance Companies
Additional Funds for First Three Months (Working Capital)¹³	\$15,000.00 to \$30,000.00	As Agreed	As Agreed	Third Parties

Type of Expenditure	Amount (Low to High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial investment	\$200,000.00 to \$250,000.00	As Agreed	As Incurred	Us or Approved Supplier

This estimate assumes you pay the entire cost of construction with no tenant improvement allowance or contribution by the landlord for construction and assumes the premises are delivered with four bare walls and ceiling, electric in place, gas in place, an HVAC system in place, and that non-union labor will be employed. If the premises are not so delivered, these costs may substantially increase, and if union labor is used, these costs may additionally increase. You may be able to negotiate a tenant improvement allowance which is a contribution made by the landlord to leasehold improvements in your premises. This estimate excludes a tenant improvement allowance which may serve to lessen the amount you will be required to pay for leasehold improvements. If you can negotiate a tenant improvement allowance this amount can vary depending on the improvement you do at the premises. This estimate also includes professional fees for architects and engineers, installation costs, and building permit expenses. We are unable to calculate the exact real estate investment required of each franchisee for a BarkSuds® franchise due to many factors that influence the total project costs, such as location, amount of space leased, the amount of remodeling required and so forth. Construction costs in some areas of the country may exceed these estimates. The range in the chart reflects your estimated construction and build-out costs but does include the cost of hiring a general contractor to supervise construction.

This estimate includes estimated costs associated with furniture, decor, signs, equipment, trade fixtures, office equipment, the computer system and software, grooming equipment and other items for your BarkSuds® franchise. If your BarkSuds® franchise is significantly larger in size, you will want to purchase or lease additional equipment. You will need to purchase certain equipment, fixtures, furnishings, and decor, including but not limited to grooming and other pet supplies.

This estimate includes incorporation and related fees. It also includes estimated grooming permit and / or license fees if any. There may be additional registration, permit and / or licensing fees for your BarkSuds® franchise depending on your state and / or local laws and regulations.

The actual cost of your exterior sign will depend upon the size and location of your BarkSuds® franchise, the particular requirements of the landlord, local and state ordinances, and local zoning requirements.

The estimate includes the cost to purchase the supplies necessary to begin operating your BarkSuds® franchise, including without limitation: grooming supplies, uniforms, and shirts; business cards; bags, packaging, and supplies bearing our Marks; and all other goods and / or services as we require, which we estimate will last for up to three months. Additional inventory

expenses are included in the Additional Funds estimate. Your supplier may require prepayment for this inventory. We have the right to change the selection of equipment, supplies and retail inventory that you must provide at any time.

Utility deposits may include gas, electricity, water, telephone, cable, and Internet. Utility deposits and the method of payment thereof will depend upon the location of the Franchised Business and your creditworthiness. Deposits are often refundable if you are current on all payments at the time of request for refund.

This estimates your startup expenses. Additional Funds include additional operating expenses after the date you first begin operations of your Franchised Business that are not included in the individual line items included in the chart above. The Additional Funds is an estimate which is intended to cover such items such as possible initial operating losses, additional insurance, rent and security deposits, miscellaneous additional pre-opening costs, payroll, utilities, additional legal and accounting fees, and payments to any governmental agency that is necessary to open the Franchised Business. In addition, you should be prepared to have cash available to pay your personal living expenses during the first six to 12 months of operation. This is only an estimate, however, and the necessary amount of working capital will vary considerably with each franchisee. You may require additional working capital over and above this estimated amount if your sales are low or if your fixed costs are high.

Your initial investment will vary depending upon the method and amount of financing that you use. The equipment and other items are shown in full, although they may be financed or leased through third parties, except where the low ranges are based in part on either landlord incentives, conversions of prior tenant's locations and used fixtures and equipment. None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

These figures are estimates only, and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your actual costs will depend on factors such as how well you follow our system; your management skill, experience, and business acumen; local economic conditions; the local market for the services offered by your Franchised Business; and prevailing wage rates and the level of competition. In estimating what your local initial investment expenses will be, you should allow for inflation, discretionary expenditures, fluctuating interest rates and other financing costs, and local market conditions, all of which are highly variable factors that can result in sudden and unexpected increases in costs. You should review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase a BarkSuds® franchise.

ITEM 8.

Restrictions on Sources of Products and Services

You must establish and operate your BarkSuds® franchise in compliance with your Franchise Agreement and the standards and specifications contained in information provided by us. In order to maintain the reputation, goodwill, high standards, quality and uniformity of the System, the Franchise Agreement restricts the sources of products and services you utilize in establishing and operating your Franchised Business. We have the right to require some items to be purchased from us or our affiliates. Some items can only be purchased from suppliers we have designated or approved, and others only in accordance with our standards and specifications. In addition, we also have standards and specifications for the design and construction of your BarkSuds® franchise, including furniture, fixtures, and equipment.

All equipment and products necessary for the operation of your BarkSuds® franchise shall comply with our specifications and quality standards, and if required by us, shall be purchased only from approved suppliers that we designate or approve, which may be us or an affiliate.

Purchases from Us

You may be required to purchase certain products, equipment, and services directly from us. We may designate ourselves, or an affiliate as a supplier, or the exclusive supplier, of any of the products or services used at your Franchised Business effective upon written notice to you. As of the date of this Disclosure Document, neither we nor our affiliates have received any revenues from franchisees' required purchases from any of our affiliates, but we expect that we or our affiliates will receive revenues from such required purchases in the future. We reserve the right to set System standards for all products, programs, and equipment that will be used in your BarkSuds® franchise. You must comply with all such standards and specifications. We may revise these standards and specifications.

Purchases from Approved Suppliers

To maintain the superior quality of the goods and services sold by our BarkSuds® franchises and the BarkSuds® reputation, you must purchase or lease fixtures, equipment and supplies, furnishings, and related items from suppliers that we designate or approve. In certain instances, we may designate a single source for these items that you must use. We and our affiliates reserve the right to derive revenue from designated suppliers.

While certain suppliers are currently mandated, approved or recommended, we reserve the right to change suppliers from time to time. Approval of suppliers may be revoked in writing, with 30 days' notice. We will communicate to you the identity of all designated and approved suppliers through written or electronic communications. We do not make any express or implied warranties for any products or goods that we recommend for your use.

No Franchisor officer owns an interest in any supplier.

Purchases According to Standards and Specifications

You are required to purchase or lease certain items in accordance with the specifications and guidelines issued by us. This requirement applies to design and build-out standards, a computerized point of-sale and cash register system, signage, uniforms, and supplies to be used in developing and operating your Franchised Business (some of which must be purchased from approved suppliers, including our affiliate, BarkSuds Services). Specifications may include minimum standards for quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions. We consider these specifications to be of critical importance to the success of the System. (All specifications and guidelines are more fully described in our Manual).

Site Selection

You will have 180 days following the Effective Date of this Agreement to locate and receive our written approval of a site for the Franchised Business. The location for your Franchised Business must satisfy our site selection criteria, which we may modify. You may engage the services of a local real estate service provider to assist with site selection and lease negotiations. Before you acquire the premises for the Franchised Business, you must submit to us all the information that we request. We will make reasonable efforts to notify you within 30 days after we receive the information from you to determine whether the proposed site meets our site selection criteria. We will not unreasonably withhold our approval, but no site will be deemed to conform to our criteria unless we have expressly indicated that in writing. We have the right to ensure that the proposed lease or sublease for the premises has satisfied the leasing standards we prescribe before you sign the lease.

Construction and Opening

You must prepare, or cause to be prepared, all required construction plans and specifications to suit the shape and dimensions of the premises and ensure that these plans and specifications comply with applicable ordinances, building codes, permit and lease requirements and restrictions. Our mandatory and suggested specifications and layouts for a BarkSuds® franchise, including requirements for dimensions of the premises, design, color scheme, image, décor, interior layout, signs, furniture, fixtures, and equipment, will be communicated to you through written or electronic communications and / or included in information to be provided to you. You are required, at your expense, to have an architect prepare all required construction plans and specifications to suit the shape and dimensions of the accepted site and to ensure that the plans and specifications comply with applicable ordinances, building codes, permit requirements, lease requirements, and restrictions and the mandatory specifications and layout provided by us. We have the right to review and approve all plans and specifications to ensure that they meet our design specifications and requirements. We may inspect your BarkSuds® franchise during its development. You must complete construction and begin operations of your BarkSuds® franchise

within six months from the date that you sign the Franchise Agreement. You may not open the Franchised Business to the public until you have received our prior written approval.

Computer Hardware and Software

You are required to purchase and use the point-of-sale system and computer hardware and software which we designate presently and in the future.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional materials before you use them. You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 15 days before their intended use, and we will make reasonable efforts to approve or disapprove them within 15 days after we receive them. You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so. You can be held in default of your Franchise Agreement for your failure to cease from using unapproved marketing materials.

Insurance

You must obtain and maintain, at your own expense, insurance coverage that we require. We may regulate the types, amounts, terms, and conditions of insurance coverage required for your Franchised Business.

All policies must be written by an insurance company satisfactory to us. You are currently required to purchase and maintain the following insurance policies throughout the term of the Franchise Agreement:

1. Comprehensive general liability insurance, including contractual liability, broad form property damage, premises liability, personal injury, advertising injury, product liability, automobile liability, employee liability, completed operations and independent contractors' coverage, and fire damage coverage in the amount of \$1,000,000.00 per occurrence, with \$2,000,000.00 aggregate coverage (or such higher amount as required by the lease for the premises).
2. Professional liability insurance with a minimum coverage amounts of \$1,000,000.00.
3. Worker's compensation and employer's liability insurance, as well as such other insurance as may be required by applicable law.
4. Fire, vandalism, and extended coverage insurance with primary and excess limits of at least the full replacement value of your Franchised Business and its furniture, fixtures, and equipment.

5. Business interruption and extra expense insurance for a minimum of 12 months to cover net profits and continuing expenses, including royalty fees.
6. All other insurance required by the state or locality in which your Franchised Business is operated in such amounts as required by statute.
7. Any other insurance coverage as we may reasonably require.

In addition to the foregoing, we recommend you purchase umbrella liability insurance of at least \$1,000,000.00. We also recommend you purchase EPLI (employment practices liability insurance) to protect you against lawsuits filed by current or former employees claiming harassment, discrimination, and other employment-related claims.

The cost of these coverages will vary depending on the insurance carrier's charges, terms of payments, and your history. All insurance policies, except workers' compensation policies, must name us, as well as our officers and directors, as an additional insured party. You must provide us with a copy of each certificate of insurance at least 15 days before the opening of your Franchised Business and on each policy renewal date. No policy may be canceled or materially altered without 30 days advance written notice to us. We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of the Franchise Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under the Franchise Agreement.

In connection with any construction, leasehold improvements, renovation, refurbishment or remodeling of the premises of the Franchised Business, your general contractor must maintain comprehensive general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractors coverage) in at least the amount of \$1,000,000.00, with us named as an additional insured, as well as worker's compensation and employer's liability insurance as required by state law.

Supplier Approval Procedure

If you propose to purchase or lease any services or products not previously approved by us in writing (for services and products that require supplier approval), you must first notify us. We may require (among other things) submission of sufficient information, specifications and / or samples for us to determine whether the product or service complies with our standards and specifications, or whether the supplier meets our approved supplier criteria. We generally apply the following criteria (among others) in considering whether the supplier will be designated as an approved supplier:

1. Ability to produce the products, services, supplies, or equipment and meet our standards and specifications for quality and uniformity.
2. Production and delivery capabilities and ability to meet supply commitments.
3. Integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill).
4. Financial stability.

You are responsible for all reasonable expenses incurred by us in connection with evaluating the product, service, or supplier. Although we are not required to approve or disapprove supplier requests within any particular time period, we generally will respond within 30 days after we receive your written request. Suppliers must maintain our standards in accordance with written specifications and any modifications. Failure to correct a deviation from the System's specifications will result in the termination of status as an approved supplier.

Miscellaneous

We are not obligated to establish – and have not established – any purchasing or distribution cooperatives. When possible, we make our best efforts to negotiate discounts for your benefit for all mandated, designated, and recommended suppliers; however, we are under no obligation to do so. We do not provide any material benefits, such as renewal or granting of additional franchises, to you based on your purchase of a particular product or service or use of particular suppliers. In doing so, we seek to promote the overall interests of the BarkSuds® franchise system.

Except as described above, neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases.

ITEM 9. Franchisee's Obligations

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
Site Selection and Acquisition / Lease	Page 3	Items 7,8 and 11
Pre-Opening Purchase / Leases	Page 6	Items 5, 7, 8, 11 and 12
Site Development	Page 10	Items 5, 7, 8 and 11
Initial and Ongoing Training	Pages 6, 11 and 14	Items 11, 15 and 16
Opening	Pages 6, 11 and 14	Item 11
Fees	Pages 7, 8 and 9	Items 5 and 6
Compliance with Standards and Policies / Operating	Pages 6, 9 and 10	Item 11
Trademarks and Proprietary Information	Pages 14 and 18	Items 13 and 14
Restrictions on Products and Services Offered	Pages 13, 15 and 22	Items 8 and 16
Warranty and Customer Service Requirements	Not applicable	Not applicable
Territorial Development and Sales Quota	Not applicable	Not applicable
Ongoing Products / Services Purchases	Page 14	Item 8
Maintenance, Appearance and Remodeling Requirements	Page 14	Item 11
Insurance	Page 26	Items 7 and 8
Advertising	Page 8	Items 6, 8 and 11
Indemnification	Page 36	Item 6
Owners' Participation, Management, and Staffing	Page 6	Item 15
Records and Reports	Page 23	Items 11 and 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
Inspections and Audits	Page 24	Items 6 and 11
Transfer	Page 27	Items 6 and 17
Renewal	Page 4	Items 6 and 17
Post-Termination Obligations	Page 33	Item 17
Non-Competition Covenants	Page 22	Item 17
Dispute Resolution	Page 39	Item 17
Owner's Guaranty	Exhibit B	Item 15

ITEM 10. Financing

We do not offer any direct or indirect financing, but we reserve the right to offer financing in the future. We do not guarantee your loan, lease, or obligations. Upon request, we will provide acceptable third-party options for you to consider.

ITEM 11. Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Pre-Opening Obligations

Before you open your Franchised Business, we will:

1. If the location for your Franchised Business has not been approved at the time you sign the Franchise Agreement, designate a geographic area within which your Franchised Business is to be located. The Designated Area for your Franchised Business will be inserted into the Franchise Agreement before you sign the Franchise Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.
2. Upon your request, we will provide you with our criteria for site selection for BarkSuds® franchises. We will review and advise you regarding the potential locations that you submit to us. Generally, we do not own the premises and do not lease it to you.
3. We do not select the site for your BarkSuds® franchise, although we must consent to the site. The general site selection criteria you should consider include traffic patterns, site visibility, area demographics, adequacy of parking, lease rates, competitors, and tenant mix at the proposed location. You are solely responsible for locating a site that is acceptable to us. We will approve or disapprove your site for the Franchised Business. We will make

reasonable efforts to approve or disapprove a site that you propose within 30 days after we receive from you a complete site report and any other materials that we may require for assessing potential. If you have not heard from us within such 30-day period, the proposed site is deemed disapproved. You will have 180 days following the Effective Date of this Agreement to locate and receive our written approval of a site for the Franchised Business. You must open your Franchised Business within one year of the date of your Franchise Agreement. If you fail to do so, we may terminate the Franchise Agreement.

4. Review and approve or disapprove the lease for your site. You must obtain our approval of the lease or sublease (or any modification or amendment) for the location before you sign it, or any renewal of it.
5. Furnish you with mandatory and suggested specifications for a BarkSuds® franchise, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings. You are solely responsible for developing and constructing the site for your Franchised Business, for all expenses associated with it, and for compliance with the requirements of any applicable federal, state, or local law.
6. Provide you with written specifications for the operation and management of the Franchised Business.
7. Designate the opening inventory of products, supplies, equipment, materials, and services you must purchase before the opening of the franchise.
8. Provide you with our initial training program.
9. We will have a representative to support your business opening with at least two days onsite pre-opening and opening assistance.

Continuing Obligations

During the operation of your Franchised Business, we will:

1. Provide the general advisory assistance and field support deemed by us, in our discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business.
2. Continue our efforts to establish and maintain high standards of quality, customer satisfaction, and service.
3. Provide you with updates, revisions, and amendments to our internal documents. We may periodically modify these internal documents, but these modifications will not alter your fundamental status and rights under the Franchise Agreement.
4. Conduct periodically (as we deem advisable) inspections of your Franchised Business and its operations and evaluations of the methods and the staff.

5. In our discretion, furnish guidance to you with respect to:
 - a. Specifications, standards and operating procedures, including providing retail prices;
 - b. Purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies;
 - c. Development and implementation of local advertising and promotional programs.

Such guidance will, in our discretion, be furnished in the form of the internal documents, bulletins, written reports and recommendations, other written materials, refresher training programs and / or telephonic consultations or consultations at our offices.

6. At your request, or if we in our sole discretion deem it necessary, provide you with refresher training and operational assistance if needed as determined by us. You are required to pay any costs we incur in connection with providing such training. We also reserve the right to charge you our then-current refresher training fee. We have the right to require you or any employee to participate in, at your expense, additional or refresher training programs at a location we designate.
7. At your request, or if we in our sole discretion deem it necessary, periodically furnish you with the services of a representative, whether in person or telephonically or via consultations held at our office, to provide additional operating assistance if we deem it necessary in our sole discretion.

Although we may voluntarily provide additional services, no additional duties may be implied because we provide those additional services (if any). We have no implied duties or other duties not expressly stated in the Franchise Agreement. We have the right to delegate to a third party the performance of any pre-opening or continuing obligation for any franchisee.

Approval of Advertising

Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing. All promotional and marketing materials that you propose to use must conform to our standards and requirements. You must provide us with all samples of promotional and marketing materials in whatever form you desire to use for our approval at least 15 days before your proposed use of the materials. We will make reasonable efforts to notify you of our approval or disapproval of the materials within 15 days of receiving them. If you do not receive our written approval within this time period, we will be deemed to have disapproved of the materials. You may not use any advertising plans or materials until we have approved them. You must immediately cease from

using any unapproved marketing materials. If you do not within five business days' notice from us, you will be in default of your Franchise Agreement. However, our approval does not:

- a. Constitute a determination that the advertising, promotions, and marketing that you conduct complies with applicable laws and regulations;
- b. Provide assurance that such approved materials will be successful.

You must consult your own advisors at your own expense.

Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in our brand or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material.

Local Advertising Cooperative

You may, at your discretion, participate in a local advertising cooperative with other franchisees in your area. Cooperatives will usually be based on practical geographic divisions like cities, counties, and states. A cooperative, if established, will allow franchisee members to coordinate advertising and marketing efforts and programs, and to maximize the efficient use of local advertising media.

Internet Advertising

In addition to our general rights concerning all advertising, promotion, and marketing, we have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium, including all websites and “social media” marketing related to the BarkSuds® brand. You may not conduct such marketing, or establish any website or social media presence independently, except as we may specify and only with our written consent. We retain the right to approve any linking to or other use of our website. You must comply with any Internet and social media policy that we may prescribe.

Training Program

BarkSuds® provides dog grooming services that require a thorough understanding of proper care and service processes in order to successfully meet our high-quality expectations. To maintain a high level of quality standards in each BarkSuds® location, you must ensure that proper training is completed by each of your employees. To the extent that a certification program has been implemented for a particular employment position, the employee must be certified and in full compliance with all certification requirements.

You must, at your expense, comply with all of the training requirements we prescribe for your BarkSuds® franchise.

The Initial Training Program will consist of both online and in-person training.

We will, in our discretion, make available other ongoing continuing education and training programs, seminars or meetings (on an optional or mandatory basis) that we deem advisable. We may also host an annual convention each year, as well as conference telephone calls, which may include education and training. You must attend our annual convention which we reserve the right to charge you a reasonable convention fee. You and your designated employees also must attend and successfully complete all ongoing continuing education and training programs and must attend all meetings, seminars, conventions, and conference telephone calls as we require. We may charge a reasonable fee for instruction and training materials. You are responsible for all other expenses, including travel, lodging, and meals, incurred by you and your employees for ongoing continuing education and training programs.

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. Additional training may also be provided as needed. The instructional materials used in the initial training program will consist primarily of our Manuals, marketing, and promotional materials, videos, and other handouts.

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	3.5		Online
Front Desk, Memberships and Management Training		5	Corporate Owned Salon
Grooming the Fundamentals		2	Corporate Owned Salon
Proper Intake and Dog Return		1	Corporate Owned Salon
TOTAL	3.5	8	

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary bases on experience and performance of those persons being trained. Additional training may also be provided as needed. The instructional materials used in the initial training program will consist primarily of provided documents, marketing and / or promotional materials, videos and other handouts.

Our training is conducted by the following employees. Their experience relating to the subjects taught and our operations are as follows:

1. **Richard Landman** who has extensive operational experience in overseeing and operating our corporate-owned units, including participating in sales and marketing campaigns and the management of administrative personnel.

2. **Jacob Landman** will participate as an instructor in the initial training program. Jacob has extensive experience in the proper scheduling of dogs including teaching a thorough intake procedure to insure the highest level of service. Jacob also has first-hand experience in explaining the BarkSuds membership process.

Computer Systems

You must, at your sole cost, purchase, use, maintain and update the computer systems (collectively, the “Computer System”) we specify from time to time for use in the operation of the Franchised Business and will follow the procedures related thereto that we specify in any internal document(s) or otherwise in writing. You must acquire and use the computer hardware and software that we specify or otherwise approve from approved suppliers. The Computer System has various components, including (without limitation), designated computer hardware and software, a computerized point-of-sale system (the “POS System”), security cameras, and related services, such as maintenance, service and support, internet access and data polling. You may be required to obtain some of these components and services directly from us, our affiliates or designated or approved suppliers. You may incur monthly fees for ISP, ASP, data polling services and the like. You must, at your sole cost, purchase, use, maintain and update the POS System and other computer systems that we specify for use in the operation of your Franchised Business and must follow all policies and procedures that we specify in the Manuals or otherwise in writing.

We currently use Day Smart Pet software for reservations, processing client credit and debit card payments, keeping your business records and generating business reports among other things. As of the date of this Disclosure Document, the monthly fee for hosting the point of sale (POS) system software email marketing, web hosting, and training software is approximately \$200.00 per month.

You must maintain the POS System and other computer systems in good working order at all times and upgrade or update the computer hardware and software during the term of the Franchise Agreement, as we may require. You must enter into contracts for maintenance, support, upgrades, and updates to the POS System and other computer systems with approved suppliers described in our provided internal documents, and you must purchase any updated software upgrades for the POS System or other computer systems.

Cost to purchase your computer system ranges from \$500.00 to \$1,000.00. The cost to lease all the required software and mainframes is an additional \$250.00 to \$400.00 per month.

We have the right to access the information on your computer and that of the third-party provider or providers to the extent it pertains to the operation of your BarkSuds® franchise. The POS System and all other computer systems must be capable of connecting with our computer systems. To this end, you must maintain a high-speed Internet connection (including e-mail capabilities) and participate in our mandated management information system (the “MIS System”), which allows us to communicate with you and poll and review results of your Franchised Business’

operations, including, without limitation, sales data, consumer trends, food and labor costs, and other financial and marketing information.

Your Computer System must be capable of connecting with our computer system, performing the functions we designate for your Franchised Business, permitting us to review the results of your BarkSuds® franchise's operations, and engaging in any e-commerce activities that we designate. In addition to any access, we may have to your Computer System through the MIS System, you must:

- a. Supply us with any and all codes, passwords, and information necessary to have access to your Computer System, and not change them without first notifying us;
- b. Not load or utilize any software on the Computer System that we have not specified or approved for use.

You will continuously comply with each of our then-current terms of use and privacy policies (and all other requirements) regarding the Computer System, including (but not limited to) internet use.

We will have independent access to the information that will be generated or stored in your Computer System, such as your BarkSuds® franchise's sales, inventory and payroll information, customer information, and your bookings and appointments. We will have the right at any time to poll your system to retrieve and compile such information concerning your BarkSuds® franchise. There are no contractual limitations on our right to access this information and data. We may require you to purchase and install other and / or additional computer systems and software meeting our standards and specifications, which would be used, among other purposes, to assist you in the operation of your BarkSuds® franchise. You would be responsible for all costs associated with such other or additional computer systems and software. We would have the right to access the information generated by these computer systems, without limitation.

We reserve the right to update and modify our Computer System and software requirements. You must comply with these new requirements. There are no contractual limitations on the frequency and cost involved in the upgrading, updating, or modifying of your hardware or software. The total annual cost of maintaining, updating, upgrading, or support contracts cannot be estimated due to the continually changing nature of today's technology.

Except as described above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system, and there are no optional or required maintenance / upgrade contracts for the point-of-sale or computer system.

Typical Length of Time Before You Open Your Franchised Business

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is going to be approximately six to eight months. Some factors which may affect this timing include your ability to locate a site, the time to acquire the site through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning, other state and local requirements and any necessary licenses and permits, the timing of the delivery and installation of equipment, supplies and leasehold improvements, and the time to convert, renovate or build out the site with possible construction delays, as well as your ability to attend the Initial Training Program. Your Franchised Business must be open for business within one year from the date of execution of the Franchise Agreement (the “Commencement Deadline”) unless we grant you an extension, which we may choose to grant in our sole discretion. Failure to commence operations of your Franchised Business by the Commencement Deadline may result in, at our option, the termination of your Franchise Agreement, and we can retain the entire Initial Franchise Fee.

ITEM 12. Territory

Franchise Agreement

As the owner of a Franchised Business, you will not receive an exclusive territory. However, except under certain limited conditions as described in the Franchise Agreement, we will agree not to establish or license anyone else to establish another BarkSuds® franchise at any location within the “Protected Territory” that will be designated in your Franchise Agreement. The Protected Territory will be based on a particular area surrounding your franchise. The size of the Protected Territory will vary from franchise to franchise and will depend on whether your location is in a rural, suburban, or high-density urban area. The Protected Territory will be delineated by streets, highways, zip codes or other boundaries and will be based upon a variety of measures, including geographic barriers, the radius of travel time and distance, and population counts. The Protected Territory will be described in Exhibit B to the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement. There will be no minimum geographic size to your Territory, and the size and population of your Territory may differ from other franchisees.

You will operate the BarkSuds® franchise at a specific location that you choose, and we approve. You may operate the BarkSuds® franchise only at the approved premises and may not relocate without our prior written approval. Except as expressly limited by the terms of your Franchise Agreement, we have the right, in our sole discretion, to grant additional BarkSuds® franchises or establish Affiliate-Owned Units at any time and at any location outside of your Protected Territory, even at a location in close proximity to your BarkSuds® franchise, on such

terms as we deem appropriate. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The size of your Protected Territory is not negotiable, and you will not have the right to amend or modify your Territory. However, if you are in breach of your Franchise Agreement, we may terminate the Franchise Agreement pursuant to its terms or remove your territorial exclusivity. The territorial exclusivity will terminate upon expiration or termination of the Franchise Agreement.

Any relocation will be at your sole expense and must be within your Territory. All leases, subleases, or other agreements you enter into to relocate your BarkSuds® franchise must conform to the provisions of the Franchise Agreement. You may not relocate your BarkSuds® franchise to another location without first obtaining our written approval, which may be withheld for any reason.

You may not solicit customers, service customers, market or advertise outside of your Territory without our prior written consent, which we may give, withhold, or revoke in our absolute discretion. You may not maintain a World Wide Web page or otherwise maintain a presence or advertise the BarkSuds® franchise on the Internet or any other public computer network or social media site except as required, sponsored, placed, or approved in writing by us.

We retain all rights with respect to the BarkSuds Brand, the BarkSuds® name, the Proprietary Marks, the sale of products and services which are and are not part of the System, anywhere in the world, including, without limitation, the right to:

- a. Own, operate and situate BarkSuds® franchises anywhere outside your Protected Territory, as we consider appropriate, including within close proximity to your Protected Territory;
- b. Offer and sell products and services within and outside your Protected Territory that are not part of the System through any distribution method;
- c. Operate a business of the type franchised under the Franchise Agreement or grant a franchise for the operation of a similar or competitive business within your Protected Territory on the termination or expiration of the Franchise Agreement;
- d. Solicit, market or advertise the products and services that are and are not part of the BarkSuds Brand, to any person or entity, both within and outside your Protected Territory and under the Proprietary Marks and / or other names and marks;
- e. Directly merchandise, sell and distribute products which now or in the future are a part of the BarkSuds Brand and thus offered, sold and / or utilized by BarkSuds® franchises, and / or any products not a part of the System, to any person or entity, both within and outside your Territory and under the Proprietary Marks and / or other names and marks, through any other method or channel of distribution, at

wholesale or retail, including without limitation, catalogs, shopping clubs, wholesale or retail facilities, the internet; grocery stores; convenience stores.

You do not have any rights with respect to such sales whether conducted now or in the future.

You may use the Internet to advertise only in compliance with the Franchise Agreement.

We do not grant options, rights of first refusal or similar rights to acquire additional franchises, as each franchise is awarded on a franchise-by-franchise basis. Accordingly, you may only acquire an additional BarkSuds® franchise from us if you meet our qualifications at the time you apply. We may limit the number of BarkSuds® franchises owned by any franchise owner or its affiliates.

If we grant you a Protected Territory, it will not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire an additional BarkSuds® franchise in your Protected Territory under the Franchise Agreement. The continuation of your rights is dependent upon the satisfactory operation of your Franchised Business according to the requirements of the Franchise Agreement, but not on your attaining a particular level of sales, revenues, or other contingencies.

ITEM 13. Trademarks

Pursuant to the terms of the Franchise Agreement, we grant you the right and license to operate a Franchised Business pursuant to the BarkSuds Brand and using the Proprietary Mark and related names and marks that may be developed in the future and used as part of the System. We grant you the right to operate a BarkSuds® franchise under the name “BarkSuds. BarkSuds is the principal trademark and is registered with the United States Patent and Trademark Office. Date of registration is July 6, 2021. The registration number is 6,413,105.

BarkSuds is the only principal mark that is registered. All other “trademarks” are not federally registered. Therefore, any other “trademark” does not have many legal benefits and rights as a federally registered trademark. If our right to the trademark is challenged, you may have to change to an alternative trademark which may increase your expenses.

Under the Trademark License, we are granted the perpetual right to own, operate or sublicense and / or to sell franchises to third parties to operate BarkSuds® franchises anywhere in the entire world, including the United States, using our Proprietary Marks and BarkSuds Brand. You must use all names and marks in full compliance with provisions of the Franchise Agreement and in accordance with the rules we periodically prescribe. You may not use any name or mark as a part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed by us to you). In addition, you may not use any name or mark for the sale of any unauthorized product or services, or in any other manner not explicitly authorized in writing by us.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material litigation involving the principal trademarks.

There are no other agreements currently in effect that significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes, or other commercial symbols in any manner material to the Franchised Business.

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we will have the sole discretion to take any action as we deem appropriate, in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Proprietary Marks. We are not obligated to protect your rights in the Proprietary Marks, nor are we obligated to indemnify you for losses associated with any infringement of, or challenge to, our rights in the Proprietary Marks. We are not obligated to participate in your defense and / or indemnify you for damages or expenses if you are party to an administrative or judicial proceeding involving the Proprietary Marks if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and / or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with a change. We and our affiliates have invested substantial time, energy and money in the promotion and protection of our Marks. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Marks are often difficult to establish and defend and that changes in the cultural and economic environment within which our System operates may make changes in the Marks desirable or necessary. Accordingly, we reserve the right to change our Marks and the specifications for each when we believe that such changes will benefit the System. You agree that you will promptly conform, at your own expense, to any such changes.

You may not contest, directly or indirectly, our ownership, title, right or interest in any of our names or marks, trade secrets, methods, procedures, and advertising techniques which are part of the BarkSuds Brand, or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques.

We do not actually know of either superior or infringing uses that could materially affect your use of such trademarks, service marks, trade names, logotypes or other commercial symbols in this state or any state in which a Franchised Business is to be located.

ITEM 14.
Patents, Copyrights, and Proprietary Information

We do not own any patents that are material to the franchise. We do proprietary rights to the confidential information contained in our provided internal documents. We claim common law copyrights on our operational materials and on other proprietary materials specifically created by us in connection with the BarkSuds Brand, including the proprietary advertisements, all of our materials presented to your prospective customers, printed materials, and forms used in connection with the operation of your Franchised Business. The provided internal documents and other proprietary materials have not been registered with any copyright office, but we reserve the right to register these copyrights in the future.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us that could materially affect a franchisee's use of the copyrighted materials in any state.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of the BarkSuds® franchise and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of your BarkSuds® franchise or the System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, or knowledge, including, materials, equipment, marketing, and other data, which we designate as secret or confidential, will be deemed secret and confidential for purposes of the Franchise Agreement.

ITEM 15.
**Obligation to Participate in the Actual Operation
of the Franchise Business**

You are not required to participate personally in the direct operation of your Franchised Business. However, we recommend that you participate during the term of the Franchise Agreement. During the term of the Franchise Agreement, you (if you are a natural person) or your Operating Principal (if you are a corporation, limited liability company, partnership, or other business entity (a “Business Entity”)) must devote full time and best efforts to the development and operation of the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no

longer fulfill his or her responsibilities under the Franchise Agreement. If you do not intend to participate in the direct operation of your Franchised Business, and you do not have an Operating Principal, you must have a full-time employee you designate as your manager to manage the day-to-day operations of your Franchised Business. We require that the manager have sufficient experience in our industry to oversee the operations of your BarkSuds retail store.

The Franchised Business must be under the direct, on-site supervision of you (or your Operating Principal) or a manager who has been selected by you and approved by us. You (or your Operating Principal) and your approved manager must successfully complete our initial training program. The manager cannot have an interest or business relationship with any of our business competitors as determined by us. The manager need not have an ownership interest in your corporation or partnership. You must require the manager and all employees to sign a confidentiality agreement and a non-compete agreement.

You (or your Operating Principal) are not required to be directly involved in the day-to-day operations of the Franchised Business; however, you (or your Operating Principal), or if you do not have an Operating Principal, your designated manager, must participate in the Franchised Business throughout the term of your Franchise Agreement as follows:

1. You must submit an initial business plan for your Franchised Business before beginning operations and an annual business plan each year; you also must submit annual financial statements, including an income statement and balance sheet, prepared in accordance with generally accepted accounting principles, within 90 days of your fiscal year-end, and a profit and loss statement within ten days following the end of each month.
2. You must be directly responsible for all accounting, reporting, and bookkeeping.
3. You (and your approved manager if you will not be the on-site supervisor) must complete the initial training and any ongoing or other training that we require.
4. You must attend any meeting of franchisees that is called by us.
5. You must be directly involved with the site selection, construction, remodeling, and all financial components of the Franchised Business.
6. You and / or your approved manager (who is your employee) must be directly involved in all personnel decisions.
7. You must comply with all of our requirements relating to the supervision of your Franchised Business, including inspections, reports, and guidance.

ITEM 16.
Restrictions on What the Franchisee May Sell

The Franchise Agreement provides that you must offer only the products and services that conform to our standards and specifications. These are described in our Manuals and other writings, as they may be updated periodically. Unless you obtain our prior written approval, you are prohibited from:

- a. Offering or selling services or products not authorized by us;
- b. Using the premises of the Franchised Business for any purpose not related to the Franchised Business;
- c. Soliciting other franchisees either directly or indirectly for any other business or investment activity.

We have the right to add or delete services, products, or merchandise and you must do the same on notice from us. There are no limits in our right to do so.

You must operate your Franchised Business in complete compliance with the standards and specifications set forth in the provided internal documents, the Franchise Agreement, other agreements, and instructions we provide and the requirements of the laws of the location in which your Franchised Business is located. We are entitled to make changes in our standards and specifications when, in our discretion, change is needed as a result of the market and for the development of the System. These changes may require your purchase of equipment, supplies, furnishings or other goods, the completion of additional training by your employees, or other costs to you. We cannot predict the future costs to you of such items. You must promptly conform to the modified standards and specifications at your expense.

In addition, we may, from time to time, send you promotional materials and bulletins on new systems and new sales and marketing developments and techniques. You must promptly implement and / or use the ideas and implement the changes described in these materials within your Franchised Business in a commercially reasonable manner.

There are no limitations imposed by us on the persons to whom you may provide services and products, other than you cannot violate any applicable laws.

ITEM 17.
Renewal, Termination, Transfer, and Dispute Resolution

The Franchise Relationship

This table lists certain important provisions of the franchise and related agreements:

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Page 4	The term is equal to 10 years.
b. Renewal or extension of the term	Page 4	If you are in good standing and satisfy certain conditions, you may renew for one additional 10-year term (or such lesser period as remains on the lease for the premises).
c. Requirements for franchisee to renew or extend	Pages 4 and 5	<p>Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of Franchise Agreement, which may be materially different than the form attached to this Disclosure Document.</p> <p>You will be required to pay a renewal fee equal to 25% of the then-current initial franchise fee, subject to a minimum payment of \$11,250.00. You will sign a release (provided that any release will not be inconsistent with any state law regulating franchising).</p> <p>Other conditions are advance written notice, not be in default, satisfy all monetary obligations to us and suppliers, pass inspection, complete training, and remodel your franchised business. You must have the</p>

Provision	Section in Franchise Agreement	Summary
		right to remain in possession of the premises for the duration of the renewal term.
d. Termination by franchisee	Not applicable	You have no right to terminate other than as provided by applicable state laws.
e. Termination by franchisor without cause	Page 31	Not Applicable.
f. Termination by franchisor with cause	Page 31	We can terminate only if you default.
g. “Cause” defined – curable defaults	Page 31	You have 30 days to cure certain defaults listed within the section, such as failure to file reports or financial reports, failure to comply with standards and specifications, or failure to obtain required consents or approvals.
h. Franchisee’s obligations on termination / non-renewal	Page 33	Obligations include, among others: You must cease operating the Franchised Business, cease using the Proprietary Marks and BarkSuds Brand, completely de-identify the Franchised Business, pay all amounts due to us or our affiliates, return the internal documents and other proprietary materials, assign telephone numbers and listings to us, and comply with confidentiality requirements and post-term restrictive covenants.
i. Assignment of contract by franchisor	Page 27	No restriction on our right to assign as long as the transferee or assignee assumes our obligations under the Franchise Agreement.
j. “Transfer” by franchisee – defined	Page 27	Includes transfer of any interest in the Franchise Agreement, Franchised Business (including the assets) or Franchisee.

Provision	Section in Franchise Agreement	Summary
k. Franchisor approval of transfer by franchisee	Page 27	We have the right to approve all transfers (even to a business entity controlled by you) but will not unreasonably withhold approval.
l. Franchisor's right of first refusal to acquire franchisee's business	Page 30	We can match any offer for the sale of your business or any ownership interest in you.
m. Franchisor's option to purchase franchisee's business	Page 30	We have the right to purchase any or all of the tangible assets of the Franchised Business at your cost or fair market value, whichever is less, by written notice to you within 30 days after termination or expiration of the Franchise Agreement.
n. Death or disability of franchisee	Page 27	The interest must be assigned to an approved transferee within six months and is subject to the same conditions as an inter vivos transfer.
o. Non-competition covenants during the term of the franchise	Pages 3, 22 and 34	No direct or indirect involvement in the operation of any business selling products or services similar to those sold by your BarkSuds® franchise, and you agree not to knowingly solicit any current or former employee of ours, without our prior written permission, or to divert business from the BarkSuds® franchise.

Provision	Section in Franchise Agreement	Summary
<p>p. Non-competition covenants after the franchise are terminated or expires</p>	<p>Page 35</p>	<p>You and your owners may not, for two years after expiration or termination of the Franchise Agreement:</p> <ul style="list-style-type: none"> a. Divert any business or customer to a competitor, or do or perform any act injurious or prejudicial to the goodwill of the Proprietary Marks and BarkSuds Brand; b. Recruit or hire any person employed by us or our franchisees; c. Solicit other franchisees nor use available lists of franchisees for any commercial purpose; d. Operate or be involved with a competing business for two years at the premises of the former BarkSuds® franchise, or in the Territory, within a 25-mile radius of the premises of the former BarkSuds® franchise, or within 25 miles of any other BarkSuds® franchise.
<p>q. Modification of the Agreement</p>	<p>Page 35</p>	<p>You must comply with the provided internal documents. Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce the scope of the covenants.</p>

Provision	Section in Franchise Agreement	Summary
r. Integration / merger clause	Page 38	Only the terms of the Franchise Agreement and any addendums are binding (subject to applicable state law). No other representations or promises will be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
s. Dispute resolution by arbitration or mediation	Pages 39 and 40	<p>Except for certain claims, including non-payment by Franchisee, all claims must first be mediated prior to arbitration or litigation. The exclusive venue for any claims is Hillsborough County, Florida. The arbitration will occur with each respective party paying their own costs except that the prevailing party shall be entitled to its attorney's fees.</p> <p>Before you take any legal or other action against us, whether for damages, injunctive, equitable or other relief (including rescission), upon any alleged act or omission of ours, you must first give us 90 days prior written notice and an opportunity to cure such alleged act or omission or otherwise resolve such matter.</p>
t. Choice of forum	Page 41	Any disputes not subject to the mandatory arbitration clause, including your non-payment to us, shall be instituted exclusively in a court of competent jurisdiction in Minnesota (subject to applicable state law).
u. Choice of law	Page 40	Florida law applies (subject to applicable state law) except to the extent governed by the U.S. trademark laws.

**ITEM 18.
Public Figures**

We currently do not use any public figures to promote our franchise. We may consider in the future to undertake local or national celebrities to promote the BarkSuds Brand. Should we do so, this decision will be solely dictated by us.

ITEM 19.
Financial Performance Representation

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.
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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. 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 our future income, you should report it to the franchisor’s management by contacting Richard Landman, 3307 West Bay to Bay Boulevard, Tampa, FL 33629, telephone 512-662-6845, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
Outlets and Franchisee Information

TABLE 1.
System Outlet Summary for Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	1	+1
Company or Affiliate Owned	2020	0	0	0
	2021	0	1	+1
	2022	1	2	+1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
TOTAL OUTLETS	2020	0	0	0
	2021	0	1	+1
	2022	1	3	+2

TABLE 2.
*Transfers of Outlets from Franchisees to New Owners for years 2020 to 2022
(Other than the Franchisor)*

State	Year	Number of Transfers
Florida	2020	0
	2021	0
	2022	1
TOTAL	2020	0
	2021	0
	2022	1

TABLE 3.
Status of Franchised Outlets for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-Acquired by Franchisor	Ceased Operations (Other Reasons)	Outlets at End of Year
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
TOTAL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

TABLE 4.
Status of Company and Affiliate-Owned Outlets for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2022	1	1	0	0	0	2
TOTAL	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2

TABLE 5.
Project Openings as of December 31, 2022

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
Florida	5	8	0
California	1	2	0
Tennessee	0	1	0
TOTAL	6	11	0

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

We have no current or former franchisees who have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the BarkSuds franchise system.

During the last three years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

ITEM 21.

Financial Statements

The Franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three years.

Exhibit E including projected revenue, cash flow and profit and loss. As well as the audited balance sheet as of December 31, 2021.

Audited 2022 year-end December 31, 2022 balance sheet and 2021 and 2022 audited year-end profit and loss statements will be forthcoming and available to franchisees by December 31, 2023.

ITEM 22.
Contracts

Exhibit B Form Franchise Agreement.

ITEM 23.
Receipts

You will find two copies of a detachable Receipt in Exhibit “D” at the end of the Disclosure Document. One Receipt must be signed, dated and delivered to us. The other Receipt should be retained for your records.

EXHIBIT A.
State Agencies and Administrators / Agents for Service of Process

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

OUR REGISTERED AGENT IN THE STATE OF FLORIDA IS:

United States Corporation Agents, Inc.
5575 Semoran Boulevard, 36
Orlando, FL 32822

STATE OF VIRGINIA:

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

VIRGINIA'S STATE ADMINISTRATOR:

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

EXHIBIT B.
BarkSuds Franchise Agreement

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into this _____ day of _____, 20____ (the “Effective Date”) by and between BarkSuds, Incorporated, a Florida corporation, with a principal place of business at 3307 West Bay to Bay Blvd., Tampa FL 33629 (the “Franchisor,” “we,” “us,” or “our”) and _____ with the current address of _____ (the “Franchisee,” “you,” or “your”).

W I T N E S S E T H:

WHEREAS, we have developed a proprietary system through significant expenditures of time, skill, effort, and money (the “System”) relating to the establishment, development, and operation of a BarkSuds® franchise for the operation of retail stores specializing in essential care and grooming services for dogs (the “Franchised Business” or a “BarkSuds® franchise”).

WHEREAS, we have the right and authority to license the use of the name Barksuds® and other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans, and tag lines designated by us in writing now owned, licensed, or developed by us (the “Marks” or the “Proprietary Marks”) for use in connection with the BarkSuds® System to selected persons, businesses, or entities that will comply with our uniformity requirements and quality standards;

WHEREAS we will continue to develop, use, and control the use of the Marks in order to identify for the public the source of the products and services marketed under the BarkSuds® System, and to represent to the public the BarkSuds® System’s uniformity requirements and quality standards as established and promulgated from time to time by us;

WHEREAS, the distinguishing characteristics of the System include, without limitation, a distinctive decor, color scheme, equipment, and furnishings; uniform standards, specifications, and procedures for operations; consistency and uniformity of products and services offered; procedures for quality control and safety; training and assistance; and advertising and promotional programs, all of which we may change, improve, and further develop from time to time;

WHEREAS, you understand and acknowledge the importance of the high standards of quality, appearance, procedures, controls, and service established by us, and the necessity of operating your BarkSuds® franchise in strict conformity with the standards and specifications established by us;

WHEREAS, you acknowledge that you have read this Agreement, and that you have no knowledge of any representations about the Franchised Business or about us or our franchising program or policies made by us or our officers, directors, shareholders, employees, counsel or agents which are contrary to the statements in the terms of this Agreement, and that you

understand and accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the Proprietary Marks; and

WHEREAS you further acknowledge that any assistance, approval, or advice given by us under or in connection with this Agreement shall not constitute a warranty or guaranty of the financial success of your Franchised Business and that we have advised you that prior business management experience is critical for your success, and prior business ownership experience is highly desirable. We grant BarkSuds® franchises to qualified candidates for the right to develop and operate a BarkSuds® branded retail store.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings, and commitments of each party to the other set forth in this Agreement, mutually agree as follows:

Grant of Franchise

A. Grant

You have applied for a BarkSuds® franchise to operate a BarkSuds® franchise at a specific. Your application has been approved by us in reliance upon and subject to all representations made in your application. We, therefore, grant to you, upon the terms and conditions contained in this Agreement, the right and license to:

- a. Independently manage and operate one BarkSuds® franchise in strict conformity with our quality control standards and specifications, as they may be changed, improved and further developed from time to time;
- b. Use the Proprietary Marks and the System, but only in connection with your Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System), and in accordance with the marketing strategies that we establish for the System;
- c. Do all of the things described in (a) and (b) above only at the Approved Location (defined below) selected by you and agreed to by us.

You accept this license and agree to perform all of your obligations as set forth in this Agreement. You do not have the right to franchise, sub-franchise, license, or sub-license your rights under this Agreement. You do not have the right to assign this Agreement or your rights under this Agreement except as specifically provided for in this Agreement.

B. Approved Location

We grant you the right to operate one BarkSuds® franchise in conformity with the System using the name BarkSuds® and other specified Marks only at the Approved Location described in Exhibit “A” to this Agreement. The term “Approved Location” means the street address of the location for the BarkSuds® franchise that we approve under the terms of this Agreement and specified in Exhibit “A”. If the site for your BarkSuds® franchise has not been determined as of the Effective Date of this Agreement, then we will designate the geographic area in which it is to be located. Upon our approval, we will insert its address into Exhibit “A”, and it will be the Approved Location. The establishment by you of additional BarkSuds® franchises requires additional franchises from us and the payment to us of additional franchise fees. You will not relocate your BarkSuds® franchise without our express prior written consent.

C. Protected Territory and Exclusions

You will be granted an exclusive territory. During the term of this Agreement, and except as otherwise provided in this Agreement, we agree not to establish or license any other person to establish another BarkSuds® franchise at any location within the protected territory specified in Exhibit “A” to this Agreement (the “Protected Territory”). If your Protected Territory overlaps with a protected territory of another existing franchisee, the overlapping area will be excluded from your Protected Territory.

D. Reservation of Certain Rights

We (on behalf of ourselves, our parent and our affiliates) retain all rights with respect to the System, the BarkSuds® name, the Proprietary Marks, the sale of products and services which are and are not part of the System, anywhere in the world, including, without limitation, the right to:

- a. Own, operate and situate BarkSuds® franchises anywhere outside your Protected Territory, as we consider appropriate, including within close proximity to your Protected Territory;
- b. Offer and sell products and services within and outside your Protected Territory that are not part of the System through any distribution method;
- c. Operate a business of the type franchised under the Franchise Agreement or grant a franchise for the operation of a similar or competitive business within your Protected Territory on the termination or expiration of the Franchise Agreement;
- d. Solicit, market or advertise the products and services that are and are not part of the System, to any person or entity, both within and outside your Protected Territory and under the Proprietary Marks and / or other names and marks;
- e. Directly merchandise, sell and distribute products which now or in the future are a part of the System and thus offered, sold and / or utilized by BarkSuds® franchises,

and / or any products not a part of the System, to any person or entity, both within and outside your Territory and under the Proprietary Marks and / or other names and marks, through any other method or channel of distribution, at wholesale or retail, including without limitation, catalogs, shopping clubs, wholesale or retail facilities, the internet; grocery stores; convenience stores.

You do not have any rights with respect to such sales whether conducted now or in the future.

You may not solicit customers, service customers, market or advertise outside of your Territory without our prior written consent, which we may give, withhold, or revoke in our absolute discretion. You may not maintain a World Wide Web page or otherwise maintain a presence or advertise the BarkSuds® franchise on the Internet or any other public computer network or social media site except as required, sponsored, placed, or approved in writing by us.

E. Relocation

You must not relocate the Franchised Business without our express prior written consent. Except as otherwise set forth herein, you may relocate the Franchised Business to a new location only upon the following conditions:

1. You must not be in default of any provision of this Agreement or the lease for the former location.
2. You must deliver to us a current financial statement, including a profit and loss statement for your Franchised Business during the last 12 months of operation at the former location and a copy of the proposed lease for the new location.
3. You must comply with all required site selection and construction procedures.
4. The new location must be constructed, furnished, and equipped in accordance with our then-current design specifications and standards.
5. You must be current on all of your financial obligations to us and our affiliates.
6. You must give us written notice of the proposed relocation at least 90 days before the relocation date.
7. At our option, you enter our then-current form of the franchise agreement, except that the term of the new franchise agreement will expire on the same date that this Agreement would have expired, and no new initial franchise fee will be required.

The Franchised Business must be open for business in the new location within 30 days of the closing of the prior location, unless we consent, in our sole discretion, to an additional 30-day extension. Your failure to relocate the Franchised Business within the required time period will be a material default under this Agreement, and we will have the right to terminate this Agreement. If you lose the right to possession of the premises due to the exercise of eminent domain or a Force

Majeure event (as defined below), then we will allow you to relocate your Franchised Business to another location, with we must approve within 60 days of the event of Force Majeure. You must reopen for business at the new location within three months that we approve the location, and we may charge you an agreed minimum Royalty Fee during the period of time in which your Franchised Business is not in operation.

Term and Renewal

A. Initial Term

Except as otherwise provided in this Agreement, the term of this Agreement will be for 10 years commencing on the Effective Date of this Agreement. However, if the lease for the premises terminates sooner, we may, at our option, terminate the Franchise Agreement.

B. Renewal Term

If you are in good standing, you may, subject to our approval in our sole discretion, continue the Franchised Business for one additional 10-year term, or such period as remains on the lease underlying the initial term of this Agreement, if such period is shorter than 10 years. Your right to renew this Agreement is subject to the following conditions which must be met prior to the renewal period unless expressly waived in writing by us:

1. You must give us written notice of your election to renew this Agreement not less than six months nor more than 12 months prior to the end of the current term of this Agreement.
2. At least four months prior to the expiration of the current term of this Agreement, we will have the right to inspect your Franchised Business and give notice of all required modifications to the nature and quality of the services and products offered at your Franchised Business, your advertising, marketing and promotional programs, your financial and inventory control systems, and the maintenance, refurbishing, equipment upgrade, and replacement, renovating and remodeling necessary to comply with our then-current standards and specifications and with the requirements of the lease for your Franchised Business. If you elect to renew this Agreement, then you shall complete, to our satisfaction, all such required modifications, as well as adopt and implement any new methods, programs, modifications, techniques, or operational systems required by our notice no later than one month prior to the expiration of the current term of this Agreement.
3. You must not be in default of any provision of this Agreement, any amendment of or successor to this Agreement, or any other agreement between you and us or our subsidiaries, affiliates, and suppliers. You must have substantially complied with all of the terms and conditions of such agreements.
4. You must have satisfied all monetary obligations owed to us and suppliers and shall have timely met those obligations throughout the term of this Agreement.

5. You must execute upon renewal our then-current form of the franchise agreement, which may be materially different from this Agreement. The new franchise agreement shall supersede in all respects this Agreement and may differ from the terms of this Agreement, including without limitation, the requirement of a higher percentage royalty fee and / or advertising contributions, and the term will expire in accordance with the renewal term as outlined above.
6. You must pay us a renewal fee equal to 25% of the then-current initial franchise fee, subject to a minimum payment of \$11,250.00.
7. You (or your Operating Principal) and your approved manager must attend and successfully complete, to our satisfaction, our then-current qualification and training program(s), at your expense.
8. You must present evidence satisfactory to us that you have the right to remain in possession of the premises where your Franchised Business is located for the duration of the renewal term.
9. You must refurbish the Franchised Business (if necessary) to conform to the then-current BarkSuds® franchise design and decor, trade dress, color scheme and presentation of trademarks and service marks consistent with the design concepts then in effect for new BarkSuds® franchises licensed to operate under the System.
10. Your operation and management of your Franchised Business shall be in full compliance with the System.
11. You must maintain and be in good standing with all necessary and applicable licenses and permits.

In the event that any of the foregoing conditions to renewal have not been met at least one month prior to the expiration of the current term of this Agreement, then we will have no obligation to renew this Agreement and will give you at least 30 days prior written notice of our intent not to renew this Agreement, which notice shall set forth the reasons for such refusal to renew. Your right to renew this Agreement is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of expiration, in addition to your compliance with the obligations described above. We have the right to extend the term of this Agreement for such period of time as we deem necessary in order to provide you with 30 days' notice of our refusal to renew this Agreement.

Your Representations, Warranties, and Covenants

A. Your Investigation of this Franchise

1. You acknowledge having received our Franchise Disclosure Document within the time period required by applicable law before you executed this Agreement or paid any consideration to us or an affiliate. You further acknowledge that you have read this Agreement (including all Exhibits) and our Franchise Disclosure Document and that you understand the terms of this Agreement (including all Exhibits) and accept them as being reasonably necessary for us to maintain the uniformity of BarkSuds® franchises and to protect the goodwill of the Marks and the integrity of the System.
2. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a BarkSuds® franchise involves business risks, that your success is largely dependent on your own abilities, efforts, and active participation in the daily affairs of your Franchised Business, and that the nature of BarkSuds® franchises may change over time. You have not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits or potential success of the business contemplated by this Agreement.
3. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.
4. Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and / or discretion to take or withhold an action or to grant or decline to grant you a right to take or withhold an action, then, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and / or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether:
 - a. Other reasonable alternative decisions or actions could have been made by us;
 - b. Our decision or the action we take promotes our financial or other individual interest;
 - c. Our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations;
 - d. Our decision or the exercise of our right or discretion is adverse to your interests.

In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or

obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and / or refrain from taking actions which are consistent with your rights and obligations under this Agreement.

5. You expressly understand and acknowledge that you are relying solely on us, and not on any affiliated entities or parent companies related to us, with regard to our financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, us has made any statement or promise to the effect that our affiliated entities or parent companies guarantee our performance or financially back us.

B. Your Organization

If you are a corporation, partnership, limited liability company or other legal entity:

1. You are duly organized and validly existing under the law of the state of your formation.
2. You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification.
3. Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of BarkSuds® franchise(s). You warrant and represent that neither you nor any of your owners own, operate, or have any financial or beneficial interest in any business that is the same as or substantially similar to BarkSuds®.
4. The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement, and have been duly authorized.
5. You will provide to us, at our request, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.
6. Your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement.

C. Legal Compliance

In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders, and to adhere to them at all times during the term of this Agreement.

D. Continuing Obligations

You and your owners make the foregoing representations, warranties and covenants understanding that such representations, warranties, and covenants are continuing obligations. You agree to cooperate with us to verify you and your owners' continuing compliance with such representations, warranties, and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

Duties of Franchisor

A. Pre-Opening Obligations

Our duties prior to the opening of your Franchised Business are as follows:

1. We will furnish you with mandatory and suggested specifications for a BarkSuds® franchise, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings. You are solely responsible for developing and constructing the site for your Franchised Business, for all expenses associated with it, and for compliance with the requirements of any applicable federal, state, or local law.
2. We will provide you with written specifications for the operation and management of your Franchised Business.
3. We will provide you with an initial training program (the "Initial Training Program"). The Initial Training Program is mandatory for you (or if the franchisee is an entity, then its Operating Principal) and must be successfully completed before opening your Franchised Business. Your manager, assistant manager and any other staff employed by you may also attend the Initial Training Program at no additional charge. The Initial Training Program will be held at Bay-to-Bay Boulevard location, or at such other location as we designate, and will consist of hands-on instruction. In-store training will also be held at the location of your Franchised Business upon its opening by one of the members of our corporate staff, who will travel to your location and spend approximately two days with you. You (or your Operating Principal) and / or other approved key personnel shall attend and successfully

complete the initial training program in its entirety. We will be responsible for training and materials only. You and your employees shall be responsible for all meals, travel, lodging, and other expenses incurred in attending the Initial Training Program. Initial training is conducted by us and / or our designee.

4. We will have one of our representatives support your business opening on-site, pre-opening and opening assistance (except that if you already have two or more BarkSuds® franchises in operation, then we are not obligated to provide on-site pre-opening and opening assistance). You are not required to pay a fee in connection with such on-site assistance, but you are responsible to pay for all travel and living expenses that we incur in traveling to your BarkSuds® franchise in order to provide such opening assistance.
5. We will designate the opening inventory of products, supplies, equipment, materials, and services.

B. Post-Opening Obligations

Our obligations following the opening of your Franchised Business are as follows:

1. We will provide such general advisory assistance and field support deemed by us to be helpful to you in the ongoing operation, advertising, and promotion of your Franchised Business.
2. We will continue our efforts to establish and maintain high standards of quality, customer satisfaction and service.
3. We will provide updates, revisions, and amendments to our Manual, which may be provided to you from time to time. We may modify the Manual from time to time, but these modifications shall not alter your fundamental status and rights under this Agreement.
4. We will conduct, on a periodic basis and as we deem advisable, inspections of your Franchised Business and its operations and evaluations of the methods and the staff.
5. We will, in our discretion, furnish guidance to you with respect to:
 - a. Specifications, standards operating procedures, including provided suggested retail prices;
 - b. Purchasing approved equipment, fixtures, signs, inventory and operating materials and supplies;
 - c. Development and implementation of local advertising and promotional programs.

Such guidance will, in our discretion, be furnished in the internal documents provided, bulletins, written reports and recommendations, other written materials, refresher training programs and / or telephonic consultations or consultations at our office.

6. At your request, or if we in our sole discretion deem it necessary, we will provide you with additional refresher or continuing training and operational assistance. You are required to pay any costs we incur in connection with providing such training. We also reserve the right to charge you our then current refresher training fee. We may, in our sole discretion as we deem necessary, require you or any employee to participate in, at your expense, additional or refresher training programs at locations we designate.
7. At your request, or if we in our sole discretion deem it necessary, we may periodically furnish you with the services of a representative, whether in person or telephonically or via consultations held at our office, to provide additional operating assistance. All of our obligations under this Agreement are to you, and no other party is entitled to rely on, enforce or obtain relief for breach of such obligations either directly or by subrogation. Although we may voluntarily provide additional services, no additional duties may be implied because we provide those additional services (if any). We have no implied duties or other duties not expressly stated herein.

Fees

A. Initial Franchise Fee

The initial franchise fee is \$45,000.00 payable by you to us upon execution of this Agreement (the “Initial Franchise Fee”). The Initial Franchise Fee is nonrefundable and deemed fully earned upon receipt by us. You must sign a separate franchise agreement for each additional franchise that you purchase. We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion, on a case-by-case basis, or if we run a franchise marketing promotion.

B. Royalty Fees

You will pay to us a continuing, non-refundable weekly royalty fee (the “Royalty Fee”) equal to 6% of your weekly Gross Sales. The six percent will not increase over the life of the franchise or will subject to a 1 percent increase per our option (select).

C. Local Advertising

For each month during the term of this Agreement, you will make expenditures related to local marketing and advertising and digital marketing for your BarkSuds® franchise in the amount of you deem appropriate per month.

D. Technology Fee

You must license the Day Smart Pet POS software and related web-based management software from us or our designee. You are required to pay us or our designated vendor a monthly Technology Fee, which includes your use of the Day Smart Pet business management software (the “Technology Fee”). The Technology Fee may change from time to time, and we will provide

you with 30 days' notice prior to any change. This fee does not cover, and we will not perform, bookkeeping, reporting or tax return services for your Franchised Business.

E. Late Fees

If, at any time, we debit your account for payment of the Royalty Fee, Technology Fee, or the Brand Fee (the "Recurring Fees"), or any other amounts you owe us, and there are not sufficient funds in your account to pay such amount, or your bank refuses to clear the withdrawal in our favor, the unpaid amount will be considered late. Any required report not timely received by us will also be considered late. We will assess a late fee of \$100.00 for any payment is delinquent or report or item is not timely received. In addition, all overdue amounts will bear interest, until paid, at the rate of 1.5% per month, or the highest rate permitted by applicable state law, whichever is less (the "Default Rate"). Interest shall be calculated on a daily basis. Late fees and interest charges are nonrefundable. The provision in this Agreement concerning late fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance, the operation of your Franchised Business. These late fees are intended to reimburse us for our expenses and to compensate us for our inconvenience and do not constitute interest. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

F. Payment Procedures

All Recurring Fees and any other payments or any late fees and interest charges required by this Agreement shall be paid through our direct debit program, or such other payment method as prescribed by us, on Friday of each week for Gross Sales from the previous week (as defined as Monday through Sunday). You will execute the pre-authorized bank form and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("EFT") for payment of the Recurring Fees and other amounts due us under this Agreement, at the time such amounts become due and payable under this Agreement. Should any EFT not be honored by your bank for any reason, you agree that you will be responsible for that payment and any service charge and failure to cure any EFT issues shall be considered grounds for default. If any payments are not received when due, interest and late fees may be charged. Upon written notice to you, we may designate another method of payment.

G. Definition of Gross Sales

"Gross Sales" is defined as all revenue derived from the operation of your BarkSuds® franchise but excludes:

- a. Sales, use or service taxes;
- b. Documented refunds, credits, and approved discounts to customers.

Gift certificate, gift card, or similar program payments are included when the gift certificate, gift card, or other instrument or applicable credit is redeemed. Gross Sales also includes all insurance proceeds received for loss of business due to a casualty or similar event.

H. Application of Payments

Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past-due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you owe us against any amounts we might owe you.

I. Payment Offsets

We may set off from any amounts that we may owe you any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Recurring Fees, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services, or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you. You do not have the right to offset payments owed to us for amounts purportedly due to you from us or our affiliates.

Your Duties

A. Quality Standards

We have developed and will continue to develop uniform standards of quality, cleanliness, and service applicable to all BarkSuds® franchises, including your BarkSuds® franchise, to protect and maintain for our benefit and all of our franchisees, the distinction, valuable goodwill, and uniformity represented by the Marks and the System. You agree to maintain the uniformity and quality standards required by us for all goods and services associated with the Marks and the System.

B. Identification of the BarkSuds® Store

You will operate your BarkSuds® franchise so that it is clearly identified and advertised as such. The style and form of your BarkSuds® store and the other Marks used in any advertising, marketing, public relations, or promotional programs must have our prior written approval. You will use the name “BarkSuds®”, the approved logos and all graphics associated with the System and the Marks on all materials in the manner we prescribe in accordance with our brand guidelines and our Manuals.

C. Compliance with Standards

You will use the Marks and the System in strict compliance with the standards, quality standards, health and safety standards, operating procedures, specifications, requirements, and instructions that we require.

D. Working Capital

You will, at all times, maintain sufficient working capital to operate your BarkSuds® franchise and fulfill your obligations under this Agreement and will take steps to ensure the availability of capital to fulfill your obligations to maintain, remodel and modernize the premises and operations of the Franchised Business as required by this Agreement.

E. Default Notices and Significant Correspondences

You will deliver to us, immediately upon your receipt, an exact copy of all:

- a. Notices of default received from the landlord of your BarkSuds® franchise location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party;
- b. Notifications or other correspondence relating to any legal proceeding for any claim relating in any way to your Franchised Business;
- c. Inspection reports or any other notices, warnings or citations from any governmental authority, including any health and safety, taxing and / or licensing authorities.

You will notify us in writing within five days of the commencement of any proceeding and / or of the issuance of any governmental order or action impacting you and / or the operation of your BarkSuds® franchise. Within ten days after receipt of a written request from us, you will provide us with a written summary of all written consumer and employee complaints made since the date indicated in our request for this information. You will also provide all additional information requested by us relating to any of these matters.

F. Site Approval and Lease

You are solely responsible for selecting the site for your BarkSuds® franchise. You agree to send us a description of the proposed site, including a summary of the demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from, proximity to, and the nature of other businesses, other commercial characteristics, and the proposed site's size, appearance, and other physical characteristics. You acknowledge that the selection, procurement, and development of the site is your responsibility. You further acknowledge that our approval and the rendering of assistance in the selection of a site does not constitute a representation, promise,

warranty, or guaranty by us that your Franchised Business operated at that site will be profitable or otherwise successful.

G. Construction Requirements

You are solely responsible for developing and constructing the site for your Franchised Business according to our standards and specifications, for all expenses associated with such construction, and for complying with the requirements of any applicable federal, state, or local law or ordinance. You acknowledge that design quality is important to us and that we have the right to review and accept all plans and specifications and to confirm that construction is completed in conformance with our standards and specifications. Before the opening date, you must complete all exterior and interior preparations, including installation of equipment, fixtures, furnishings, and signs, pursuant to the plans and specifications we have approved, and must comply with all other pre-opening obligations. In addition, you must obtain all required governmental licenses, permits, and certifications. You must provide us with evidence that all necessary permits have been obtained and that all requirements for construction and operation have been met, including zoning, access, sign, fire, health, environmental, and safety requirements. If you fail to comply with any of these obligations, we have the right to prohibit you from opening. Your compliance with any plans that we provide or approve does not release you from your obligations to ensure that your BarkSuds® franchise location is designed, constructed, and operated in compliance with all local, state, and federal laws, including without limitation, the Americans with Disabilities Act (“ADA”).

H. Opening Date

You may not open your Franchised Business to the public until all of your pre-opening obligations have been fulfilled, including without limitation:

- a. We determined that the premises for your Franchised Business has been constructed, furnished and fully equipped in accordance with approved plans and specifications;
- b. You (or your Operating Principal) have completed the Initial Training Program to our satisfaction;
- c. The Initial Franchise Fee and all amounts due to us under this Agreement have been paid;
- d. We have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request;
- e. You have obtained a certificate of occupancy;
- f. You have obtained all necessary licenses and permits to operate your Franchised Business.

Final approval by us of the opening of your Franchised Business will be in writing. You agree to comply with these conditions and commence operations of your Franchised Business within one-year after the Effective Date of this Agreement (the “Commencement Deadline”). You should not construe our statement as any assurance, warranty, or representation by us that your Franchised Business will be successful, make a profit, or continue to comply with all of our requirements and governmental requirements. You acknowledge that time is of the essence. Your failure to open the Franchised Business in compliance with these provisions will be deemed a material event of default under this Agreement.

I. Compliance with Laws, Rules and Regulations

You will comply with all federal, state, and local laws, rules and regulations, including without limit any applicable permit laws, grooming licensing legislation applicable in your state, or land-use codes, and you will timely obtain, maintain and renew when required, all permits, insurance coverage, certificates, and licenses necessary for the proper conduct of your Franchised Business under this Agreement, including qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances and environmental permits.

Employees

A. Staff

You will maintain a competent, conscientious, staff and the number of employees necessary to meet the anticipated volume of business and to achieve the goals of the System. You will take all steps necessary to ensure that your employees meet the employment criteria and skills level that we require. All employees shall keep a neat appearance and comply with any dress code that we may require.

B. Staff Training

BarkSuds® provides dog grooming services that require a thorough understanding of proper care and service processes in order to successfully meet our high-quality expectations. To maintain a high level of quality standards in your BarkSuds® franchise, you must ensure that proper training is completed by each of your employees. To the extent that a certification program has been implemented for a particular employment position, the employee must be certified and in full compliance with all certification requirements.

C. Management of Employees

You are solely responsible for the terms of your staff’s employment and compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of the Franchised Business. Notwithstanding certain recommendations in the documents provided, you are solely responsible for all employment decisions and functions, including hiring,

firing, establishing wage and hour requirements, disciplining, supervising, and record keeping. You will not recruit or hire any employee of a BarkSuds® franchise operated by another BarkSuds® franchisee or by us without obtaining the employer's written permission.

D. Management of the BarkSuds® Franchise

Your BarkSuds® franchise shall, at all times, be under the direct, on premises supervision by you (or your Operating Principal) or a manager who has been approved by us and who has successfully completed our Initial Training Program and any other required training, and who will devote his or her full time and energy during business hours to the supervision and management of your Franchised Business. The manager cannot have an interest or business relationship with any of our business competitors and need not have an ownership interest in your corporation or partnership. At all times, you (or your Operating Principal) must participate in the Franchised Business as follows:

1. You must submit annual financial statements, which shall include an income statement and balance sheet, prepared in accordance with generally accepted accounting principles, within 90 days of fiscal year-end, and a profit and loss statement within 10 days of the end of each month.
2. You must be directly responsible for all accounting, reporting, and bookkeeping.
3. You (and your approved manager if you will not be the on-site supervisor) must attend initial training and ongoing training courses that may be required by us.
4. You must attend any meeting of franchisees that is called by us.
5. You must be directly involved with the site selection, construction, remodeling and all financial components of the Franchised Business.
6. You must be directly involved in all personnel decisions.
7. You must comply with and be subject to all reasonable supervision of your Franchised Business by us in accordance with our operating policies and procedures, including, but not limited to, inspections, reports, and guidance.
- 8. Inspection Rights.** You will permit us and / or our representatives to enter your BarkSuds® franchise at any time during normal business hours upon reasonable notice, for purposes of conducting inspections. The inspections will be performed in a manner that minimizes interference with the operation of your Franchised Business. You will cooperate fully with us and / or our representatives in inspections by rendering assistance as they may reasonably request and by permitting them, at their option, to observe how you are selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to our office for

inspection and recordkeeping. We and / or you may videotape the inspections. Upon notice from us, and without limiting our other rights under this Agreement, you will take all steps necessary to correct, immediately, any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then current requirements. If you fail or refuse to correct any deficiency, we have the right, without any claim to the contrary by you, to enter your BarkSuds® franchise without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, payable by you upon demand.

E. Customer Surveys; Customer List

You will present to customers, which includes all prospects and members, any evaluation forms we require and will participate and / or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current customer list containing each customer's name, address, telephone number, zip code and email address, and supply an updated copy of the list to us on a quarterly basis, upon request. You must participate in any process we develop to record and maintain all customer information. You must follow any and all privacy protection laws with regards to the information you obtain from customers. Notwithstanding that partially through your efforts, patrons become customers of your Franchised Business, they become and will remain BarkSuds customers. We retain ownership of your customers during the term of this Agreement and following termination or non-renewal of the franchise relationship; however, during the duration of our franchise relationship with you, we will not sell or use your customer list for any activity adverse to, or in competition with, you.

F. Supplemental Marketing Programs

You acknowledge that:

- a. Supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management and other supplement marketing programs) are an integral part of the System;
- b. You will be required to participate in (and comply with) such supplemental marketing programs established by us from time to time.

You acknowledge that you may be responsible for the payment of certain costs associated with these supplemental marketing programs. We reserve the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through a supplement and / or modification to the Manual or other written directive.

G. Operational Requirements

You must operate your BarkSuds® franchise in strict conformity with such uniform methods, standards, and specifications as we may from time to time prescribe to ensure that the highest degree of quality service is uniformly maintained. You must conduct your business in a manner that reflects favorably at all times on the System and the Marks. You further agree that any advertising, promotion, and marketing you conduct will be completely clear and factual and not misleading. You shall at no time engage in deceptive, misleading, or unethical practices, or conduct any other act which may have a negative impact on our reputation and goodwill or that of any other franchisee operating under the System. Pursuant to this ongoing responsibility, you agree to:

1. Operate your BarkSuds® franchise in conformity with all uniform methods, standards and specifications required in the Manuals or otherwise, to ensure that the highest degree of quality and service is uniformly maintained.
2. Comply with the procedures and systems we reasonably institute for BarkSuds® franchises, both now and in the future, including those on recommended sales, good business practices, advertising and other obligations and restrictions.
3. Maintain in sufficient supply (as we may reasonably prescribe in the Manuals or otherwise in writing) and use at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent.
4. Adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, us, and the public.
5. Sell or offer for sale only the products and services that:
 - a. Meet our reasonable uniform standards of quality and quantity;
 - b. Have been expressly approved for sale in the Manuals or otherwise in writing by us;
 - c. In the case of retail items, only to retail customers at the BarkSuds® store and not for resale elsewhere.

For the avoidance of doubt, you shall not sell any items for redistribution or resale; you shall refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent; and you shall discontinue selling or offering for sale any products and services that we reasonably disapprove on a System-wide basis in writing at any time.

6. Purchase and install, at your expense, all fixtures, furnishings, supplies, security equipment, signs, and any other equipment we reasonably specify. The equipment must be maintained in a condition that meets the operational standards specified in the Manuals. As equipment becomes obsolete or inoperable, you will replace the equipment with equipment that is then approved for use. If we determine that additional or replacement equipment is needed because of a change in décor, a change in technology, customer concerns or health or safety considerations, you will install the additional equipment or replacement equipment or supplies within the time we specify.
7. Purchase and maintain only approved billing and collection systems from our approved suppliers and / or vendors (these approved suppliers and vendors are outlined in the Manuals).
8. Comply with our policies regarding the use of social media and online promotions in connection with your operation of your Franchised Business.
9. Participate in and comply with all requirements for customer loyalty programs, membership programs, reciprocity programs, membership transfer policies and programs, and similar programs for members of BarkSuds®.

H. Security and Fire Monitoring System

You will utilize a security and fire monitoring system sufficient to provide notification of life and safety hazards and unauthorized access to your BarkSuds® franchise location. Each BarkSuds® franchise must also be equipped with a video surveillance system that we will have access to.

You and your management staff and other employees may be required to attend, at your expense, additional training on the dates and at the locations determined by us if your BarkSuds® franchise fails to meet certain performance standards or if we determine, in our sole discretion that additional training is needed.

I. Operation of the BarkSuds® Franchise

You must use your BarkSuds® franchise location solely for the operation of your BarkSuds® franchise that is licensed by this Agreement and in strict accordance with the Manuals. You will not directly or indirectly operate or engage in any other business or activity from its location. You will not participate in any dual branding program, or in any other program, promotion, or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with your BarkSuds® franchise or at the BarkSuds® franchise location. You must keep your BarkSuds® franchise open for business and in normal operation for the minimum hours and days as we reasonably require in the Manuals or otherwise in writing except as may be limited by local law or the landlord's rules and regulations.

J. Maintenance and Repairs

You must maintain your Franchised Business in the highest and most uniform degree of sanitation, repair, appearance, condition, safety, and security as stated in the Manuals and as a clean and efficiently operated Franchised Business providing high-quality products and services with efficient, courteous, and friendly customer service as we require. If at any time in our judgment the general state of repair or the appearance of the premises of your BarkSuds® franchise location or its equipment, fixtures, supplies, signs, or decor does not meet our quality control and standards therefore, we shall so notify you, specifying the action to be taken by you to correct such deficiency. If you fail or refuse to initiate a bona fide program to complete any required maintenance within 30 days after receipt of such notice, we shall have the right, but not the obligation, in addition to all other remedies, to enter upon the premises and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on your behalf, and you shall pay the entire costs thereof on demand.

K. Renovation and Upgrading

You will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate, and renovate (“remodel” or “remodeling”) your Franchised Business. You will bear the entire cost of changes or additions, for any changes in, or additions of, equipment, furnishings, fixtures, lighting, carpeting, painting, or taking of other actions we specify to satisfy our then-current standards for image, cleanliness, or appearance. You acknowledge and agree that the requirements to remodel and modernize your BarkSuds® franchise as set forth in this provision are reasonable and necessary to maintain uniformity among all BarkSuds® franchise locations, to update the image of BarkSuds® franchises and to avoid the deterioration of the appearance and operation of your BarkSuds® franchise. Other than general repairs and maintenance as needed, you will not be required to renovate your BarkSuds® franchise, or to replace and modernize its furniture, fixtures, and equipment more than once every five years from the date of this Agreement.

L. Approved Specifications and Sources of Supply

- 1. Purchases from Us or our Affiliates.** You may be required to purchase certain products, equipment, and services from us or our affiliates, including BarkSuds Services, LLC. We may designate ourselves, or an affiliate as a supplier, or the exclusive supplier, of any of the products or services used at your Franchised Business effective upon written notice to you.
- 2. Purchases from Approved or Designated Suppliers.** To maintain the superior quality of the goods and services sold by our Franchised Businesses and the reputation of the BarkSuds® brand, you must purchase or lease fixtures, equipment, and supplies, furnishings, and related items from suppliers that we designate or approve. In certain instances, we may designate a single source for these items that you must use. We and our affiliates reserve the right to derive revenue from designated suppliers.

While certain suppliers are currently mandated, approved and / or recommended, we reserve the right to change this list from time to time. Approval of suppliers may be revoked in writing with 30 days' notice. We may change approved suppliers periodically upon written notice to you. We will communicate to you the identity of all designated and approved suppliers through written or electronic communications. We do not make any express or implied warranties for any products or goods that we recommend for your use.

3. **Purchases According to Our Standards and Specifications.** You are required to purchase or lease certain items in accordance with the specifications and guidelines issued by us, as set forth in our internal documents or otherwise in writing. Specifications may include minimum standards for quality, safety, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions. We consider these specifications to be of critical importance to the success of the System.
4. **Approval of New Specifications and Suppliers.** If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services or other products or services from an unapproved supplier, you must submit to us a written request for approval or request the supplier to do so. We will have the right to require, as a condition of our approval that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory designated by us for testing. We are not liable for damage to any sample that results from the testing process. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting us and our franchisees against all claims from the use of the item within the System. Although we are not required to approve or disapprove any requests within any particular time period, we generally will respond within 30 days after receipt of all requested information. We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and specifications.

M. Modification of the System

We have the right to change or modify the System from time to time, including, without limitation, the adoption and use of new or modified Proprietary Marks or copyrighted materials, and new computer hardware, software, equipment, inventory, supplies or techniques. You will promptly comply with any such changes in, or additions to, the System and will make such expenditures as such changes, additions or modifications in the System may require. Any required expenditure for changes or upgrades to the System will be in addition to expenditures otherwise required pursuant to this Section 6.

N. Variance

We have the right, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of a particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which we deem to be of importance to the successful operation of any particular BarkSuds® franchise. We will not be required to disclose or grant you a like or similar variance hereunder.

Computer Hardware and Software

A. Computer System

You will, at your sole expense, purchase, use, maintain and update computer systems (collectively, the "Computer System") we specify from time to time for use in the operation of your Franchised Business, and you will follow the procedures related thereto that we specify in the Manuals or otherwise in writing. You will obtain and maintain the dedicated phone lines, high-speed internet connections, facsimile equipment and other communication and transmission equipment and systems as are specified in the Manual or otherwise in writing. You will install and maintain telephone answering systems and other telephonic devices and will operate all communication and transmission systems and devices as specified by us in the Manual or otherwise in writing. We also require that you sublicense the Day Smart Pet business management software from us or the vendor. This software is used for both membership management and reporting purposes.

B. POS System

The Computer System has various components, including (without limitation), designated computer hardware and software, a computerized point-of-sale system (the "POS System"), and related services, such as maintenance, service and support, internet access and data polling. You may be required to obtain some of these components and services directly from us, our affiliates or designated or approved suppliers. We reserve the right to change the POS System you are required to use in the future. We also reserve the right to require our franchisees to use our designated credit card processing provider.

C. Computer System Fees

You may incur monthly fees for ISP, ASP, data polling services and the like. You must, at your sole cost, purchase, use, maintain and update the POS System and other computer systems that we specify for use in the operation of your Franchised Business and must follow all policies and procedures that we specify in the Manuals or otherwise in writing.

D. Updates

You must maintain the Computer System in good working order at all times and upgrade, update or otherwise change the Computer System during the term of this Agreement, as we require. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware and software or to obtain service and support for the Computer System during the term of this Agreement. You agree to comply with modifications to the Computer System within 30 days after you receive notice of such modifications. You must install any other hardware or software for the operation of your BarkSuds® franchise that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in your Computer System, including without limitation, information regarding your Gross Sales, at the times and in the manner we specify. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by BarkSuds® franchises.

E. MIS System

You are required to participate in a mandated management information system, which includes certain internet and / or intranet networks that are capable of connecting with our computer systems (collectively, the “MIS System”). The MIS System allows us to review the results of your Franchised Business operations, provide you information, and otherwise facilitate communications among us and our franchisees. You must pay our then-current fees to participate in the MIS System, at the times and in the manner, we designate in the Manuals or otherwise in writing. We reserve the right to poll (via modem or otherwise) your POS System in order to compile sales data, consumer trends, and labor costs, and other such financial and marketing information as we deem appropriate, and you acknowledge that we may distribute this data on a confidential basis to our network of franchisees.

F. Connectivity

Your Computer System must be capable of connecting with our computer systems, performing the functions we designate for the Franchised Business, permitting us to review the results of your Franchised Business operations, and engaging in any e-commerce activities that we designate. In addition to any access, we may have to your Computer System through the MIS System, you must supply us with any and all codes, passwords, and information necessary to have access to your Computer System, and not change them without first notifying us, and not load or utilize any software on the Computer System that we have not specified or approved for use. You will continuously comply with each of our then-current terms of use and privacy policies (and all other requirements) regarding the Computer System, including (but not limited to) internet use.

G. Customer Information

We will have independent, unlimited access to all information and data in your Computer System, including continuous independent access to all Customer Information. “Customer Information” is defined as all names, contact information, financial information, and other personal information of or relating to Customers or prospective customers of your Franchised Business. Any Customer lists compiled or amassed through the Computer System or collected by you in any other manner shall be our proprietary property and we shall retain ownership of your Customers during the term of this Agreement and following the termination or expiration of this Agreement. You further agree that you will not sell or use any such Customer Information for any purpose other than in connection with your Franchised Business. We will have the right to access all of your information contained on your computer hardware and software, and there are no contractual limitations on our right to do so. When the Agreement expires or terminates, we and our affiliates may make all disclosures and use the Customer Information in any manner that we or they deem necessary or appropriate. You must secure from Customers of your Franchised Business, prospective customers, and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that the Franchise Agreement contemplates.

H. Replacement

We may, at our option, periodically change the POS System or components of the POS System that we designate or approve for all similarly situated BarkSuds® franchises. If we do, you must acquire the components and other products and services required for the replacement POS System and switch to the replacement POS system in the manner we specify. No contract limits the frequency or cost of this obligation. If anything happens that would allow us to terminate the Franchise Agreement, we may instead suspend any services we or our affiliates provide, relating to the POS System.

I. Disclosure of Information from Computer System

You acknowledge and agree that we may include financial performance information concerning your BarkSuds® franchise in our franchise disclosure document (including providing prospective franchisees with such backup documentation as may be required by law), which we obtain from your Computer System, in related media claims, to existing franchisees, and as otherwise required or permitted by law.

Proprietary Marks

A. Grant of License

We grant you the right and license to use the Proprietary Marks in connection with the operation of your Franchised Business and the provision of authorized services and products to your customers. We represent, with respect to the Proprietary Marks, that:

- a. We have, to the best of our knowledge, all right, title and interest in and to the Proprietary Marks;
- b. We shall take all steps, which we deem reasonably necessary, to preserve and protect the ownership and validity of such Proprietary Marks;
- c. We will use and license you and other franchisees to use the Proprietary Marks only in accordance with the System and the operating standards and quality control specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

B. Conditions for Use

With respect to your use of the Proprietary Marks pursuant to the license granted under this Agreement, you agree that:

1. You must use only the Proprietary Marks designated by us and shall use them only in the manner required or authorized and permitted by us.
2. You must use the Proprietary Marks only in connection with the right and license to operate your Franchised Business granted under this Agreement.
3. During the term of this Agreement and any renewal of this Agreement, you must identify yourself as a licensee and not the owner of the Proprietary Marks and shall make any necessary filings under state law to reflect such status. In addition, you must identify yourself as a licensee of the Proprietary Marks on all invoices, order forms, receipts, business stationery and contracts, as well as at your Franchised Business on a sign that is conspicuously displayed to clients.
4. Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the provided documents, and any unauthorized use thereof shall constitute an infringement of our rights and grounds for termination of this Agreement.
5. You may not use the Proprietary Marks to incur or secure any obligation or indebtedness.
6. You may not use the Proprietary Marks as part of your corporate or other legal name.
7. You must comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and must execute any documents our counsel or we deem

necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

8. In the event that you become aware of any infringement of the Proprietary Marks or if your use of the Proprietary Marks is challenged by a third party, then you are obligated to immediately notify us, and we will have sole discretion to take such action as we deem appropriate. You will cooperate and assist as required by us in any enforcement activities or litigation as we deem necessary to fully protect all our interests in the Proprietary Marks, including any state and federal trademark and service mark registrations for the Proprietary Marks, or to protect the System. If we determine that no action to protect the Proprietary Marks is necessary, then you may take any action you deem necessary to protect your own interest, at your own expense.
9. We reserve the right to change, revise, or substitute different Proprietary Marks and trade names for use in identifying the System and the products and services used or sold at the Franchised Business, if the Proprietary Marks or trade name no longer can be used, or if we, in our sole discretion, determine that substitution of different Marks or trade name will be beneficial to the System. In such circumstances, the use of the substituted Marks or trade name will be governed by the terms of this Agreement. You will modify or discontinue the use of any such name or mark, within a reasonable time after receiving notice, and use such additional or substitute name or mark, and shall be responsible for the tangible costs (such as replacing signs and materials) of complying with this obligation. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Marks or for any expenditure you make to change names or marks or to promote a modified or substitute name or mark.

C. Acknowledgments

You expressly understand and acknowledge that:

1. We are the owners of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.
2. The Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a BarkSuds® franchise in accordance with the System.
3. Your use of the Proprietary Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Proprietary Marks, except the non-exclusive license granted in this Agreement.
4. Any and all goodwill arising from your use of the Proprietary Marks and / or the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks.

5. The license and rights to use the Proprietary Marks granted by this Agreement to you are nonexclusive, and we may:
 - a. Ourselves use, and grant franchises and licenses to others to use, the Proprietary Marks and the System;
 - b. Establish, develop and franchise other systems, different from the System licensed to you in this Agreement, without offering or providing you any rights in, to or under such other systems;
 - c. Modify or change, in whole or in part, any aspect of the Proprietary Marks or the System, so long as your rights thereto are in no way materially harmed thereby.
6. We reserve the right to substitute different trade names, trademarks, and service marks for use in identifying the System, the Franchised Business and other BarkSuds® franchises operating thereunder, all of which shall become Proprietary Marks.
7. We shall have no liability to you for any senior users that may claim rights to the Proprietary Marks.
8. You shall not register or attempt to register the Proprietary Marks in your name or that of any other person, firm, entity, or corporation.
9. You shall not establish a website on the Internet using any domain name or uniform resource locator containing the Proprietary Marks or “BarkSuds®” or any variation thereof without our prior written consent. We retain the sole right to advertise on the Internet and to create and maintain a website using the “BarkSuds®” domain name. We are the sole owner of all right, title, and interest in and to such domain names as we may designate in the Manual or otherwise in writing. We also have the exclusive right to manage all marketing on the Internet or other electronic medium, including all websites and “social media” marketing related to the BarkSuds® brand.

Confidential Manuals

A. Compliance

In order to protect our reputation and goodwill and to maintain uniform standards of operation in connection with the Proprietary Marks, you shall conduct your business in strict compliance with the operational systems, procedures, policies, methods, and requirements prescribed in the provided internal documents and any supplemental bulletins, notices, revisions, modifications, or amendments thereto, all of which shall be deemed a part thereof. One set of Manuals shall be provided to you on loan from us while this Agreement is in effect, and you shall sign a corresponding receipt, therefore.

B. Use

You agree to immediately adopt and use the programs, services, methods, standards, materials, policies, and procedures set forth in the provided documents as we may modify them from time to time. You acknowledge that we are the owner or licensee of all proprietary rights in and to the System and the Manuals.

C. Confidentiality

You acknowledge and agree that the Manual is proprietary, include trade secrets belonging to us and are disclosed to you or authorized for your use in the operation of your Franchised Business, solely on the condition that you agree, and you therefore do agree, to treat the Manuals as proprietary and confidential. You shall use all reasonable efforts to maintain such information as confidential. The Manuals must remain in a secure location on the premises of your Franchised Business at all times.

D. Access

The Manual must be accorded maximum security. You shall strictly limit access to the Manuals to employees who have a demonstrable and valid need to gain information in order to perform their duties. You must strictly follow any provisions in the Manuals regarding the care, storage and use of the Manual and all related proprietary information.

E. Duplication

You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce in any manner any part of the Manuals, updates, supplements, amendments, or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.

F. Our Property

The Manuals shall at all times remain our sole property. Upon the expiration or termination of this Agreement for any reason, you shall return to us the Manuals and all supplements and amendments to the Manuals.

G. Updates or Revisions

We have the right to prescribe additions to, deletions from or revisions to the Manuals, as well as amendments, which shall become binding upon you upon being mailed or otherwise delivered to you or posted; provided, however, that no such addition or modification will alter your fundamental status and rights under this Agreement.

H. Master Set

You shall at all times ensure that your set of the Manuals is kept current and up-to-date, and in the event of any dispute as to the contents of the Manuals, the terms contained in the master set of the Manual maintained by us at our headquarters shall be controlling.

Confidential Information

A. Types of Confidential Information

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”) relating to the development and operation of BarkSuds® franchises, including (without limitation):

1. Site selection criteria and development methods.
2. Training and operations materials and manuals, including without limitation, all provided documents.
3. Methods, techniques, formats, specifications, procedures, information, and systems related to, and knowledge of and experience in, the development, operation, and franchising of BarkSuds® franchises.
4. Market research, promotional, marketing and advertising programs for BarkSuds® franchises.
5. Knowledge of specifications for, and suppliers of, certain products, materials, supplies, furniture, furnishings, and equipment.
6. Any computer software or similar technology which is proprietary to us, our affiliates or the System, including, without limitation, digital passwords and identifications, any source code of, and data, reports and other printed materials generated by, the software or similar technology.
7. Essential dog care, wellness, and grooming techniques.
8. Knowledge of the operating results and financial performance of BarkSuds® franchises and Affiliate-Owned Units, other than your Franchised Business.
9. E-commerce related data (e.g., customer data, click-stream data, cookies, user data, hits and the like).
10. Customer, supplier, and vendor records of all types.

B. Confidential Relationship

The parties expressly understand and agree that the relationship established between you and us by this Agreement is one of confidence and trust, and that as a result, we will be disclosing and transmitting to you certain trade secrets and other Confidential Information concerning various aspects of your development of your Franchised Business, its methods of operation, techniques and all proprietary systems, procedures, and materials relevant thereto, pursuant to the System and this Agreement. In addition, during the course of your development and operation of your Franchised Business, you, your employees, owners, or agents may develop ideas, copyrightable works, concepts, methods, techniques, or improvements (“Improvements”) relating to your Franchised Business, which you agree to promptly disclose to us. We will be deemed to own the Improvements, whether developed separately or in conjunction with us, and may use them and authorize you and others to use them in the operation of BarkSuds® franchises. Improvements will then also constitute Confidential Information. In the event that the foregoing provisions are held to be invalid or otherwise unenforceable, you and your owners hereby grant to us an irrevocable, worldwide, perpetual, exclusive, royalty-free license, with the right to sublicense such information, improvement, or technique.

C. Confidentiality Obligations

You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of your Franchised Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us, and is disclosed to you for your use solely on the condition that you agree, and you therefore do agree, that:

1. You shall treat and maintain the Confidential Information as confidential both during the term of this Agreement and thereafter.
2. You shall use the Confidential Information only for your operation of your Franchised Business under this Agreement, and not in any other business or capacity.
3. You shall not make unauthorized copies of any portion of the Confidential Information (whether disclosed via electronic medium or in written or other intangible form), including, for example, the Manuals.
4. You shall disclose the Confidential Information only as necessary to your employees or agents who have a demonstrable and valid need-to-know the Confidential Information, and not to anyone else.
5. You shall advise your employees or agents of the confidential nature of such information and the requirements of nondisclosure.

6. You shall adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of Confidential Information to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information. We shall be designated a third-party beneficiary of such nondisclosure and noncompetition agreements, with the independent right to enforce such agreements.
7. You must comply with our System standards, other directions from us, and all applicable laws and regulations regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Computer System or otherwise in your possession or control and, in any case, employ reasonable means to safeguard the confidentiality and security of Customer Information. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of the occurrence and specify the extent to such information was compromised or disclosed.

These covenants shall survive the expiration, termination or transfer of this Agreement or any interest therein and shall be perpetually binding upon you and each of your owners.

D. Exceptions to Confidentiality

The restrictions on your disclosure and use of Confidential Information will not apply to the following: Disclosure or use of information, processes, or techniques which you can demonstrate lawfully came to your attention prior to disclosure by us to you:

1. Disclosure or use of information, processes or techniques which are generally known and used in the relevant dog wellness / care industry (as long as the availability is not because of a disclosure by you).
2. Disclosure of Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

E. Remedies

You acknowledge that in addition to any remedies otherwise available to us under this Agreement, you agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or a temporary restraining order and / or an injunction against violation of, the requirements of this Section 10.

F. Communication with Customers

In order to maintain the high standards of quality control throughout the System, we reserve the right to engage in “secret shopper” type programs and use test customers from time to time, without prior notification to you, in order to determine whether your Franchised Business is maintaining high standards of quality, integrity, safety, appearance and customer service.

Accounting, Inspections, and Records

A. Maintenance of Books and Records

You shall maintain during the term of this Agreement and shall preserve for not less than seven years from the date of preparation full, complete, and accurate books, records, and accounts in accordance with the System and in the form and manner prescribed by us in the Manuals or otherwise in writing from time to time.

B. Monthly Reports

During the term of this Agreement, we shall have the right to access your POS System and retrieve monthly statements of your Gross Sales during the preceding month, together with such other data or information as we may require. If your POS System is not functioning due to your failure to pay the monthly charges for the POS System, and we are unable to retrieve such reports, a late fee will be assessed for untimely submission.

C. Financial and Related Reporting

During the term of this Agreement, you shall, at your expense, submit to us, on such forms that we prescribe from time to time:

1. Within 90 days of the completion of your fiscal year, an annual financial statement, which shall include an income statement and balance sheet prepared in accordance with generally accepted accounting principles.
2. Within ten days of the end of each month, a profit and loss statement for the Franchised Business for the immediately preceding month.
3. Within 90 days of the completion of your fiscal year, copies of all federal and state tax returns. Each annual financial statement and tax return shall be compiled by an independent certified public accounting firm and signed by you attesting that the statement is true and correct. We may require the financial statements to be prepared on a consolidated basis for each Franchised Business that you and your affiliates own. We also reserve the right to require you to submit to us certified financial statements for any period or periods of any fiscal year, which shall be certified by your accounting firm and attested to by you. If not timely received by us, a late fee will be assessed.

D. Other Submissions

You shall also submit to us, for review and auditing, such other forms, and other reports, including such information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Manual or otherwise in writing, at any time during the term of this Agreement. If not timely received by us, a late fee will be assessed pursuant to Section 5 above.

E. Inspection

We or our designated agents shall have the right at all reasonable times to examine and copy, at our expense, your books, records, receipts, and tax returns. We shall also have the right, at any time, to have an independent audit made of your books. If an inspection should reveal that any payments to us have been understated in any report to us, then you shall immediately pay to us, upon demand, the amount understated plus interest calculated at the Default Rate on a daily basis. If any inspection discloses an understatement in any report of 2% or more, you shall, in addition to the payment of interest thereon, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accountants' and attorneys' fees). The foregoing remedies shall be in addition to any other remedies available to us, including termination. Our decision not to exercise our right to regularly audit you does not preclude us from recovering all monies owed to us at the time of any audit conducted.

Advertising

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

A. Submission and Approval of Advertising, Promotional and Marketing Materials

You agree and warrant that any advertising or marketing you conduct will be completely factual and in accordance with BarkSuds® brand guidelines. All advertising, promotional and marketing materials to be used by you in any medium shall be presented in a professional manner and shall conform to such standards and requirements as we may specify from time to time in the Manual or otherwise. You shall submit to us for our prior written approval, marketing plans, samples of all advertising, promotional and marketing materials in whatever form that you desire to use at least 15 days before their intended use. We shall make reasonable efforts to notify you of our approval or disapproval of the materials, or to make revisions to such materials, within 15 days from the time of receipt. If you do not receive our written approval within this time period, we will be deemed to have disapproved the materials. You shall comply with all revisions to such advertising, promotional and marketing materials which we may require prior to approving such materials. You shall not use any advertising, marketing or promotional plans or materials, which have not been approved in writing by us, and you shall cease to use any plans or materials promptly

upon notice by us. If you fail to cease using any unapproved marketing materials, advertisements, or other promotional item within five business days' notice from us, it shall be deemed a material event of default under this Agreement. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising to conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material. In the event we withdraw our approval of previously approved marketing, advertising, or promotional materials, you must immediately discontinue use of any such materials upon receiving notice from us that we have withdrawn our approval of the materials, and you must return any existing copies of the materials to us, at your expense, within 15 days of such written notice.

B. Internet Advertising / Sales

We or one or more of our designees may establish a website or series of websites for the BarkSuds® network to advertise, market and promote BarkSuds® locations, the amenities and other products and services they offer, and the BarkSuds® franchise opportunity, to facilitate the operations of BarkSuds® locations, and / or for any other purposes that we determine are appropriate (collectively, the "System Website"). You agree that:

1. We have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium, including all websites and "social media" marketing related to the BarkSuds® brand. You may not conduct such marketing, or establish any website or social media presence independently, except as we may specify and only with our written consent. We retain the right to approve any linking to or other use of our website.
2. If we include information about your Franchised Business on the System Website, then you must give us the information and materials that we periodically request concerning the BarkSuds® franchise and otherwise participate in the System Website in the manner that we periodically specify.
3. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or your BarkSuds® franchise on the System Website changes or is not accurate. We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of "hits" by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify System standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

4. You may not develop, maintain, or authorize any website, online presence, or other electronic medium (such as mobile applications and other interactive properties or technology-based programs) that mention or describe you or your BarkSuds® franchise or displays any of the Marks. You may not conduct commerce or offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval. If anything happens that would allow us to terminate the Franchise Agreement, we may instead temporarily remove information concerning your BarkSuds® franchise from the System Website and / or stop your or the Franchised Business' participation in any other programs or benefits offered on or through the System Website.

C. Local Advertising

You agree to promote your services actively and aggressively within your Protected Territory. You are required to expend \$0 each month for marketing of a local nature which will focus on disseminating advertising directly related to your Franchised Business. As used in this Agreement, the term “local marketing” will consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of “marketing” you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying. “Local marketing” does not include costs or expenses incurred by or on your behalf in connection with any of the following: salaries and expenses of any of your employees, independent contractors, and / or agents, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons; charitable, political, sponsorship or other contributions or donations; the value of discounts provided to consumers; and specialty items (e.g., banners, t-shirts, and premiums), unless such items are a part of a market-wide advertising and sales promotion program but only to the extent that the cost of such items is not recovered by the promotion. You agree to prepare for our review and approval an annual plan for your local marketing expenditure. You agree to implement the plan that we have approved and agree that any changes to the plan will be subject to our prior written approval. We must approve all advertising and promotional plans and materials that we do not prepare before you use them. You must also prominently display franchise brochures, that we will provide to you at our cost, at your location to solicit prospective franchisees. We reserve the right to audit your Local Marketing expenditures, at any time.

D. Local Advertising Cooperatives

You may, at your discretion, participate with other franchisees in your designated market area in an advertising cooperative. We assume no responsibility for how any such cooperative will administer funds collected from you and other franchisees in your market area. These funds are ordinarily administered in accordance with the direction of the cooperative members. Activities of the cooperative will generally be determined by its members, except that we reserve the right to approve the use of any advertising and promotional materials developed by the cooperative before it is disseminated to the public.

Insurance

A. Procurement

You shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement, at your sole expense, listing us as an additional insured:

- a. An insurance policy or policies protecting you and us, and each of our officers, directors, partners and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising out of or occurring upon or in connection with your Franchised Business or the construction of or leasehold improvements made to your Franchised Business, or by reason of the operation or occupancy of your Franchised Business;
- b. As well as such other insurance applicable to such other special risks, if any, as we may reasonably require for our own and your protection;
- c. You shall be obligated to procure such insurance and to submit copies of such policies to us 15 days prior to the opening to the public of the Franchised Business.

B. Minimum Coverage

Such policy or policies shall be written by an insurance company satisfactory to us in accordance with the standards and specifications set forth in the Manuals or otherwise in writing, and shall include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by us in the Manual or otherwise in writing) the following:

1. Comprehensive general liability insurance, including contractual liability, broad form property damage, personal injury, advertising injury, product liability, employee liability, completed operations and independent contractor's coverage, and fire damage coverage in the amount of \$1,000,000.00 per occurrence, with \$2,000,000 .00aggregate coverage, or

such higher amount as required by the lease, and naming us as an additional insured in each such policy or policies’

2. Worker’s compensation and employer’s liability insurance as well as such other insurance as may be required by statute or rule of the state in which your Franchised Business is located and operated’

C. Certificates

At least 15 days prior to the grand opening of your Franchised Business and on each future policy renewal date, you shall submit to us, original or duplicate copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days prior written notice to us.

D. Failure to Procure

Should you for any reason fail to procure or maintain or provide adequate evidence of any insurance required by this Agreement, as revised from time to time for all franchisees by the Manuals or otherwise in writing, we shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge the same to us, which charges, together with a reasonable fee for our expenses in so acting, including, but not limited to, attorneys’ fees, shall be payable by you immediately upon notice.

E. Third Parties

You shall ensure that all third parties with which you conduct business, are properly insured.

F. Proceeds

You agree to look solely to the proceeds of such insurance policies as required herein for reimbursement of any loss, and neither you nor any insurance carrier may recover damages against us as Franchisor.

Transfer of Interest; Operation by Franchisor

A. Transfer by Us

We shall have the right to assign this Agreement and all our rights and privileges under this Agreement to any person, firm, corporation, or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions:

- a. The assignee shall, at the time of such assignment, be capable of performing our obligations under this Agreement;
- b. The assignee shall expressly assume and agree to perform such obligations.

Specifically, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks and the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and, with regard to any or all of the foregoing sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and / or the loss of association with or identification of “BARKSUDS, Inc.” as the Franchisor under this Agreement.

Nothing contained in this Agreement shall require us to remain in the dog wellness and care business or to offer the same products and services, whether bearing our Proprietary Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.

B. Transfer by You and Your Owners

1. Neither you nor any of your owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in your Franchised Business, or in you without our prior written consent; provided, however, that our prior written consent shall not be required for a transfer of less than a 5% interest in a publicly-held corporation. For such purposes, and under this Agreement in general, a publicly held corporation is a “Reporting Company” as that term is defined by the Securities Exchange Act of 1934. “You” is defined as either you, any immediate or remote successor to any part of your interest in your Franchised Business, any individual, partnership, corporation, or other legal entity which directly or indirectly controls you, if you are a business entity, or any, or any general partner or any limited partner (including any corporation which controls, directly or indirectly, any general or limited partner) if you are a partnership. You must notify us in writing at least 60 days prior to the date of the intended assignment. Any purported assignment or transfer, by operation of law or otherwise, not having our prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which we may then terminate without opportunity to cure.
2. If you (and your owners) are in full compliance with this Agreement, then we will not unreasonably withhold our consent to a transfer that meets all the requirements of this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners are of good character and meet our then applicable standards for BarkSuds® franchise owners (including no ownership interests in, or performance of services for, a competitive business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place)

which, in the aggregate, transfer this Agreement or a controlling ownership interest in you or one of your owners, then we may, in our sole discretion, require any or all of the following as conditions of our approval:

- a. All your accrued monetary obligations and all other outstanding obligations to us, our subsidiaries, affiliates, and suppliers shall be up to date, fully paid and satisfied;
- b. You shall not be in default of any provision of this Agreement, any amendment of this Agreement or successor to this Agreement, any other franchise agreement or other agreement between you and us, or our subsidiaries, affiliates, or suppliers;
- c. You and each of your partners, shareholders, officers, and directors shall have executed a general release under seal, in a form satisfactory to us, of all claims against us and our officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances;
- d. The transferee shall demonstrate to our satisfaction that the transferee meets our educational, managerial, and business standards; possesses a business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, our testing criteria or otherwise); has at least the same managerial and financial criteria required of new franchisees; and shall have sufficient equity capital to operate the Franchised Business;
- e. The transferee shall enter a written assignment, under seal and in a form satisfactory to us, assuming and agreeing to discharge all your obligations under this Agreement. If the transferee is not an individual, then the shareholders, partners or other owners of the transferee shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to us;
- f. At our option, the transferee shall execute (and / or, upon our request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form of Franchise Agreement then being offered to new franchisees and such other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ materially from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and advertising contributions and the implementation of other fees;

- g. The transferee shall upgrade, at the transferee's expense, the Franchised Business to conform to the then-current specifications being used in new BarkSuds® locations and shall complete the upgrading and other requirements within the time specified by us. If the Franchised Business is subject to a mandatory remodel within 12 months of the anticipated transfer, the location must be remodeled at the time of transfer, or upon approval by us, at our option, the transferor must escrow with us an amount we deem sufficient to fully accomplish the remodel, and the transferee must agree to complete the remodel within 12 months of the transfer;
 - h. You (and your owners) shall remain liable for all direct and indirect obligations to us in connection with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for your and their obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and shall execute all instruments reasonably requested by us to further evidence such liability;
 - i. At the transferee's expense, the transferee and its manager and employees shall complete any training programs then in effect for current franchisees upon such terms and conditions as we may reasonably require unless we have previously trained such employees;
 - j. The transferee shall have signed an acknowledgment of receipt of all required legal documents, such as the Franchise Disclosure Document and the then-current Franchise Agreement and ancillary agreements;
 - k. The transferor shall pay to us a transfer fee equal to 25% of the then-current initial franchise fee to cover our administrative expenses in connection with the proposed transfer;
 - l. The transferor must provide us with a copy of the agreements of purchase and sale between the transferor and the transferee. The terms and price of the proposed transaction between the transferor and a transferee shall be fair and reasonable in our sole discretion and based upon our good faith judgment. You acknowledge that this right of approval shall not create any special liability or duty on our part to the transferor or the proposed transferee.
3. You may not grant a security interest in your Franchised Business or in any of its assets unless the secured party agrees that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure your default. Notwithstanding the foregoing, we shall not be construed as a guarantor or surety for you.

4. You acknowledge and agree that each of the foregoing conditions of transfer which must be met by you and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations under this Agreement.
5. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and are granted in reliance upon the individual or collective character, skill, aptitude, and business and financial capacity of you and / or your owners. You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of your rights and obligations under this Agreement.
6. You understand and acknowledge that any sale or assignment of your interest, right or license under this Agreement must be to an approved transferee who will assume the status of a BarkSuds® franchisee, and you will notify the proposed transferee of your responsibilities and obligations under this Franchise Agreement, including, but not limited to, protection of the Proprietary Marks and the System. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

C. Our Right of First Refusal

1. Any party who holds an interest (as we reasonably determine) in you or in your Franchised Business and who desires to accept any bona fide offer from a third party to purchase his or her interest shall notify us in writing of each such offer and, except as otherwise provided in this Agreement, we shall have the right and option, exercisable within 30 days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party less any amount of the purchase price attributable to fees payable to brokers or intermediaries, the Proprietary Marks or the System. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. If we elect to purchase the seller's interest, closing on such purchase must occur by the later of:
 - a. The closing date specified in the third-party offer;
 - b. Within 30 days from the date of notice to the seller of our election to purchase.

Our right to exercise the option shall not constitute a waiver of any other provision of this Agreement.

2. In the event the consideration, terms and / or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms and / or conditions, then we may purchase your Franchised Business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree, within a reasonable time, on the

reasonable equivalent in cash of the consideration, terms and / or conditions offered by a third party, then the reasonable equivalent will be determined by three independent appraisers who collectively will conduct one appraisal. We will appoint one appraiser; you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we are exercising our right of first refusal, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within 30 days after the third appraiser's appointment.

Default and Termination

A. Default With No Opportunity To Cure

You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without affording you an opportunity to cure the default, effective immediately upon receipt of notice from us to you, upon the occurrence of any of the following events:

1. If you fail, refuse or neglect to pay promptly any monies owing to us or our subsidiaries or affiliates or suppliers, including any amounts due under any promissory note you execute in our favor, within 10 days of your receipt of notice that such monies are past due, or you fail to submit the financial information or other reports required by us under this Agreement.
2. If you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you, or if you are adjudicated as bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law should be instituted by or against you, or if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed), or if execution is levied against your operating location or property, or suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or if any substantial real or personal property of your Franchised If you abandon your Franchised Business or cease to do business at your Franchised Business for 10 or more consecutive days, excluding holidays, or lose the right to possession of the premises upon which your Franchised Business is located or otherwise forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located; provided, however, that if any

such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of yours, the premises are damaged or destroyed by an event of Force Majeure (as defined in Section 25.F.), such that they cannot, in our judgment, reasonably be restored within 120 days, then, in either such event, you shall have 60 days to identify an alternative location for the operation of your Franchised Business (the “Substituted Site”) and submit all information reasonably requested by us in connection with the Substituted Site for our review and approval. Our approval of the Substituted Site shall not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum royalty fee to us during the period in which your Franchised Business is not in operation. Notwithstanding the foregoing, we shall have a right to terminate this Agreement if you are not in possession of the Substituted Site and open for business to the public within five months of your receipt of our approval of the Substituted Site.

3. If you fail to operate and maintain the computerized POS System or other computer systems in accordance with our requirements and guidelines as outlined in the Manuals, or if you attempt to modify the POS System or other computer systems without our prior written approval.
4. If you understate by 2% or more your Gross Sales in connection with any report required to be submitted to us.
5. If you (or any of your owners) have made any material misrepresentation or omission in applying to be a franchisee.
6. If you misuse or make any unauthorized use of the Proprietary Marks, engage in any business or market any service or products under a name or mark which is confusingly like the Proprietary Marks, or otherwise materially impair the goodwill associated therewith or our rights therein.
7. If you (or any of your owners) disclose or divulge the contents of the any internal documents or any other trade secrets or Confidential Information provided to you by us, except as otherwise expressly permitted by this Agreement.
8. If you knowingly maintain false books or records, or submit any false statements, applications or reports to us or any assignee of ours.
9. If you willfully and repeatedly engage in a course of conduct which constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with your sale of the services and products offered at the Franchised Business.

10. If you fail to strictly comply with our product and quality control standards and specifications, fail to have any suppliers approved by us as required by this Agreement, or otherwise fail to meet any other significant specifications or guidelines set forth in the Manual and do not cure such failure within ten days after you receive written notice from us.
11. If any other franchise agreement issued to you by us is terminated for any reason.
12. If you receive three or more notices of default under this Agreement during the term of this Agreement, whether such defaults are cured after notice.
13. If you default under your lease agreement for the premises on which your Franchised Business is located, or under any other agreement to which you are party with us, or any parent or subsidiary corporation or any other affiliated entity of ours, and fail to cure said default within the grace period (if any) provided for in such agreement, regardless of whether we in fact terminate such agreement.
14. If you relocate your Franchised Business without obtaining our prior written approval.
15. If you fail to cease using any unapproved marketing material, advertisement or promotional item after five business days' notice from us.

B. Default With Thirty (30) Day Opportunity To Cure

Except as otherwise provided in this Agreement, you shall have 30 days after receiving from us written notice of default within which to remedy any default and provide evidence to us of your remedy. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement, at our option, shall terminate without further notice to you effective immediately upon the expiration of the 30-day period or such longer period as applicable law may require. You shall be in default under this Agreement for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by updates to the Manuals, or for any failure to carry out the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

1. If you fail to maintain any of the standards or procedures prescribed by us in this Agreement, the Manuals, any other franchise agreement between you and us, or any other written agreements between you and us

If you fail to adequately promote your Franchised Business as provided in any internal documents provided or otherwise in writing.

2. If you fail to maintain and timely submit to us any:
 - a. Reports required pursuant to Section 11 of this Agreement, including, but not limited to, financial statements, weekly, monthly, and other reports of Gross Revenue and copies of tax returns;
 - b. Any reports, compliance items or other documentary items referenced in this Agreement, in any internal documents as updated and revised or otherwise, as we may designate from time to time.
3. If you fail to maintain our quality control standards with respect to your use of signage and other uses of the Proprietary Marks.
4. If you fail to attend and successfully complete any mandatory training program, convention, telephone conference call, or other mandatory events, unless attendance is excused or waived, in writing, by us.
5. If you fail to obtain our prior written approval of all advertising, marketing or promotional plans and materials in whatever form used by you in connection with your promotion of the Franchised Business or otherwise fail to comply with our policies and procedures with respect to advertising, marketing, or promotion.

Obligations Upon Termination

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall forthwith terminate, and you shall observe and perform the following:

A. Cessation of Operation

You shall immediately cease to operate your Franchised Business and shall not thereafter, directly, or indirectly, represent to the public or hold yourself out as a franchisee of ours.

B. Cessation of Use of Proprietary Marks

You shall immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential methods, client database, programs, literature, procedures and techniques associated with the System, the name BarkSuds[®], and any other Proprietary Marks and distinctive trade dress, forms, slogans, uniforms, signs, symbols or devices associated with the System. In particular, you shall cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, uniforms, stationery, forms, and any other articles which display the Proprietary Marks associated with BarkSuds[®] and the System.

C. Cancellation of Name

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks or any of our other trademarks, trade names or service marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. Optional Assignment of Lease

You shall, at our option, assign to us any interest which you have in any lease or sublease for the premises of your Franchised Business. In the event we elect to exercise our option to acquire such lease or sublease, we shall pay for any furniture, equipment, supplies and signs acquired by us as a result of such assignment, at your cost or fair market value (whichever is less), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the premises to meet our then-current standards for a BarkSuds® location and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the fair market value of said items, an independent appraiser shall be appointed by us to determine the fair market value of said items. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser.

In the event that we do not elect to exercise our option to acquire such lease or sublease, you shall make such modifications or alterations to the premises of the Franchised Business immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other BarkSuds® locations under the System, and shall make such specific additional changes as we may reasonably request for that purpose subject to our including our right not to have you compete with our business and solicit employees from us. Specifically, you (or an assignee) will be required to operate a separate business in your location that does not compete with BarkSuds®. In the event you fail or refuse to comply with the requirements of this Section 16, we shall have the right to enter upon the premises of the Franchised Business without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand.

E. Our Right to Continue Operations

Upon the expiration or termination of this Agreement for any reason, we shall have the right (but not the obligation) to immediately enter the premises of the Franchised Business and continue to provide services to clients of the Franchised Business for such period as we deem necessary and practical to:

- a. Exercise our option to purchase the Franchised Business and / or assume the lease for the premises pursuant;

- b. Prevent injury to the goodwill and reputation of the Proprietary Marks.

We will be responsible for all operating expenses of the Franchised Business during such a period. We shall have no other obligations to you in connection with our operation of the Franchised Business following the termination or expiration of this Agreement.

F. Non-Usage of Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks or trade dress, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Proprietary Marks or trade dress, and agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition.

G. Payment of Costs

You shall pay to us all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 16 or any other obligation under this Agreement.

H. Return of Materials

You shall immediately turn over to us all copies of all materials in your possession including any provided documents, all records, files, instructions, correspondence, client database, brochures, agreements, disclosure statements and any and all other materials relating to the operation of the Franchised Business in your possession, and all copies (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between you and us, and any other documents which you reasonably need for compliance with any provision of law. In addition to the foregoing, you shall deliver to us a complete list of all persons employed by you during the 3 years immediately preceding termination, together with all employment files for each employee on such list. All costs of delivering all materials required by this Section 16.I. shall be borne by you.

Covenants

A. Best Efforts

You covenant that during the term of this Agreement, and subject to the post-termination provisions contained in this Agreement, and except as otherwise approved in writing by us, you will devote your full time, energy and best efforts to the efficient and effective management and operation of your Franchised Business.

B. In-Term Restrictive Covenants

You and your owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable specialized training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding the business, promotional, sales, marketing and operational methods and techniques of the System. You and your owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to same is a primary reason for entering into this Agreement. Accordingly, you and your owners covenant that, with respect to you, during the term of this Agreement (or, with respect to each of the owners, for so long as such person satisfies the definition of “owner” under this Agreement), except as otherwise approved in writing by us, neither you nor any of your owners shall, directly or indirectly, for yourself or themselves or through, on behalf of or in conjunction with any other person or legal entity:

1. Divert or attempt to divert any business or customer of a BarkSuds® location to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.
2. Employ or seek to employ any person who is at that time employed by us or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce such person to leave the employ of said party.
3. Except with respect to BarkSuds® franchises operated under valid agreements with us, own, maintain, operate, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any financial or beneficial interest in any business that offers products or services that are the same as or similar to those offered for sale by a BarkSuds® franchise, wherever located. in any proceeding, then the period of time will be reduced by such number of months, or the area will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced in such area and for such time as is adjudged to be reasonable.

Changes and Modifications

This Agreement may be modified only by a written agreement signed by you and us. We reserve and shall have the sole right to make changes in the Manuals, the System, and the Proprietary Marks at any time and without prior notice to you. You shall promptly alter any signs, products, business materials, business methods, or related items, at your sole cost and expense, upon receipt of written notice of such change or modification in order to conform to our revised specifications. In the event that any improvement or addition to the Manuals, the System or the Proprietary Marks is developed by you, either by our agreement or in a manner that would be considered otherwise non-compliant with this Agreement but subsequently approved by us, you agree such improvement or addition is owned by us, or, upon our written agreement, you will grant

to us an irrevocable, worldwide, exclusive, royalty-free license, with the right to sublicense such improvement or addition.

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and / or presently unforeseen technological innovations, the System must not remain static, in order that it best serves the interests of us, our franchisees and the System. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the programs, services, methods, standards, forms, policies, and procedures of that System; adding to, deleting from, or modifying those programs, services, and products which your Franchised Business is authorized to offer; and changing, improving, or modifying the Proprietary Marks. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions, and alterations.

Independent Contractor and Indemnification

A. Independent Contractor

1. It is understood and agreed by the parties to this Agreement that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint ventures, partner, employee, or servant of the other for any purpose whatsoever.
2. During the term of this Agreement and any extensions or renewals of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the System and the Proprietary Marks which are owned by us. You agree to take such affirmative action as may be necessary to take, including exhibiting to clients and others such notices of independent ownership as we may require in a conspicuous place on the premises of your Franchised Business and on such forms, business cards, stationery and advertising and other materials as we may specify.
3. We shall not have the power to hire, supervise or fire your employees, and except as expressly provided in this Agreement, we may not control your funds or expenditures or in any other way exercise dominion or control over the Franchised Business. You agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Franchised Business. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor and not our employee, agent, or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security,

discipline, and supervision. You agree to manage the employment functions of your Franchised Business in compliance with federal, state, and local employment laws.

B. No Liability

It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for or be deemed liable under this Agreement as a result of any such action or by reason of any act or omission of you in your conduct of the Franchised Business or any claim or judgment arising therefrom against us. You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our corporate parent, the corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (we and all others referred to collectively as “Indemnities”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement which arises out of or is based upon any of the following: your alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by you; your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; latent or other defects in your Franchised Business, whether or not discoverable by you or us; the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of your Franchised Business; any services or products provided by you at, from or related to the operation of your Franchised Business; any services or products provided by any affiliated or nonaffiliated participating entity; any action by any customer of your Franchised Business; and, any damage to the property of you or us, our agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of us or any of our agents or employees, or resulted from any strict liability imposed on us or any of our agents or employees.

C. No False Representations

Except as otherwise expressly authorized by this Agreement, neither party to this Agreement will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of Franchisor and Franchisee. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will we be obligated for any damages to

any person or property which directly or indirectly arise from or relate to the operation of your Franchised Business franchised by this Agreement.

Approvals and Waivers

A. Written Consent

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefore and such approval or consent shall be obtained in writing.

B. No Waiver

No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of our right to demand exact compliance with any of the terms in this Agreement. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right under this Agreement or the right to declare any subsequent breach or default and to terminate this Franchise Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by regular U.S. mail, or by certified mail, return receipt requested, or dispatched by overnight delivery service, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Us:	BarkSuds, Inc. 3307 West Bay to Bay Boulevard Tampa, FL 33629 Attn: Richard E. Landman, CEO
Notices to You:	Insert

Any notice shall be deemed to have been given at the date and time of mailing.

Entire Agreement

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations, and agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim, or require you to waive reliance on, any representation that we made in the most recent franchise disclosure document (including its exhibits and amendments) that we delivered to you or your representative, subject to any changes to the contract terms and conditions described in that franchise disclosure document as reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No amendment, change or variance from this Agreement shall be binding on the parties unless mutually agreed to by both parties and executed by themselves or their authorized officers or agents in writing.

Nature and Scope, Severability, and Construction

A. Nature and Scope

We and you have entered into this Agreement for the sole purpose of authorizing you to use the intellectual property rights licensed by this Agreement in the operation of a single business operation at the designated location during the term of this Agreement in which those specific services and product items designated by us for sale in such locations are offered for sale in individual, face-to-face transactions with patrons visiting this fixed location (and equivalent telephone or mail transactions accepted as a convenience to that customer group). All consideration being furnished by you to us during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed in this Agreement. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

B. Severability

Every part of this Agreement is severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair any other part, or the rest, of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement. If any part of this Agreement that restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and / or length of

time but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of “good cause”, or the taking of some other action not required hereunder, the prior notice, “good cause” standard and / or other action required by such law shall be substituted for the comparable provisions hereof. If any part of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we may modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

Enforcement

A. Mediation

WITH THE EXCEPTION OF ANY CONTROVERSY OR CLAIM RELATING TO THE OWNERSHIP OR IMPROPER USE OF OUR PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, AND EXCEPT FOR EQUITABLE CLAIMS AND CLAIMS BROUGHT BY US AGAINST YOU FOR NON-PAYMENT, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN OR INVOLVING US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND / OR EMPLOYEES) AND YOU (AND YOUR AGENTS, REPRESENTATIVES AND / OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO:

- a. THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU OR OUR AND YOUR RESPECTIVE AFFILIATES;
- b. OUR RELATIONSHIP WITH YOU;
- c. THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US OR OUR AND YOUR RESPECTIVE AFFILIATES;
- d. ANY SYSTEM STANDARD, TO NON-BINDING MEDIATION AT A PLACE THAT WE DESIGNATE WITHIN 50 MILES OF WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR MEDIATION IS FILED.

(IF YOU AND WE CANNOT AGREE ON A LOCATION, THE MEDIATION WILL BE CONDUCTED AT OUR HEADQUARTERS). THE MEDIATION SHALL BE CONDUCTED BY EITHER A MUTUALLY AGREED-UPON MEDIATOR OR, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED 15 DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK

MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS COMMERCIAL MEDIATION PROCEDURES. ABSENT AGREEMENT TO THE CONTRARY, THE MEDIATOR SHALL BE EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES. YOU AND WE AGREE THAT ANY STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE IN ANY SUBSEQUENT ARBITRATION OR LEGAL PROCEEDING. EACH PARTY WILL BEAR ITS OWN COSTS AND EXPENSES OF CONDUCTING THE MEDIATION AND SHARE EQUALLY THE COSTS OF ANY THIRD PARTIES WHO ARE REQUIRED TO PARTICIPATE. NEVERTHELESS, BOTH YOU AND WE HAVE THE RIGHT IN A PROPER CASE TO OBTAIN TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. HOWEVER, THE PARTIES MUST IMMEDIATELY AND CONTEMPORANEOUSLY SUBMIT THE DISPUTE FOR NON-BINDING MEDIATION. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN 90 DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY THE WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING.

THE MEDIATION PROVISIONS OF THIS AGREEMENT ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD-PARTY NON-SIGNATORIES, AND ALL OF YOUR AND OUR OWNERS AND AFFILIATES.

B. Arbitration

ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING NON-PAYMENT BY YOU, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED IN HILLSBOROUGH COUNTY, FLORIDA, THROUGH ARBITRATION UNDER THE AMERICAN ARBITRATION ASSOCIATION (“AAA”) RULES. (IF YOU AND WE CANNOT AGREE ON A LOCATION, THE ARBITRATION WILL BE CONDUCTED AT OUR HEADQUARTERS). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK PROVISIONAL INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR.

BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO:

- a. STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE;
- b. ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY;
- c. MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT.

THE PARTY AGAINST WHOM THE ARBITRATORS RENDER A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD.

C. Notice and Opportunity to Cure

As a mandatory condition precedent prior to you are taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us 90 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

D. Governing Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 and the sections following it) or other federal law, this Agreement and the relationship created hereby are governed by Florida law, excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds in the function of such agency.

E. Jurisdiction and Venue

You and we each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction for Hillsborough County, Florida, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

F. NO Waiver of Jury Trial

YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY RETAIN THE RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US AND / OR YOUR AND OUR RESPECTIVE AFFILIATES.

G. Waiver of Punitive Damages

EXCEPT FOR YOUR OBLIGATIONS TO US AND CLAIMS FOR UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, YOU WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, YOU WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

H. Limitations of Claims

ANY AND ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (YEAR FROM THE OCCURRENCE OF THE ACT OR EVENT GIVING RISE TO SUCH CLAIM OR ONE YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST, EXCEPT FOR CLAIMS FOR:

- a. INDEMNIFICATION;
- b. UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR PROPRIETARY MARKS.

HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

I. Specific Performance / Injunctive Relief

Nothing in this Agreement shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

J. Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, to be exclusive of any other right or remedy provided or permitted in this Agreement, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy. Nothing contained herein shall bar our right to obtain injunctive relief against threatened conduct that may cause us loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

Attorneys' Fees

If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or other proceedings or if either you or we are required to enforce this Agreement in a judicial or other proceedings, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

(signature pages follow)

IN WITNESS WHEREOF, the parties to this Agreement have duly executed, sealed, and delivered this Agreement in triplicate on the day and year first above written (regardless of the actual date of signature).

FRANCHISOR:

BarkSuds, Inc.

Signature

Title

FRANCHISEE:

Print Name

Address

**Exhibit A to
BarkSuds Franchise Agreement**

APPROVED LOCATION AND PROTECTED TERRITORY FOR SELECTION OF SITE

Approved location under this Agreement will be:

The (insert town/city/state/county

(insert) miles radius from the salon location

BARKSUDS, INC.:

By

Signature

Title

Print

Date

FRANCHISEE:

Signature

Print

Date

**Exhibit B to
BarkSuds Franchise Agreement**

Owners' Guaranty

This Owners' Guaranty (the "Guaranty") is given this _____ day of 20____, by the undersigned in connection with the Franchise Agreement dated _____, 20____ between BARKSUDS INCORPORATED ("Franchisor") and _____ Nicholas Martin, individually, _____ ("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including (without limitation), amounts due for initial franchise fees, royalties, advertising fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of the owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of a franchise in the Franchise Agreement, and that Franchisor would not have granted such rights without the execution of this Guaranty and such undertakings by each Guarantor.

Each Guarantor waives:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertakings.
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed.
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.
4. Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability.
5. All rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts).
6. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

1. His or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors.
2. He or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so.
3. Such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person.
4. Such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

Each Guarantor individually, jointly, and severally, also makes all of the covenants, representations, warranties, and agreements of your owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, (which include, among other things, the MEDIATION / ARBITRATION OF DISPUTES and AND PUNITIVE DAMAGES).

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

GUARANTORS:

Signature

Print Name

Signature

Print Name

EXHIBIT C.
Franchisee Disclosure Questionnaire

The purpose of this Questionnaire is to demonstrate to BarkSuds, Inc. (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights:

- a. Fully understands that the purchase of a BarkSuds franchise is a significant long-term commitment, complete with its associated risks;
- b. Is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.

INITIAL: _____

I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.

INITIAL: _____

Neither the Franchisor nor any of its officers, employees, or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.

INITIAL: _____

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees, or agents (including any franchise broker), including as to the likelihood of success of the franchise.

INITIAL: _____

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.

INITIAL: _____

Special Representation Regarding Receipt of Financial Information

I have not received any information from the Franchisor or any of its officers, employees, or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits, or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success), other than information contained in the FDD.

INITIAL: _____

State Effective Dates

Insert

Single State Registration	Effective Date

**EXHIBIT D.
Financial Information**

	Actual December 2022	Annualized
Gross Revenue	\$80,500	\$966,000
Direct Labor	\$26,000	\$312,000
Supplies	\$3,000	\$36,000
TOTAL VARIABLE COSTS	\$29,000	\$348,000
Lease Payments	\$3,500	\$42,000
Utilities	\$400	\$4,800
Computer Related	\$300	\$3,600
Local Advertising	\$500	\$6,000
Telephone	\$164	\$1,968
Security	\$60	\$720
Other	\$100	\$1,200
TOTAL FIXED OVERHEAD	\$5,024	\$60,288
TOTAL COSTS	\$34,024	\$408,288
TOTAL PRE-TAX PROFIT	\$46,476	\$557,712
PRE-TAX GROSS PROFIT %	57.73	57.75

BarkSuds, Inc. Balance Sheet as of December 31, 2021

Description	Amount
CURRENT ASSETS	
Cash	\$2,076
TOTAL CURRENT ASSETS	\$2,076
Property and Equipment	\$199,709
Rent Deposits	\$5,550
TOTAL ASSETS	\$207,355
CURRENT LIABILITIES	
Accounts Payable (Trade)	-
Credit Card Payable	\$7,640

Description	Amount
Accrued Expenses	\$32
TOTAL CURRENT LAIBLITIES	\$7,672
STOCKHOLDERS EQUITY	
Common Stock (\$.001 par value; 10,000 shares) (Authorized, Issued and Outstanding)	\$10
Additional Paid-in-Capital	\$310,890
Retained Earnings (Accumulated Deficit)	(\$111,237)
TOTAL STOCKHOLDER'S EQUITY	\$199,663
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$207,335

EXHIBIT E.
Current Franchise Outlets

Westshore District Franchise
Kate Trimpert
4644 W
Tampa, FL 33611
813-727-2320

Westchase Franchise
Josh Levine
10605 Sheldon Road
Tampa, FL 33626
813-726-8100

St. Petersburg Franchise
Demi Morales
1661 Central Avenue
St. Petersburg, FL 33713
813-992-6053

Brandon Franchise
Kenneth Anaje
2030 Badlands Drive
Brandon, FL 33511
813-389-8118

Clearwater Franchise
Julie Meyers
4402 Summer Oak Drive
Tampa, FL 33618
813-579-8195

California Los Gatos Franchise
David Stannard
52 Hernandez Avenue
Los Gatos, CA 95030
410-530-0658

EXHIBIT F.
Receipt

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BarkSuds, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If BarkSuds Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580.

The franchisor is BarkSuds Incorporated, located at c/o Richard Landman, 3307 West Bay to Bay Boulevard, Tampa, FL 33629, 512-662-6845.

Issuance Date: January 1, 2023

Signature

Print Name

Date

Receipt

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BarkSuds, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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The franchisor is BarkSuds, Incorporated, located at c/o Richard Landman, 3307 West Bay to Bay Boulevard, Tampa, FL 33629, 512-662-6845.

Issuance Date: January 1, 2023

Signature

Print Name

Date