

FRANCHISE DISCLOSURE DOCUMENT

Petland Inc.

An Ohio Corporation

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Chillicothe, Ohio 45601-5606

(740) 775-2464 & (800) 221-5935

franchise@petlandinc.com

Web site: www.petland.com



As a franchisee, you will operate a Petland® retail pet store offering to the general public a variety of pets, pet supplies, and pet-related items.

The total investment necessary to begin operation of a ~~new~~ Petland® franchise ~~for new franchisees~~ is between \$315,500 and \$1,080,500. This total investment, ~~for new franchisees,~~ includes amounts ranging from \$192,500 to ~~\$742,500~~ 717,500 that must be paid to ~~us~~ the franchise or its affiliates.

To develop more than one Petland® store, you must enter into an Area Development Agreement. Development fees for area development agreements are \$50,000 for the first store plus \$25,000 for each additional store you commit to open under your development schedule (these amounts will be credited against the payment of your initial franchise fees). ~~By way of example, for a two store area development agreement, the additional investment in addition to the amounts specified above, is between \$75,000, of which all \$75,000~~ If you develop a total of two stores, the total investment necessary to begin operation of the first Petland® franchised business is between \$342,000 to \$1,110,500. This includes \$217,500 to \$742,500 that must be paid to ~~us~~ the franchisor or its affiliates.

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

You may wish to receive this disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Steve Huggins at 250 Riverside Street, Chillicothe, Ohio 45601-5606, (740) 775-2464 and franchise@petlandinc.com.

and setup assistance at your store. The amount is due one week before your scheduled store opening. The amount of the store merchandising and setup assistance fee is \$12,500. This amount is not refundable. This fee must be paid in a lump sum and is uniform for all franchisees.

CONSTRUCTION PLANS AND SPECIFICATIONS

You must pay us a non-refundable fee for all construction plans and specifications for the construction of a new store or modification of an existing facility. This includes a full set of architectural drawings and properly engineered electrical, plumbing and HVAC drawings. The amount charged is \$15,000. This amount is not refundable. This fee must be paid in a lump sum and is uniform for all franchisees.

FURNITURE AND FIXTURES COSTS PAID TO US

You must purchase certain fixtures and items of furniture from us and the cost of these items ranges from \$15,000 to \$235,000. These amounts are refundable, but only to the extent that such furniture and fixtures are returned undamaged to us within sixty (60) days of their purchase. The costs for the various furniture and fixture items are uniform for all franchisees and must be paid in a lump sum, in advance of the store opening.

SITE WORK, FIXTURE COORDINATION AND CONSTRUCTION SERVICES FEE

We undertake the site work, planning, construction and installation of trade fixtures, and the supply of other furniture, fixtures, and equipment, all at your expense. The cost of these services will vary depending upon the size of your store and its location (“Reimbursable Expenses”). Payments for Reimbursable Expenses to suppliers for furniture, fixtures, and/or equipment on behalf of franchisees are estimated to be \$60,000 to \$350,000. You must sign the Purchase Agreement attached to this Disclosure Document as Exhibit F. Your payments to us for Reimbursable Expenses are due to us as provided in the Purchase Agreement at least one week before your store opening and such amounts are non-refundable. In addition to the Reimbursable Expenses, you are required to pay us \$12,500 fee for our site work and coordination services. This amount is not refundable. This fee is uniform for all franchisees and must be paid in a lump sum in advance of the store opening.

OPENING INVENTORY COSTS PAID TO US

We require you to purchase a portion of your initial inventory from us. The cost for this initial inventory ranges from \$15,000 to \$30,000. This amount does not represent all the inventory required to open your store, and is only a portion of the total inventory. See Item 7 for more detail. ~~This amount is~~ Amounts paid for the initial inventory are not refundable. This fee must be paid in a lump sum in advance of the store opening. The costs for the various inventory items are uniform for all franchisees.

ON-SITE TRAINING TEAM AND GRAND OPENING ASSISTANCE FEE

for in Note 7 above. See Note 7 for additional information about monthly report requirements. After the first 12 months of business, it is your option to continue to have your accounting services performed by us, at our then current fees.

Note 9: Insurance

You must, under Section 24 of the Franchise Agreement and at your own expense, keep in effect certain insurance coverage. If you fail to secure the required insurance, we may obtain the insurance on your behalf. If we do so, you must pay us the cost of the insurance in addition to an administration fee of \$10 per day for each day that you fail to secure your own insurance. The administrative fee is intended to cover our time and expense involved in obtaining and maintaining the insurance.

Note 10: Ongoing Purchases

Other than those goods and services identified in this Disclosure Document, we do not currently require you to make ongoing purchases of goods or services from us. If we develop other proprietary products or equipment in the future, you must purchase those items from us. Currently, the range of ongoing purchases by our franchisees on an annual basis is \$15,000 to \$140,000.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT ~~FOR A SINGLE STORE~~
NEW FRANCHISEES [FRANCHISE AGREEMENT](#)

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
INITIAL FRANCHISE FEE	\$50,000	(Note 1)	(Note 1)	Petland
AREA DEVELOPMENT FEE	Varies – see separate chart in this Item 7 (Note 1)	Lump Sum paid as follows: \$50,000 for initial location and one-half of the Initial Franchise Fee multiplied by the number of franchises to be developed in the development territory	Upon Signing of Area Development Agreement	Petland
REAL PROPERTY	(Note 2)	(Note 2)	(Note 2)	(Note 2)

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
STORE MERCHANDISING AND SET UP ASSISTANCE FEE (INITIAL MERCHANDISE PLANOGRAMS, MERCHANDISING AND P.O.S. SETUP, AND DETAIL BAR CODING) (Note 14)	\$12,500	Lump sum	Before scheduled store opening	Petland
ON-SITE TRAINING TEAM AND GRAND OPENING ASSISTANCE (Note 15)	\$12,500	Lump sum	Before scheduled store opening	Petland
LICENSES AND FEES (Note 16)	\$500 to \$2,000	Lump sum	Before scheduled store opening	Governmental entities
UNIFORMS	\$1,000 to \$2,000	Lump sum	Before scheduled store opening	Uniform supplier
PROFESSIONAL FEES	\$1,500 to \$5,000	As Incurred	Before Signing Agreements	Attorney, Accountant
TOTAL	\$315,500 to \$1,080,500			

All figures in Item 7 are estimates only. Actual costs vary for each franchisee and each location depending on a number of factors.

Note 1: See Item 5 of this Disclosure Document for additional information about the Initial Franchise Fee and the Area Development Fee. These fees are not refundable. ~~Financing may be available, please see Item 10.~~

Note 2: Your investment in your store location will depend on the size of your store and whether you lease or purchase the premises. Most Franchisees operate in leased space. The typical Petland® store should have between 3,000 to 5,000 square feet of space located in an outdoor shopping center. If you purchase a building, the cost of purchasing a building that is adequate to house a Petland® store varies widely with the size and location of the building and market conditions. If you lease space, cost of rent associated with a lease depends upon such factors as market conditions, available space, and the location of the premises. You will have to pay base rent and, in some instances, pay a percentage of your Gross Revenues depending upon the policies and practices of the landlord. In addition, security deposits may be required which are typically 1 or 2 months of rent. You may also be responsible under the lease for real estate taxes, maintenance and repair expenses, utilities, common area charges, and insurance for the shopping center. Rent payments usually begin on the first day of the month of operation. Rent charges are a part of

YOUR ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
AREA DEVELOPMENT FEE (Note 1)	\$50,000 for the first store plus \$25,000 for each additional store you commit to open under your development schedule. As an example, the initial fee for a two store development agreement is \$75,000. <u>(Note 2) \$75,000</u>	Lump Sum paid as follows: \$50,000 plus one-half of the Initial Franchise Fee multiplied by the number of franchises to be developed in the development territory.	Upon Signing of Area Development Agreement	Petland
<u>Initial Investment to Open first Petland® store under the Area Development Agreement</u> (Note 2)	<u>\$265,500 to \$1,030,500</u>	<u>As Incurred</u>	<u>Before scheduled store opening</u>	<u>Various Third Parties</u>
PROFESSIONAL FEES	\$1,500 to \$5,000	As Incurred	Before Signing	Attorney, Accountant
TOTAL (Note 3)	\$61,500 <u>342,000 to \$65,000</u> <u>1,110,500</u>			

All figures in Item 7 are estimates only. Actual costs vary for each franchisee-developer and each location developed under an Area Development Agreement are based on a number of factors.

Note 1: To develop more than one Petland® store, you must enter into an Area Development Agreement (Exhibit B). The Area Development Fee in this table assumes you will develop two (2) Petland stores under the Area Development Agreement. If you choose to develop more than two (2) stores, the Area Development Fee will increase by \$25,000 per each additional store you agree to develop. See Item 5 of this Disclosure Document for additional information about the Initial Area Development Fee and Franchise Fee. These fees are not refundable. Financing may be available, please see Item 10.

Note 2: This is the estimated investment for opening the first Petland store to be developed under the Area Development Agreement, as outlined in the initial table in this Item 7, less the \$50,000 Initial Franchise Fee. There is no separate Initial Franchise Fee due for your first Petland store when you execute the Area Development Agreement and pay the Area Development Fee.

~~Note 2: To develop more than one Petland® store, you must enter into an Area Development Agreement (Exhibit B). Development fees for area development agreements are \$50,000 for the first store plus \$25,000 for each additional store you commit to open under your development schedule. We will credit \$50,000 of the Development Fee to the Franchise Fee for the first store you develop under the development schedule and \$25,000 to each Franchise Fee for subsequent stores developed according to your development schedule. Petland retains the right to approve each Petland® store proposed for development under the Area Development Agreement as well as the territory associated with the store. In addition, you, as a Developer, will be required to sign Petland's then existing franchise agreement which may differ materially from the Franchise Agreement attached to this Franchise Disclosure Document. All Development Fees are fully earned when paid. The Development Fee is not refundable, even if you fail to open the stores required under the development schedule. If you are not contracting for the right to develop multiple locations, but rather a specific single location, we will not require that you sign an Area Development Agreement.~~

~~Note 3: This total is limited to the estimated investment to enter into an Area Development Agreement. For the full estimated investment for one location see the chart titled "YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE STORE" that appears earlier in this Item 7.~~

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

Pets

Pets are required for the operation of the Store, but we do not require you to purchase pets from any particular supplier. However, we require that: (A) you may not purchase pets from any supplier that we have disapproved; (B) you comply in full with all of our specifications for the purchase, care and handling of pets and (C) you comply with all appropriate local, state and federal licensing requirements and interstate transportation rules and licensing. Such specifications may be provided in our confidential Operating System or other written notices that we may provide to our franchisees.

Other Products and Services

Financial Reporting Services

You must have your financial reporting services performed by us during your first 12 months of business at a monthly fee of \$450. The services include the preparation of monthly and year-to-date financial data, monthly balance sheet, profit and loss statement and detailed general ledger, along with other supporting schedules. In addition, we prepare the monthly sales reports.

<u>OBLIGATION</u>		<u>SECTIONS IN FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT</u>	<u>ITEM(S) IN DISCLOSURE DOCUMENT</u>
y.	Other: Payments to third parties	Franchise Agreement, Sections 10, 13, 15, 17 and 19	Item 6
z.	Other: Grant and assistance to perfect security interest in franchise and assets of franchised business	Franchise Agreement, Section 22	Not Applicable
aa.	Other: Compliance with laws	Franchise Agreement, Section 13, 18, 19 and 25; Area Development Agreement, Article 7.2	Not Applicable
bb.	Other: Provide copies of corporate articles, by-laws, amendments, and updates	Franchise Agreement, Section 20; Area Development Agreement, Article 7.1	Not Applicable

ITEM 10. **FINANCING**

Petland does not offer direct or indirect financing. We do not guarantee your obligations to third parties. Financing arrangements are **generally** your responsibility, although we may assist you with the development of your business plan, your store development budget, and your loan request which is submitted to third party lenders.

Petland does not receive direct or indirect payments for the placement of financing of franchisee obligations with any lender but reserves its right to do so in the future.

~~Petland may, but is not required to, guarantee your obligations to third parties.~~

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

Except as listed below, Petland is not required to provide you with any assistance.

OBLIGATIONS BEFORE OPENING

Before opening your Petland® store, we will provide the following assistance:

1. If you are interested in developing multiple locations, we will identify and approve a development territory and create a development schedule. (Area Development Agreement, Articles

<p>DREAM TAILS (Word Mark)</p>	<p>Service Mark: DREAM TAILS For: Retail pet stores in Class 35. Application No.: 99/114,319 Application Date: 04/01/2025 Application Type: Intent-to-Use</p>
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Petland also believes it owns common law rights in each of its trademarks in the geographic areas where it has used them.

We do not have a federal trademark registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

On August 17, 2018, Petland received a letter from counsel for Ahold Delhaize Licensing Sarl and its corporate affiliates, including S&S Brands, LLC (collectively “Ahold”) demanding Petland withdraw its application for COZY COMPANION in Class 28 for “Stuffed animal with heating pad and artificial heartbeat to mimic puppy's mother for the purpose of soothing puppies” and agree not to use COZY COMPANION in connection with pet toy products based upon a perceived likelihood of confusion with Ahold’s COMPANION marks for pet products. Petland responded to Ahold on September 24, 2018, denying the allegation that there is or ever will be a likelihood of confusion between Petland’s COZY COMPANION and Ahold’s COMPANION marks and pointed to a significant number of other similar marks currently registered and in use for pet products. Petland’s COZY COMPANION mark proceeded to registration on November 6, 2018. On November 16, 2018, Petland received an additional letter from Ahold’s counsel requesting that Petland abandon its Registration No. 5602829 for COZY COMPANION and cease use of the COZY COMPANION mark in connection with pet toys. On December 4, 2018, Petland responded further denying that Petland’s COZY COMPANION mark infringes upon any trademark rights claimed by Ahold, including rights to Ahold’s family of COMPANION marks. The parties entered into a Trademark Co-Existence Agreement and Release with an effective date of March 20, 2020 to fully resolve the matter. Under the terms of the Co-Existence Agreement, you will be permitted to continue using the COZY COMPANION trademark in its current design form in connection with the Cozy Companion pet product. The coexistence agreement does not materially limit your use of the COZY COMPANION trademark in connection with the Cozy Companion pet product.

In June 2022, we initiated an opposition proceeding with the Trademark Trial and Appeal Board against a federal trademark application for the mark PETITLAND (and design). In September 2021, the Board issued default judgment in favor of Petland to sustain the opposition and refused registration of the PETITLAND application. The opposition proceeding was terminated on the same day judgment was entered. We are not aware of use of the mark in the marketplace and do not believe it will infringe on your use of our Marks.

ITEM 18. **PUBLIC FIGURES**

Petland does not currently use any public figure to promote its franchise.

ITEM 19. **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The financial information in this Item has been prepared by the Company's management ~~and has not been compiled, reviewed or audited by the Company's auditors. Accordingly, the auditors do not express an opinion or any other form of assurance with respect thereto and assume no responsibility for the financial information included in this Item.~~

Set forth below are charts depicting the ranges of actual Gross Revenues for the year ending December 31, 2024 for stores, franchised and company-owned, located in the United States which, as of December 31, 2024, had been in operation for more than one year. Gross Revenues is defined in Section 37 of the Franchise Agreement to mean the total sales of all goods and services of any kind and nature, whether sold by you or others, whether on or off premises, directly or indirectly connected with your franchised Petland® store business, as provided for in the Franchise Agreement. Gross Revenues does not include the amount of any sales tax or similar tax collected from customers that is imposed by any federal, provincial, municipal or governmental authority, as long as the amount of the tax is added to the selling price and actually paid to the governmental authority, nor does it include cash refunds made to customers. Each charge for sale upon installment or credit is treated as a sale for the full price in the period of seven days during which the charge or sale is made. The charge for sale upon installment does not depend on the time when you receive payment, whether partial or in full.

The information presented in chart form in this Item 19 includes data for 86 stores in the United States, 65 franchised stores, and 21 Company-owned stores. The 86 stores represent stores which had been in operation for at least one year as of December 31, 2024 and for which a full 12-month of reporting data is available. This data does not include stores outside of the United States. The only material difference between our company-owned and operated stores and franchise stores is that company-owned and operated stores do not pay Royalties. This financial performance representation is based on historical data concerning the franchise system's outlets (company-owned and franchised). The data on Gross Revenues for franchised stores and company-owned stores is presented separately below.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending May 10, 2025
Michigan	Pending May 21, 2025
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	Pending April 29, 2025

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

This Agreement and the Exhibits, Addenda and Schedules hereto and the information and representations set forth in the Franchise Disclosure Document presented to Developer constitute the entire agreement between Petland, Developer and the Principals concerning the subject matter hereof. All prior agreements, discussions, representations (except those set forth in the Franchise Disclosure Document presented to Developer), warranties and covenants are merged herein. Nothing in this or any related agreement, however, is intended to disclaim the ~~express~~ representations we made in the Franchise Disclosure Document that we furnished to you. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED, BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING, EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT PRESENTED TO THE DEVELOPER. EXCEPT THOSE PERMITTED TO BE MADE UNILATERALLY BY PETLAND HEREUNDER, NO AMENDMENT, CHANGE OR VARIANCE FROM THIS AGREEMENT SHALL BE BINDING ON EITHER PARTY UNLESS MUTUALLY AGREED TO BY PETLAND AND DEVELOPER AND EXECUTED IN WRITING.

[Signatures appear on the following page]