



## FRANCHISE DISCLOSURE DOCUMENT

WNW FRANCHISING, LLC  
A Delaware Limited Liability Company  
17410 College Parkway  
Livonia, MI 48152-2369 (734) 793-6600  
[franchise@wagwash.com](mailto:franchise@wagwash.com)  
<http://www.wagwash.com>

The franchise offered is for the establishment, development, and operation of retail businesses that provide self-service pet bathing, professional pet grooming, and retail sale of select pet supplies, pet accessories, pet bakery, and pet food items in a small format store environment under the Wag N Wash® mark and system.

The total investment necessary to begin operation of a Wag N Wash® franchised business is ~~\$513,320~~\$520,520 to ~~\$1,317,900~~\$357,600. This includes ~~\$460,185~~,170 to ~~\$220,235~~,200 that must be paid to the franchisor or its affiliate(s).

Franchisor also offers Multi-Unit Agreement for the establishment and operation of two or more Wag N Wash® stores in a specified development area. The total investment necessary to ~~develop a minimum of two (2) or maximum~~begin operation of ~~three (3) Wag N Wash® franchised businesses under a Multi-Unit Agreement~~a multi-unit business for two Stores is ~~\$548,320~~\$555,520 to ~~\$1,387,900~~\$392,600, which includes your multi-unit fee for the right to develop two Stores, as well as the initial investment to open and begin operating your first Store. This includes ~~\$195,220~~,170 to ~~\$290,270~~,200 that must be paid to the franchisor or ~~its an~~ affiliate(s).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Julie Lawler-Hoyle at 17410 College Parkway, Livonia, MI 48152-2369 or at (734) 793-6548.

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

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

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

Issuance Date: April ~~23, 2024~~ as amended November 11, ~~2024~~25, 2025

## How to Use This Franchise Disclosure Document

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

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

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## 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 that franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

## Special Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Michigan. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Michigan than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guaranty will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** This franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
5. **Mandatory Minimum Payments.** You must make minimum advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial condition (See Item 21), calls into question the franchisor's financial ability to provide services and support to you.
7. **Unopened Franchises.** The franchisor has signed a number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

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

highlighted.

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

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a Franchisee to join an association of franchisees.
- (b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation.

This subsection applies only if:

- (i) the term of the franchise is less than 5 years; and
  - (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months' advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

- (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

**IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, DIRECT THEM TO THE DEPARTMENT OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN, 670 LAW BUILDING, 525 WEST OTTAWA, LANSING, MICHIGAN 48913 (517) 373-7117.**

If this Franchise Disclosure Document has been registered in any of the states listed in the State Effective Dates Page, which follows this page, the effective date of that authorization is listed in that Page.

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Exhibits:

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## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “WNW,” “we,” or “us,” means WNW Franchising, LLC, the franchisor. “You” means each person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

#### The Franchisor

WNW is a Delaware limited liability company formed on January 18, 2022. Our principal business address is 17410 College Parkway, Livonia MI 48152-2369, telephone number (734) 793-6600. We do business under our corporate name and the trademark Wag N Wash®. We began offering franchises in 2022. We do not operate any franchises of the type being offered under this Disclosure Document. A list of our agents for service of process is attached as Exhibit B to this Disclosure Document.

#### The Wag N Wash® Business

Wag N Wash® Stores offer self-service pet bathing, professional pet grooming, and retail sale of select pet supplies, pet accessories, pet bakery, and pet food items in a small format store environment. Each Store operates according to our proprietary business system, which includes: (a) uniform standards and specifications for providing self-service pet bathing and professional bathing and grooming services, and items for retail sale; (b) access to our supplier networks; (c) specifications for interior and exterior construction, design, and layout; (d) specifications for furniture, fixtures, and equipment; (e) sales techniques; (f) merchandising, marketing, advertising, and inventory management systems; and (g) other general procedures for operating and managing a retail Store (the “System”). Stores offer the convenience of self-service pet bathing, professional grooming service, and a curated assortment of products for retail sale.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the “Wag N Wash®” mark, distinctive trade dress, and such other trade names, trademarks, and service marks as we now or in the future may designate in writing for use in connection with the System (the “Marks”). We continue to develop, use, and control the use of the Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System’s high standards of quality, appearance, and service. We reserve the right to create and develop private label products, including but not limited to pet food, pet supplies, and pet accessories to be offered to the public under the Marks we designate (“Proprietary Products”).

A copy of our single unit “Franchise Agreement” is attached as Exhibit F to this Disclosure Document.

#### Multi-Unit Program

In addition to our single unit offering, we grant qualified individuals the right to own and operate multiple Stores (usually two or three Stores) through a Multi-Unit Agreement. A copy of our Multi-Unit Agreement is attached as Exhibit G to this Disclosure Document. You must sign our then-current form of Franchise Agreement for each store developed under a Multi-Unit

Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

### Parents and Predecessor

We have one predecessor, Healthy Pet Partners, LLC (“HPP”). HPP was formed as a Colorado limited liability company on November 16, 2005, and began offering franchises to operate retail businesses providing self-service pet bathing, professional pet bathing and grooming, and retail sale of pet supplies under the name Wag N Wash in January 2006. HPP did not offer franchises in any other lines of business. We are now the exclusive franchisor of Wag N Wash franchises and began offering franchises in 2022. Any historical information contained in this disclosure document relating to the events before February 22, 2022, represents information about our predecessor.

We have three parent companies, including PSP Group, LLC, a Delaware limited liability company, Pet Supplies Plus, LLC, a Delaware limited liability company, and PSP Midco, LLC, a Delaware limited liability company. They all share a principal business address at 17410 College Parkway, Livonia, MI 48152.

Franchise Group Newco PSP, LLC, a Delaware limited liability company and a subsidiary of Franchise Group, Inc. (“FRG”), a Delaware corporation, acquired a controlling ownership interest of the Pet Supplies Plus brand on March 10, 2021. Franchise Group Newco PSP, LLC and Franchise Group, Inc. each have a principal business address at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

On August 21, 2023, Freedom VCM, Inc., a Delaware corporation, a subsidiary of VCM, Inc., a Delaware corporation, acquired 100% of the ownership interest in FRG through a merger, in which FRG was the surviving company. As a result of this transaction, FRG is no longer a public company and is a privately held subsidiary of Freedom VCM, Inc., a Delaware Corporation. Other than the effects of the acquisition method of accounting as reflected in our audited financial statements, the transaction had no effect of WNW. FRG, through a number of subsidiaries, operates the following companies which offer franchises or licenses in other, unrelated lines of business:

- (i) American Freight Franchisor, LLC (“American Freight”), a Delaware limited liability company formed in October 2020. American Freight ~~offers~~offered franchises for the operation of a business that sells home furnishings, mattresses and appliances. As of December ~~31, 2023~~28, 2024, there were ~~40~~zero (0) franchised American Freight locations and ~~264~~230 company-owned American Freight locations (operated by American Freight, LLC, an indirect subsidiary of American Freight Franchisor, LLC) operating in the United States. American Freight’s principal business address is 109 Innovation Court, Delaware, Ohio 43015. American Freight has not offered franchises in any line of business other than as listed above, has not conducted a business similar to the Store you will operate, and has not engaged in any other business activity.
- (ii) Buddy’s Franchising and Licensing LLC (“Buddy’s”), a Florida limited liability company formed in June 2009 offers franchises for specialty retail businesses engaged in rent-to-own leasing (also referred to as “lease purchase”) and selling

consumer electronics, residential furniture, appliances and household accessories that operate under the trade name “Buddy’s Home Furnishings”. As of December ~~31, 2024~~2023, there were ~~303~~295 franchised Buddy’s locations and 34 company-owned Buddy’s locations operating in the United States. Buddy’s principal business address is 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819. Buddy’s has not offered franchises in any line of business other than as listed above, has not conducted a business similar to the Store you will operate, and has not engaged in any other business activity.

- (iii) Vitamin Shoppe Franchising, LLC (“Vitamin Shoppe”), a Delaware limited liability company formed in November 2020, offers franchises for specialty retail businesses selling nutritional products, vitamins and supplements, natural beauty and skin care products as well as select foods, snacks and drinks that operate under the trade name “Vitamin Shoppe” and other trademarks, service marks, trade names and commercial symbols. As of December ~~31, 2024~~2023, there were ~~43~~19 franchised Vitamin Shoppe locations and ~~658~~677 company-owned Vitamin Shoppe locations in operation. Vitamin Shoppe’s principal place of business is 300 Harmon Meadow Blvd. Secaucus, New Jersey 07094. Vitamin Shoppe has not offered franchises in any line of business other than as listed above, has not conducted a business similar to the Store you will operate, and has not engaged in any other business activity.

### Affiliates

Our affiliate PSP Distribution, LLC (“PSP Distribution”) is a Delaware limited liability company that sells goods for resale to all Wag N Wash® stores. For many Wag N Wash® Stores, PSP Distribution is the principal source of goods for resale. Our affiliate PSP Service Newco, LLC, a Delaware limited liability company, is our designated supplier for store set-up and certain other support services. Our affiliate, PSP Group, LLC provides certain support services to WNW (“PSP Group”). PSP Group is a Delaware limited liability company with a principal business address at 17410 College Parkway, Livonia, MI 48152-2369.

Our affiliate PSP Franchising, LLC (“PSP”) is a Delaware limited liability company that offers franchises for specialty retail businesses that offer a wide variety of pet food, pet supplies, pets (including small animals, birds, reptiles and fish, but not dogs or cats), pet grooming and bathing services, and related products and services under the trade name “Pet Supplies Plus”. As of December ~~31, 2024~~2023, there were ~~485~~502 franchised Pet Supplies Plus locations and ~~234~~233 company-owned Pet Supplies Plus locations in operation. PSP’s principal business address is 17410 College Parkway, Livonia, MI 48152-2369. PSP does not offer franchises in any line of business other than as listed above.

Except as stated above, we do not have any parents or predecessors, and we do not have any other affiliates that: (i) offer or operate franchises in any line of business; or (ii) provide items or services to WNW franchisees.

### Market and Competition

Your Wag N Wash® Store will offer and sell self-service pet bathing, professional pet bathing and grooming, pet supplies, pet accessories, pet bakery items, pet food, and other related products and services to pet owning members of the general public, at retail. Sales are non-

seasonal in nature. The market for pet bathing and grooming services, pet food, and other supplies is growing, but competitive. You will face competition from other local, regional, and national retailers and wholesalers offering similar goods and services, including grocery stores, department stores, internet websites, discount stores, hardware stores, general merchandise stores, garden stores and other pet food and supply stores. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities, sales aptitude and focus on customer service.

### Industry Specific Regulations

Federal, state, and local laws and regulations relating to the offer and sale of pet food, pet supplies, pet grooming and bathing services, and other related products will govern your Wag N Wash® Store. Your Store will also be subject to federal, state and local laws and regulations regarding the operation of businesses generally that are not specific to the sale of pets, pet food and pet supplies, including labor laws, zoning laws, OSHA laws and regulations, the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

You must investigate all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, with an attorney and/or financial advisor before purchasing a franchise for a Wag N Wash® Store from us. Applicable laws and regulations are subject to change.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Andrew F. Kaminsky, Franchise Group Inc., Executive Vice President and Chief Administrative Officer**

Andrew Kaminsky has served as the Executive Vice President and Chief Administrative Officer of Franchise Group, Inc. since October 2, 2019. From April 2018 to June 2019, Mr. Kaminsky was an Executive Consultant in Strategic Initiatives to the CEO of Viavi Solutions Inc. in San Jose, California.

### **Chris Rowland, Chief Executive Officer and President**

Chris Rowland has served as WNW's Chief Executive Officer and President since January 18, 2022. Mr. Rowland has also served as the Chief Executive Officer and President of our affiliate Pet Supplies Plus since October 2014. Mr. Rowland served as PSP's Chief Operating Officer from November 2013 to October 2014. Previously, Mr. Rowland served as PSP's Senior Vice President of Operations from November 2012 until November 2013 all in Livonia, Michigan.

### **Daniel McNamara, Chief Financial Officer**

Daniel McNamara has served as WNW's Chief Financial Officer since January 18, 2022. Mr. McNamara has also served as Chief Financial Officer of our affiliate Pet Supplies Plus since February 2020. Mr. McNamara served as PSP's Vice President - Corporate Controller from July 2019 until January 2020 all in Livonia, Michigan. Prior to joining PSP, Mr. McNamara served as Director – Global Financial Planning & Analysis at Domino's Pizza LLC from November 2018 to

June 2019.

**Nick Russo, Chief Marketing and Franchise Development and Stores Officer**

Nick Russo has served as WNW's Chief Marketing and Franchise Development and Stores Officer since February 2025. Mr. Russo served as WNW's Chief Development and Stores Officer from January 2023- through January 2025. Mr. Russo ~~has also~~ served as the Senior Vice President of Franchising and Stores of our affiliate Pet Supplies Plus from February 2020 through December 2022. Mr. Russo also served as PSP's Vice President of Operations and Franchise Development from November 2018 through January 2020, and as PSP's Divisional Vice President of Stores from August 2012 through November 2018 all in Livonia, Michigan.

**Miles Tedder, Chief Marketing Officer and Chief Supply Chain Officer**

Miles Tedder has served as WNW's Chief Supply Chain Officer since February 2025. Mr. Tedder served as WNW's Chief Marketing and Chief Supply Chain Officer since from January 2023- through January 2025. Mr. Tedder served as WNW's Chief Operating Officer from January 2022 to January 2023. Mr. Tedder has also served as the Chief Operating Officer of our affiliate Pet Supplies Plus since October 2015. Mr. Tedder served as PSP's Senior Vice President, CIO and Chief Supply Chain Officer from November 2013 until September 2015, and he also served as PSP's Senior Vice President and Chief Supply Chain Officer from May 2013 until November 2013 all in Livonia, Michigan.

**ITEM 3  
LITIGATION**

**Affiliate Litigation:**

*MMS Group, LLC v. Buddy's Franchising and Licensing LLC*, Case No. 01-22-0004-9922, American Arbitration Association. On or about November 29, 2022, a former franchisee, MMS Group, LLC, and its owners filed a demand for arbitration, alleging that Buddy's breached the franchisee's franchise agreement, breached the covenant of good faith and fair dealing, and violated Florida's Deceptive and Unfair Trade Practices Act by failing to renew the franchise agreement and by failing to provide them with a first right of refusal, and alleging unfair methods of competition. On or about December 29, 2022, Buddy's filed their answer to the arbitration demand and filed counterclaims against the former franchisee, alleging that it breached the franchise agreement by violating the in-term and post-term covenants not to compete and selling unapproved inventory, violated the Lanham Act by falsely coding inventory to influence customer purchasing decisions, and violated the Defend Trade Secrets Act. As the parties continued to litigate the case, settlement discussions opened up during the month of February 2024, which were intended to settle this matter and another arbitration Buddy's filed against Joseph Gazzo (i.e., the owner of the former franchisee entity involved in this matter), a separate franchisee entity of Mr. Gazzo, and Mr. Gazzo's holding company (i.e., Bi-Rite Holdings LLC), titled *Buddy's Franchising and Licensing LLC v. Joseph Gazzo III a/k/a Joseph Gazzo, Bi-Rite Holdings, LLC and Buddy's Rollco LLC*, Case No. 01-23-0002-1135, American Arbitration Association. Prior to the completion of settlement negotiations for both arbitrations, the former franchisee moved to enforce the settlement before all material terms were agreed to. Buddy's opposed that motion, but continue to negotiate the settlement while the motion is pending with the intention of settling

both matters on full and complete terms, without the need for the arbitrator to rule on the motion to enforce settlement.

*Buddy's Franchising and Licensing LLC v. Joseph Gazzo III a/k/a Joseph Gazzo, Bi-Rite Holdings, LLC and Buddy's Rollco LLC*, Case No. 01-23-0002-1135, American Arbitration Association. On May 10, 2023, Buddy's Franchising and Licensing LLC filed a demand for arbitration against a franchisee (Buddy's Rollco LLC), its owner (Joseph Gazzo) and Mr. Gazzo's holding company (Bi-Rite Holdings, LLC), alleging causes of action for breach of three franchise agreements, violations of the Lanham Act, violations of the Defend Trade Secrets Act, unjust enrichment, and conversion. During the pendency of this arbitration, the parties agreed to stay the proceedings while the parties negotiated a resolution. Settlement negotiations continued through February 2024 to obtain a resolution that would dispose of this matter and the separate arbitration involving the parties, titled *MMS Group, LLC v. Buddy's Franchising and Licensing LLC*, Case No. 01-22-0004-9922, American Arbitration Association. Prior to the completion of settlement negotiations, the franchisee moved to enforce the settlement of both arbitrations before all material terms were agreed to. Buddy's opposed that motion, but continue to negotiate the settlement while the motion is pending with the intention of settling both matters, without the need for the arbitrator to rule on the motion to enforce settlement.

*In the Matter of Buddy's Newco, LLC*, FTC Matter No: 191 0074. On May 11, 2020, the Federal Trade Commission (the "FTC") issued its Final Decision and Order in connection with its civil investigation of Buddy's Newco, LLC, a parent of Buddy's, Aaron's, Inc. and Rent-A-Center, Inc. Buddy's Newco, LLC agreed to settle, without an admission that the antitrust laws were violated, FTC allegations that the three rent-to-own operators negotiated and executed reciprocal purchase agreements. Under the terms of the Order (to which Buddy's is also subject), the three rent-to-own operators are prohibited from entering into any reciprocal purchase agreement or inviting others to do so and from enforcing any non-compete clauses still in effect from the past reciprocal purchase agreements. The operators were also required to implement antitrust compliance programs and notify the FTC in the event of certain changes in corporate governance. In addition, the companies are prohibited from having any of their representatives serve as a board member or officer of a competitor and from allowing any competitor's representative to serve on their boards.

Other than these actions, no litigation is required to be disclosed in this Item.

#### ITEM 4 BANKRUPTCY

On November 3, 2024, our parent Franchise Group, Inc. ("FRG") and certain of its affiliates, including affiliates which operate franchise systems Buddy's Franchising and Licensing LLC (Buddy's Home Furnishings), Vitamin Shoppe Franchising, LLC (The Vitamin Shoppe), PSP Franchising, LLC (Pet Supplies Plus), WNW Franchising, LLC (Wag N' Wash) and American Freight Franchisor, LLC (American Freight) (collectively, the "Company") ~~voluntarily each~~ filed ~~multiple voluntary~~ petitions ("Chapter 11 Cases") for ~~an agreed-upon restructuring to reorganize relief~~ under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware, (the "Bankruptcy Court"). The Chapter 11 Cases are being jointly administered under the caption *In re Franchise Group, Inc.*, Case No. 24-12480-12490. In connection with the Chapter 11 Cases, the Company entered into a restructuring support agreement (the "RSA") with holders of approximately 80% of its first lien debt, which contemplates

certain restructuring transactions to be effectuated through the Chapter 11 process, including the equitization of certain of the Company's funded indebtedness, in addition to the potential to effectuate a sale for some, all, or substantially all of the assets or equity interests of the Buddy's and Vitamin Shoppe business segments. The Company, other than American Freight, will continue to operate their businesses and manage their assets as a debtor-in-possession under ~~bankruptcy court supervision. FRG's~~ the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. As part of the RSA, the first lien lender ~~has~~ group committed \$250 million in debtor-in-possession financing ~~which, which was approved by the Bankruptcy Court, and~~ together with cash on hand, ~~is intended to provide~~ provided the Company with ~~adequate~~ liquidity to maintain operations across its businesses, and fulfill go-forward commitments to employees, customers, vendors, franchise partners, and other stakeholders in the ordinary course. The proceedings are otherwise currently pending before the ~~bankruptcy court.~~ Bankruptcy Court. The Company intends to effectuate the restructuring transactions contemplated through a Bankruptcy Court approved chapter 11 plan of reorganization and/or sale process.

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

## ITEM 5 INITIAL FEES

### Franchise Agreement

You must pay WNW a lump sum initial franchise fee of \$49,900 when you sign the Franchise Agreement (the "Initial Franchise Fee"). If you already operate a retail pet store that we approve for conversion to a Wag N Wash Store, we will waive the Initial Franchise Fee provided that you order all required signage at the time you sign the Franchise Agreement.

We will also collect \$20,000 prior to opening your first Store in order to conduct a Grand Opening advertising campaign on your behalf. For the second and any subsequent Stores opened by you, a reduced Grand Opening advertising fee option may be available. We will refund any unspent amounts to you within 90 days after your opening.

The initial franchise fee is fully earned and non-refundable when paid. We have the right to offer a discounted Initial Franchise Fee from time to time. If you are an existing franchisee, we will reduce the Initial Franchise Fee to \$35,000 for the second and any subsequent Stores you open.

WNW is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program, which provides a 20% discount on the Initial Franchise Fee to honorably discharged veterans of U.S. Armed Forces who otherwise meet the requirements of the VetFran program. This is only applicable for the first WNW franchise awarded to you and may not be combined with any other Initial Franchise Fee discount.

WNW offers current and former first responders who otherwise meet the requirements for a WNW franchise a 10% discount on the Initial Franchise Fee to individuals who are (or were) employed in good standing for at least five (5) consecutive years as a firefighter, paramedic, or

law enforcement officer (the “First Responder Discount”). This is only applicable for the first WNW franchise awarded to you and may not be combined with any other initial franchise fee discount.

If you are an employee of WNW, you will be eligible for a reduced initial franchise fee of \$10,000, of which \$5,000 is paid contemporaneously with the execution of the Franchise Agreement, and the remaining \$5,000 is payable at the time you execute a lease for your Store (“Employee Initial Franchise Fee”). The Employee Initial Franchise Fee applies to only the first store executed by an otherwise eligible franchisee and may not be combined with any other initial franchise fee discount. If you do not sign a lease for your Store, the remaining \$5,000 due as part of the Employee Initial Franchise Fee will be due immediately upon termination of your Franchise Agreement. If you are an employee of WNW, you will be required separate your employment with WNW prior to the opening of your Store.

Besides paying the Initial Franchise Fee, you must purchase approximately 75% to 90% of your initial inventory from our affiliate, PSP Distribution, prior to opening. You must obtain and maintain \$100,000 to \$150,000 in inventory, of which \$75,000 to \$135,000 must be purchased from our affiliate, which represents approximately 75% to 90% of this total. You must also purchase preprinted shelf labels from PSP Distribution, which costs approximately \$270 to \$300. These amounts are non-refundable.

Before opening, you must pay us a set up fee of \$15,000 (“Set Up Fee”). The Set Up Fee is paid in consideration for our on-site advisory role in connection with setting up and/or relocating the Store premises and is fully earned and non-refundable when paid. We will provide additional personnel, at franchisee request, subject to the availability of our set up team personnel. If this occurs, we will charge our then-current additional set up team member fee, which is presently \$2,500 per week, for each additional set up team member.

### Multi-Unit Agreement

If you choose to enter into a Multi-Unit Agreement, you must pay the multi-unit fee in full when you sign the Multi-Unit Agreement (the “Multi-Unit Fee”). We will not charge an additional fee when you sign a Franchise Agreement for each Store developed under the Multi-Unit Agreement. Qualified franchisees may develop up to 3 Stores. The Multi-Unit Fee will be equal to \$49,900 for the first Store that you agree to open under your Multi-Unit Agreement, plus \$35,000 for each additional Store you agree to open under your Multi-Unit Agreement.

All Multi-Unit Fees are deemed fully earned and non-refundable when paid.

## **ITEM 6 OTHER FEES**

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Royalty <sup>2</sup>	2% of monthly Gross Sales for first 12 months of operation; 3% of monthly Gross Sales for months 13-24 of operation; 4% of monthly Gross sales after first 24 months of operation	Payable on the 10 <sup>th</sup> of each calendar month for the prior calendar month's operation via EFT	Gross sales are the total gross revenues for all business conducted at or from your store, net of documented returns, refunds and allowances granted according to our standards and specifications, and excluding any sales tax.
Technology Fee <sup>3</sup>	Estimated to be \$800 per month based on Store build out	Payable on the 10 <sup>th</sup> of each calendar month for the current calendar month's operation via EFT	The technology fee covers various items related to the technology and computer system used at your Store, such as software licenses and support costs.
Point of Sale (POS) Leasing Payments	Estimated at <del>\$283,265</del> per month <i>plus tax if applicable in jurisdiction where store is located</i> (based on capital costs of <del>\$16,968</del> <u>15,910</u> )	Payable on the 10 <sup>th</sup> of each calendar month following installation of the required technology via EFT	The capital cost of the POS system and related equipment varies by Store based on numbers of lanes and other factors. All equipment must be leased from us under our prescribed form of sublease agreement.
Grooming Scheduling Software	Currently <del>\$1,644</del> <u>584</u> per year charged at <del>\$137</del> <u>132</u> per month. Additional fees apply for text message reminders sent to pet parents and will vary by number of texts sent.	Payable on the 10 <sup>th</sup> of each calendar month for the current calendar month's operation via EFT.  We reserve the right to move toward a lump sum annual payment in lieu of the monthly charge or to have the 3rd party vendor bill franchise owners directly or to have the 3rd party vendor bill franchise owners directly.	This charge applies to all stores that offer grooming services and is billed by WNW on behalf of the 3 <sup>rd</sup> party vendor.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
3 <sup>rd</sup> Party Courier Deliver from Store Fees	Actual Costs. Varies by number of deliveries and distance from store <a href="#">and typically ranges from \$100 to \$250 per month.</a>	Payable on the 10 <sup>th</sup> of each calendar month for the current calendar month's operation via EFT	This charge applies to all stores that offer delivery services using a courier service and is billed by WNW on behalf of the 3 <sup>rd</sup> party vendor.
Advertising <sup>4</sup>	You must actively promote and advertise your Wag N Wash® Store within your Territory. Stores in the first 12 months of operation will contribute a fixed dollar amount of (a) \$3,350 per month in Local Marketing Spend (the "LMS") as directed by WNW and administered by a third-party System Supplier and (b) \$1,000 to the National Advertising Fund (the "NAF") which WNW has established for the common benefit of System franchisees. For all subsequent months after the first 12 months of operation, the required monthly advertising contribution shall be the lesser of 3.5% of Gross Sales or \$8,333.00 ("the Advertising Contribution Monthly Cap") with (a) 2/3 of that amount directed to the LMS, as directed by WNW and	Local spend (as directed by WNW) is remitted monthly to the third-party vendor managing the local advertising programs.  NAF contributions are payable on the 10 <sup>th</sup> of each calendar month for the current calendar month's operation via EFT	You must submit proof of expenditures and an annual local marketing plan.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
	<p>administered by a third-party vendor and (b) 1/3 of that amount to the NAF.</p> <p>Because the media buy is typically for several months, the monthly LMS contribution will be calculated on a quarterly basis using a lookback to previous sales.</p> <p>A per Store maximum annual total contribution (LMS and NAF) of \$100,000 applies to the required advertising contribution (the "Advertising Contribution Annual Cap").</p>		
Advertising Cooperative	If applicable, as determined by your Cooperative and not to exceed your Advertising Requirement, unless a majority of the Cooperative votes to increase that requirement	As determined by your Cooperative	If a Cooperative is formed in your area applicable to your store, you will be required to contribute an amount determined by your Cooperative. Cooperative contributions will be credited towards your Advertising Requirement, and Cooperative contributions will not exceed the Advertising Requirement unless a majority of the Cooperative votes to increase that requirement. Company and affiliate-owned Stores presently contribute to the Cooperative and have the right to vote in the Cooperative on the same basis as our franchisees.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Late Fee and Insufficient Funds	The lesser of 1.5% per month or the highest permissible interest rate	10 days after the balance is due	This charge is in addition to any other remedy and is not WNW's sole relief regarding late payments, and it will also apply to payments made to WNW's affiliates.
Audit Fee & Surcharge	25% of the royalty on unreported Gross Sales plus the royalty and other required fees due, and applicable late fees	As invoiced	If Gross Sales are understated by 2% or more you must also pay for the cost of the audit.
Renewal Fee	\$2,500	Upon execution of renewal	See Item 17 for further details.
Transfer Fee	\$5,000	Upon approval of transfer	See Item 17 for further details.
Additional Training Fee	\$300 per day	As invoiced	Payable if you need additional training besides the pre-opening training course.
Insurance	Cost of insurance; if you fail to maintain insurance as required, we have the right to procure insurance on your behalf and charge an 18% administrative fee in addition to the cost of the insurance	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8.
Supplier Network Re-Entry Fee	\$500	Upon request	You must use our approved and designated suppliers for all goods and services used in connection with operating the business. If you use a non-approved supplier for any good or service and then attempt to re-enter our supplier network to purchase that particular good or service, you must pay us a

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			fee of \$500 per product or service, to reimburse us for our administrative expenses.
Penalty Fee	\$500	When incurred	If you purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier, or if you offer any unauthorized or discontinued products or services at or from your Store, we may charge you a penalty fee of \$500 for each occurrence.
System Summit Meetings	Will vary under circumstances. Not to exceed \$2,000 per person (up to two attendees per entity). Not to exceed \$300 for each additional attendee (for 3 or more attendees from the same entity). Does not include actual out-of-pocket attendance costs.	When incurred	You (or your designated representative we approve) must, at our request, attend no more than four (4) events per calendar year.  If you are required to attend and do not, you will be charged a minimum fee not to exceed \$2,000.
Indemnification <sup>5</sup>	Amount of claim or judgment	When incurred	You must indemnify WNW for certain claims or actions arising out of your operation of the Store and misuse of our Marks and System.
Post-Termination and Post-Expiration Expenses <sup>6</sup>	Costs and expenses associated with ceasing operations and de-identifying yourself from the Store and our System	As incurred	

Notes:

<sup>1</sup> Except as otherwise described in this Item, all of the fees listed in Table 6(A) above are uniformly imposed and payable to us or our affiliates, and are non-refundable.

<sup>2</sup> WNW collects a royalty fee equal to 2% of monthly Gross Sales earned during the previous calendar month for the first twelve full or partial calendar months of operation, 3% of monthly Gross Sales earned during the previous calendar month for months 13-24 of operation, and 4% of monthly Gross Sales for all subsequent months during the term of your Franchise Agreement (the "Royalty"). "Gross Sales" includes all revenues generated from all business conducted at or from your Store during the preceding calendar month, including amounts received from the sale and delivery of products and services, merchandise, tangible property of any nature whatsoever, and business interruption insurance proceeds, whether in cash or for credit, whether delivered on site, at the customer location, or via the Internet, and whether collected or uncollected. Gross Sales related to gift card sales are calculated at the time the gift card is redeemed. "Gross Sales" does not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority if such taxes are stated separately when the customer is charged and you pay such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales is the amount of any documented refunds, chargebacks, credits, and allowances given to customers in good faith and in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier, or customer will be valued at the full retail value of the goods or services provided to you. If you already operate a retail pet store that we approve for conversion to a Wag N Wash Store, we may waive the Royalty for a period of time after you re-open as a Wag N Wash Store.

Your Gross Sales are reported through the WNW point of sale system ("POS System"), however we reserve the right to change the form and requirements to report Gross Sales from time to time. The Royalty and any other fees due to us will be collected on the 10<sup>th</sup> of each calendar month via an electronic funds transfer program (the "EFT Program"), and the Royalty collected reflects your Gross Sales from the previous calendar month. Under the EFT Program, we will automatically deduct all payments owed to us under the Franchise Agreement or any other agreement between you and us, from your bank account, including payments to our affiliate WNW Distribution. Upon written notice to you, we may designate another method of payment or period for payment.

<sup>3</sup> We require that you utilize WNW's designated software for your Store's point of sale system. The technology fee is subject to change based on changes in our vendor's pricing and our technology needs. Technology fees are currently collected monthly on the 10<sup>th</sup> of each calendar month via EFT, and each payment of the technology fee represents your fee for the calendar month in which it is collected.

<sup>4</sup> You must actively promote and advertise your Wag N Wash® Store within your Territory. Stores in the first 12 months of operation will contribute a fixed dollar amount of (a) \$3,350 per month in Local Marketing Spend (the "LMS") as directed by WNW and administered by a third-party System Supplier and (b) \$1,000 to the National Advertising Fund (the "NAF") which WNW has established for the common benefit of System franchisees. The NAF is further described below. For all subsequent months after the first 12 months of operation, the required monthly advertising contribution shall be the lesser of 3.5% of Gross Sales or \$8,333.00 ("the Advertising Contribution Monthly Cap") with (a) 2/3 of that amount directed to the LMS, as directed by WNW and administered by a third-party vendor and (b) 1/3 of that amount to the NAF. The NAF contribution shall be collected in the same manner of payment as the Royalty, as described in Section 4.6 below. The LMS contribution is remitted monthly to the third-party vendor managing the local advertising programs. Because the media buy is typically for several months, the monthly

LMS contribution will be calculated on a quarterly basis using a lookback to previous sales. A per Store maximum annual total contribution (LMS and NAF) of \$100,000 applies to the required advertising contribution (the "Advertising Contribution Annual Cap"). See Item 11 for details.

<sup>5</sup> You and your principals agree to indemnify, defend and hold us, our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and reimburse the Indemnitees for all claims, obligations, liabilities and damages, including any and all taxes, directly or indirectly arising out of, in whole or in part from your operation of the Store, and must reimburse the Indemnitees for all costs incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to the Indemnitees. We have the right to defend any claim against the Indemnitees in the manner as we deem appropriate or desirable, in our sole discretion. Undertaking our own defense does not, in any manner or form, diminish your and each of your principals' obligation to indemnify the Indemnitees and to hold them harmless. The indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Franchise Agreement.

<sup>6</sup> Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement, you are responsible for the costs associated with de-identifying yourself and the Store from the WNW System. You must also comply with your post term covenants against competition discussed in Item 17.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. FRANCHISE AGREEMENT**

<b>TYPE OF EXPENDITURE<sup>1</sup></b>	<b>LOW ESTIMATE</b>	<b>HIGH ESTIMATE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee <sup>2</sup>	\$49,900	\$49,900	Lump Sum	At Signing	WNW
Inventory <sup>3</sup>	\$100,000	\$150,000	As Incurred	Prior to Opening	PSP Distribution, LLC and other Designated Suppliers
Equipment <sup>4</sup>	<del>\$155,000</del> <u>187,200</u>	<del>\$250</del> <u>265</u> ,000	As Incurred	Prior to Opening	Approved and Designated Suppliers

TYPE OF EXPENDITURE <sup>1</sup>	LOW ESTIMATE	HIGH ESTIMATE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
POS Equipment Installation	\$3,150	\$3, <del>600</del> <u>300</u>	As Incurred	Prior to Opening	Designated POS installer
Full Store Preprinted Shelf Labels for Product	\$270	\$300	As Incurred	Prior to Opening	PSP Distribution, LLC
Training <sup>5</sup>	\$4,000	\$8,000	As Incurred	As Incurred	Suppliers of Your Choice
Advertising Grand Opening <sup>6</sup>	\$20,000	\$20,000	Lump Sum, Paid via EFT	10 <sup>th</sup> Day of the Month When Store Set-Up Begins	WNW
			Lump Sum	As Incurred	Designated Grand Opening Event Management Company
Insurance	\$2,000	\$7,000	As Incurred	Prior to Opening	Suppliers of Your Choice
Leasehold Improvements <sup>7</sup>	<del>\$50</del> <u>25</u> ,000	\$587,400	Lump Sum	As Incurred	Landlord or Builder of Your Choice
Prepaid Rent/ Security Deposit <sup>8</sup>	\$0	\$16,700	Lump Sum	Upon Execution of Lease	Your Landlord
Legal & Accounting	\$4,000	\$10,000	As Incurred	As Incurred	Suppliers of Your Choice

TYPE OF EXPENDITURE <sup>1</sup>	LOW ESTIMATE	HIGH ESTIMATE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Pre-Opening Labor <sup>9</sup>	\$10,000	\$25,000	As Incurred	As Incurred	Employees
Set Up Fee <sup>10</sup>	\$15,000	\$15,000	Lump Sum, paid via EFT	10 <sup>th</sup> Day of the Month When Store Set-Up Begins	WNW
Additional Funds – Initial Period (6 Months) <sup>11</sup>	\$100,000	<del>\$175,200</del> ,000	As Incurred	As Incurred	Various Vendors, As Required
<b>TOTAL</b>	<b><u>\$513,320</u></b>	<b><u>\$20,520</u></b>			

Notes:

1. Unless otherwise stated in this Item, all payments to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do not offer direct or indirect financing. If you already operate a retail pet store that we approve for conversion to a Wag N Wash Store, your estimated initial investment will be lower, but will vary depending on what is required to conform your existing business to WNW's standards for a Store. The WNW Employee Initial Fee is not included in the estimated range (see Item 5 for more details).

2. You must pay WNW a lump sum initial franchise fee of \$49,900 when you sign the Franchise Agreement (See Item 5 for more details).

3. You must maintain a minimum amount of inventory ranging from \$100,000 to \$150,000 depending on the location and size of your Store, as set forth in our Operations Manual. Approximately 75% to 90% of this amount (\$75,000 to \$ 135,000) is paid to our affiliate, PSP Distribution LLC, and the remainder is paid to third party suppliers.

4. WNW will provide you, prior to opening, with copies of WNW's specifications for all equipment required for your store. You may purchase equipment from any source approved by WNW if the equipment complies with WNW's specifications. This estimate includes, without limitation, equipment needed to efficiently unload pallets from a truck into the store, expenses for interior and exterior signage, computer hardware and accessories that are not included as part of the equipment sublease (including, but not limited to, wireless access point for internet connectivity, cabling, monitor and printer for office computer, grooming salon computer for stores with full-service grooming, and sales floor price checker where required by local law). The low estimate assumes you are able to secure financing from a third party and the high estimate assumes you will purchase the equipment outright.

5. The costs in the chart above represent one person's estimated travel, meal, and lodging expenses associated with attending our initial training program.

6. We will collect \$20,000, or you will pay \$20,000 to the Grand Opening event management company we designate, for the Grand Opening advertising requirement for your first Store and use those funds to implement an advertising/promotional program for the initial launch of your Store on your behalf based on our knowledge and experience in marketing this type of business. For the second and any subsequent Stores opened by you a reduced Grand Opening advertising fee option may be available. We will spend the amount we determine necessary for the Grand Opening advertisement and will refund any unspent amounts to you within 90 days after the Grand Opening of your Store. We generally collect the Grand Opening advertising requirement on the 10<sup>th</sup> day of the month in which Store set-up begins. The Grand Opening advertising requirement may be reduced for conversion franchisees. We may transition the Grand Opening program from being invoiced by WNW to being invoiced by our designated Grand Opening event management company.

7. The costs listed above represent an estimate of the cost of site selection as well as the costs incurred by you to get an existing leased facility to comply with WNW's standards for a Store, including architectural and engineering costs and expenses in connection with the same. The cost will vary depending on the size and condition of your Store. Your negotiations with your landlord will determine whether you or your landlord bears these expenses. In some cases you may recoup all or part of the cost of any leasehold improvements that you pay for in the form of credits against your rent or below market rents once the term of the lease commences.

8. The chart in Item 7 above assumes that you will lease the location for your Store. Your Store is typically a retail store in sound condition, of approximately 2,500 to 5,000 square feet.

9. The estimated range for Pre-Opening Labor includes, without limitation, those costs incurred by you to recruit and hire the management team for your Store.

10. Before opening, you must pay us a set up fee of \$15,000 ("Set Up Fee"). See Item 5 for more details regarding the Set Up Fee.

11. You will need additional capital to support on-going expenses, such as payroll, rent, wages, replacement inventory, licenses, security, repairs and maintenance, and miscellaneous expenses. New businesses often generate a negative cash flow. Your actual costs may vary considerably, depending on factors including: local economic conditions; the local market for the products you will offer and sell; the length of time it may take to obtain permits and then build out the space for your Store; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and, your management and training experience, skill, and business acumen. Your credit history could impact the amount (and cost) of funds needed during the initial period.

WNW estimated the amount of required Additional Funds that you may need during the initial period of operation which we project as 6 months from the opening of your business. This estimate is based on WNW's predecessor's experience in franchising for over 15 years and our affiliate's experience in franchising for over 11 years.

## B. MULTI-UNIT AGREEMENT (2-~~or~~3-Pack)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
MULTI-UNIT FEE <sup>2</sup>	\$49,900 for first Store, plus \$35,000 for each additional Store	Lump Sum	Upon Signing the Multi-Unit Agreement	WNW
TOTAL INITIAL INVESTMENT FOR THE FIRST STORE <sup>3</sup>	<del>\$463,420</del> <u>470,620</u> to <del>\$1,268,000</del> <u>307,700</u>	See Chart in Item 7(A) above.		
<b>TOTAL (2-<del>or</del>3-Pack)</b>	<del>\$548,320</del> <u>555,520</u> to <del>\$1,387,900</del> <u>392,600</u>	This is the total estimated initial investment to enter into a Multi-Unit Agreement for the right to own a total of two (2) Stores, as well as the costs to open and commence operating your initial Store for the first six (6) months (as described more fully in the Chart in Item 7 (A)).		

### Notes to Chart B:

- All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
- The Multi-Unit Fee is described in detail in Item 5 of this Disclosure Document. You will not be required to pay an initial franchise fee upon signing a Franchise Agreement for each Store developed under a Multi-Unit Agreement.
- This figure represents the total estimated initial investment required to open the first Store under your first Franchise Agreement, minus the initial franchise fee (see the Single Unit estimated initial investment in the Item 7(A) chart above for additional details). This figure does not include the Multi-Unit Fee.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Store in strict conformance with the methods, standards, and specifications that we prescribe in our confidential operations manuals and various other manuals and writings prepared by us for our franchisees' use in operating Stores (collectively the "Operations Manual"), which may change periodically. The Operations Manual covers many aspects of your Store's operations, such as merchandising techniques, and Store management. In addition, you must ensure your compliance with all federal, state, and local laws and regulations and must obtain our prior written consent before changing any of our standards or specifications

for establishing and operating a Store to comply with applicable laws and regulations.

### Approved Products, Services, and Suppliers

You must only offer approved products and services (“Approved Products and Services”) through your Store. You must offer for sale all products and services which we prescribe, including seasonal items, and only those products and services which we prescribe. All products and services sold through your Store must meet our standards and specifications. In order to better: (i) assure the supply or quality of the Approved Products and Services; and/or (ii) enable us to take advantage of marketplace efficiencies, we have the right to require you to purchase certain Approved Products and Services only from us or other suppliers or distributors approved or designated by us. System Suppliers, including affiliate companies (for example, PSP Distribution) may assess fees and charges related to their services, including, without limitation, shipping, handling, delivery, and fuel surcharges.

You must maintain at least \$100,000 to \$150,000 worth of inventory items (depending on the size of your Store), at cost, to adequately meet consumer demand and maximize the goodwill associated with the Wag N Wash® System. We reserve the right to specify the mix of inventory items offered through your Store. You must purchase all inventory items, merchandise, equipment, fixtures, furnishings, product display units, indoor signage, uniforms, supplies, and materials from us, our affiliates, or designated or approved suppliers, and utilize your own store team members or an approved delivery supplier in connection with any e-commerce program we implement. You must offer products and services in the manner we prescribe, provide quality customer service, maintain a clean and bright Store premises, and otherwise operate your Store in a manner which will enhance the image intended by us for the System. ~~Presently, our affiliate PSP Distribution, LLC offers and sells inventory items, including many of the you are required to purchase certain~~ pet foods and pet supplies sold in Wag N Wash® Stores ~~which you will be required to purchase through from our affiliate~~ PSP Distribution, LLC. We may require you to purchase additional inventory items from us or our affiliates in the future. Other than our affiliates, the company or its officers have no ownership interest in any of our approved or designated suppliers.

### System Standards

We reserve the right to formulate and modify our standards and specifications for operating a Store based upon the collective experience of our principals. This includes requiring that you take all steps, including but not limited to those related to visibility and management of your Store network, that are necessary to ensure that your Store is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for Approved Services and Products, signs, furnishings, supplies, fixtures, inventory, computer systems (hardware, software, applications, data network and internet connection minimum bandwidth capacities), and equipment by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services, and changes to those standards and specifications, in writing directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense. We will

notify you of any change to our standards and specifications by way of written amendments to the Operations Manual or otherwise in writing.

### Approved Suppliers

As stated above, you must use us, our affiliates, or approved and designated suppliers, for all inventory items, merchandise, equipment, fixtures, furnishings, product display units, indoor signage, uniforms, supplies, inventory, site selection services and other goods and services used in connection with operating a Store. All unapproved products, services, or vendors must be approved by us in writing prior to use. In the event you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address, and telephone number of the proposed supplier, a description of the item you wish to purchase, a sample of the item, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier.

We will use our best efforts to notify you of our approval or disapproval of a particular supplier or product within ten (10) business days of receiving all requested information. We will communicate our approval or disapproval in writing, either via e-mail or another form of written correspondence. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself (such as the quality of products, standards of service, the supplier's reputation in the marketplace, and the supplier's pricing), but also other factors such as the uniformity, efficiency and quality of operation we deem necessary or desirable in our system as a whole, the confidentiality of our standards and specifications, and our ability to earn revenue from your purchase of goods and services. We have no obligation to approve any particular product, services, or source. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purpose. If we approve any previously unapproved product or service, we may require you to purchase the product or service from us, our affiliates, or other approved and designated suppliers. We will not approve an unreasonable number of suppliers if the approval might result in higher costs to System franchisees or prevent the effective or economical supervision of approved suppliers.

Our criteria for approval of a particular supplier or product will be made available upon written request. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of your Store and not for any competitive business purpose. We have and may continue to negotiate purchasing arrangements with suppliers in the future. You may not receive a material benefit in the form of renewal rights or rights to additional territories based on the use of our approved products, services, or suppliers.

If for any reason you do not use our approved or designated suppliers for any item used in connection with operating a Store and wish to re-enter our supplier network, you must pay a fee of \$500 to cover our administrative costs. Additionally, if you purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier, or if you offer any

unauthorized or discontinued products or services at or from your Store, we will have the right to charge you a penalty fee of \$500 for each occurrence, in addition to issuing you a default notice under the Franchise Agreement.

We estimate that your required purchases and leases will account for approximately 100% of all purchases and leases necessary to open your Store and at least 60% of your ongoing purchases and leases to operate your Store.

We reserve the right to derive cost savings from required franchisee purchases in any manner, including but not limited to volume rebates.

Approximately 99% of all cost savings derived from vendors for scanbacks and other promotional programs (~~\$34,939,467~~43,833,167) in fiscal year ~~2024~~2023 was returned to our franchisees in cash.

As of our fiscal year ended December ~~30, 2023~~28, 2024, WNW Franchising, LLC derived ~~\$7,695,14,634~~ or ~~0.71.1~~% of our total revenue of ~~\$1,413,899~~284,991 as a result of required franchisee purchases or leases.

As of its fiscal year ended December ~~30, 28, 2024~~2023, PSP Distribution, LLC derived ~~\$616,553,536~~636,639,162 from required franchisee purchases.

### Advertising

We must approve all advertising before first publication or use. In addition, we will collect \$20,000, or you will pay \$20,000 to the Grand Opening event management company we designate, for the Grand Opening advertising requirement for your first Store and use those funds to implement an advertising/promotional program for the initial launch of your Store on your behalf based on our knowledge and experience in marketing this type of business. For the second and any subsequent Stores opened by you, a reduced Grand Opening advertising fee option may be available. We will spend the amount we determine necessary for the Grand Opening advertisement and will refund any unspent amounts to you within 90 days after the Grand Opening of your Store. We generally collect the Grand Opening advertising requirement on the 10th day of the month in which Store set-up begins. The Grand Opening advertising requirement may be reduced for conversion franchisees

### Insurance

You will be required to procure and maintain insurance in the amounts we prescribe. Presently our insurance requirements are as follows:

- (a) Broad form comprehensive general liability coverage, products liability coverage, and broad form contractual liability coverage on an occurrence basis with combined liability limits of not less than \$1,000,000.00, which insurance must have a deductible or self-insured retention of not more than \$10,000.00;

- (b) Automobile liability insurance, including coverage of vehicles not owned by you, but used by your employees in connection with your Wag N Wash® Store with liability limits of not less than \$1,000,000.00, which insurance must have a deductible or self-insured retention of not more than \$1,000.00;
- (c) Business interruption and extra expense insurance on an actual loss basis, and building, fixture, business and personal property insurance on a replacement cost basis;
- (d) Workers' Compensation insurance as well as any other insurance, in such amounts, as may be required by statute or rule in the jurisdiction in which your Wag N Wash® Store is located; and
- (e) All insurance required by WNW in connection with WNW's prescribed form of equipment sublease agreement.

All insurance providers must have a Best's Insurance Guide minimum rating of A-VI or better. You must maintain any additional insurance required by your landlord or under applicable law. You must furnish us annually with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, and must name us, and any additional parties we designate as additional insureds, at your cost except with regards to workers' compensation insurance. Under each insurance policy, we must receive at least 30 days' prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy. Once obtained, you may not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the insurance policies without our written consent. You must submit proof of insurance before you begin making leasehold improvements and deliver a complete copy of your then prevailing policy of insurance within 30 days following the delivery of the certificate of insurance. At any time during the initial term of this Franchise Agreement, we may require you to increase the limits of the insurance, but in no event will you be required to increase the limits of such insurance to more than \$3,000,000.00.

#### Leases and Leasehold Improvements

You must purchase or lease a retail space for your Store which meets our standards and specifications for a Wag N Wash® Store. We must accept your location and lease terms before you sign a lease for a Store location. You must use our designated real estate representative to assist you in searching for your site. We will condition our acceptance of your lease upon, among other conditions, the lease containing a use clause that is satisfactory to us, and on you and your landlord's signing of a collateral assignment of lease, through which your landlord grants us the unconditional right to assume and/or assign your rights and obligations under the lease in the event that you breach your lease and/or your Franchise Agreement is terminated or expires. The lease must be, at a minimum, for a ten-year initial term plus two five-year renewal terms. Furthermore, when you solicit bids for the buildout of your Store, our designated contractor must be one of the bidders. You are also required to use one of our approved architects for your construction drawings. If you enter into a Multi-Unit Agreement, you are not required to purchase or lease a separate office space.

#### Computer Hardware and Software Components

Your Store is required to use the software designated by WNW, and currently you must lease the computer hardware we designate for use in connection with the operation of your Store by entering into our designated form of sublease agreement. In addition to any fees due and payable pursuant to this sublease agreement, a separate technology fee covering licensing fees, software, and support is assessed monthly. The Store network equipment and grooming salon computer equipment must be purchased from our approved supplier, and may involve additional installation charges. You must also comply with all of our standards and specifications applicable to your computer system, including those related to hardware, software, applications, data network, and Internet connection minimum bandwidth capabilities. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

### Maintenance and Remodeling

You must maintain, repair, refinish, repaint, and replace Store furniture, fixtures, equipment, displays, signs, decor, and any other tangible part or property of the Store to ensure that the Store operates in an efficient manner pursuant to our current standards and specifications. In addition, we may require you to remodel your Store at the end of each initial and renewal terms of your Franchise Agreement to our then-current standards.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Article III, Section 6.1, 7.1, Exhibit 1 and Exhibit 2	Not applicable	Item 11
(b) Pre-opening purchases/leases	Sections 7.3 and 7.4	Not applicable	Items 7 and 8
(c) Site development and other pre-opening requirements	Article III and Sections 4.4, 6.1, 6.2, 7.1, 7.2, Exhibit 1	Not applicable	Items 7 and 11
(d) Initial and ongoing training	Article X and Section 6.4	Not applicable	Items 6 and 11
(e) Opening	Sections 3.5 and 7.1	Sections 1.3 and 2.1	Items 6, 7 and 11

Obligation	Section in Franchise Agreement	Section in Multi-Unit Agreement	Disclosure Document Item
(f) Fees	Article IV and Sections 2.2(g), 5.4, 6.10, 7.3(b), 7.4, 7.7(c), 7.20, 10.1, 10.2, 12.4(g) and 15.2(e)	Section 1.1	Items 5 and 6
(g) Compliance with standards and policies/Operating Manual	Article VII and Sections 6.5, 6.7, 6.9, and 6.10	Not applicable	Items 8 and 11
(h) Trademarks and proprietary information	Articles VIII and IX	Not applicable	Items 13 and 14
(i) Restrictions on products/services offered	Sections 7.3 and 7.4, 7.5(c) and 7.5(h)	Not applicable	Items 8 and 16
(j) Warranty and customer service requirements	Section 7.5(b) and 7.5(d)	Not applicable	Items 8 and 11
(k) Territorial development and sales quotas	Not applicable	Sections 1.3 and 2.1	Items 8, 11 and 12
(l) Ongoing product/service purchases	Sections 7.3 and 7.4	Not applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 3.4, 6.2, 6.7, 7.1, 7.2, 7.5(b), 7.6 and 7.18	Not applicable	Items 8 and 11
(n) Insurance	Section 15.2	Not applicable	Item 7
(o) Advertising	Sections 1.3, 4.3, 4.4, 6.8, 6.9, 7.19, 7.20 and 7.21	Not applicable	Items 6, 7, 8 and 11
(p) Indemnification	Sections 7.13, 12.5, 13.5, 15.1 and 15.2(a)(4)	Not applicable	Item 13
(q) Owner's participation/management/staffing	Sections 7.5(d), 7.5(f), 7.11 and 17.14	Not applicable	Item 15
(r) Records/reports	Article V and Sections 4.5 and 13.7(j)	Not applicable	Item 6

Obligation	Section in Franchise Agreement	Section in Multi-Unit Agreement	Disclosure Document Item
(s) Inspections/audits	Sections 5.3, 5.4, 7.6 and 13.7(j)	Not applicable	Item 6
(t) Transfer	Article XII	Section 3.1	Item 17
(u) Renewal	Section 2.2	Not applicable	Item 17
(v) Post-termination obligations	Sections 11.1 and 13.7	Not applicable	Item 17, Exhibit L
(w) Non-competition covenants	Article XI	Not applicable	Item 17
(x) Dispute resolution	Article XVI	Article IV	Item 17

## ITEM 10 FINANCING

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

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

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

**Pre-Opening Obligations.** We or our designee will provide you with the following assistance prior to opening:

1. **Protected Territory.** We will define the territory within which you must operate the Store. (Section 1.2 of the Franchise Agreement).
2. **Standards and Specifications.** We will provide you with a list of inventory, supplies, and equipment needed to open your Store, along with our proprietary and confidential list of approved suppliers for those items (if applicable). (Section 6.2 of the Franchise Agreement).
3. **Operations Manual.** An electronic copy of the Operations Manual, which we may amend periodically, will be made available electronically via your owner email login (Section 6.5 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit C to this Franchise Disclosure Document. The Operations Manual is presently 1,240 pages long (including the Appendix) and is subject to ongoing modifications and changes as we make changes to our procedures. The contents of the Operations Manual are a trade secret of WNW and you cannot disclose its contents to anyone other than to employees of your Wag N Wash® Store who require such information to operate your Wag N Wash® Store. (Section 6.5 of the Franchise Agreement).

4. **Training.** Two (2) trainees must attend (at the same time) and complete to our satisfaction our initial, tuition-free training program, which will be held at least quarterly at a location that we designate. At least one trainee must be a principal of the franchise entity (Section 10.1 of the Franchise Agreement).- Training lasts no less than 80 hours. Franchisees with no experience in retail or in the pet industry, may require up to 160 hours of training. The people you designate to take WNW's pre-opening training course must complete training no later than 30 days prior to the date that your Wag N Wash® Store first opens for business. Refresher training may be required if operational visits reveal areas of need for a specific Franchised Business. Additional remote training will be provided as necessary when new initiatives, services, or products are launched. You will be solely responsible for hiring and training any additional employees.

#### TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
The products you will carry in your Wag N Wash® Store	0	4-8	Our designated training location
Store Operations	0	8-16	Our designated training location
Store Services	0	10-20	Our designated training location
Receiving a Product	0	2-4	Our designated training location
Shrink Prevention	0	2-4	Our designated training location
Pricing and Signing a Product	0	2-4	Our designated training location
Visual Merchandising	0	8-16	Our designated training location
Product and Supply Ordering	0	8-16	Our designated training location
Operation of Point of Sale computer system	0	8-16	Our designated training location
Back Office Systems & Reporting (Accounting and Inventory Management)	8	8-16	Our designated training location
Opening/Closing the Store	0	8-16	Our designated training location
Customer service	0	Continuous	Our designated training location
<b>Total</b>	<b>8</b>	No less than 80 hours. Franchisees with no experience in retail or in the pet industry, may require up to 160 hours of training.	

Our training manager and her experience within the pet supplies business and with the System are listed below. Our training manager may utilize various other employees from-time-to-time to assist her with all aspects of training, and these employees all currently have a minimum of two years' experience. Failure to complete initial training to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Section 10.1 of the Franchise Agreement).

### Instructor Experience

Instructor	Years of Experience in the Industry	Years of Experience with Franchisor
Kerry Caringi	2422	67

Training is typically conducted using the confidential Operations Manual, confidential training materials, and other handouts that WNW may provide from time to time. The cost of the initial training is included in your Initial Franchise Fee. You must pay for travel, lodging, meals, and expenses related to coming to training. We will train any additional or replacement personnel, at franchisee request, subject to the availability of our training personnel at any location we may select. If this occurs, we will charge our then-current training tuition fee, which is presently \$300 per day. (Article 10 of the Franchise Agreement). You may only use the training materials we provide to train your other employees. We will provide updated training materials to you as they are developed and make them available on the WNW Learning Management System. All training materials we provide to you will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Section 10.2 of the Franchise Agreement). Additionally, if you choose to enroll in optional training for pet grooming or other services through the Paragon School of Pet Grooming, you will be required to pay the then-current tuition fee. (Section 10.1 of the Franchise Agreement).

5. **Grand Opening Advertising.** Prior to opening, we will collect \$20,000, or you will pay \$20,000 to the Grand Opening event management company we designate, for the Grand Opening advertising requirement for your first Store and use those funds to implement an advertising/promotional program for the initial launch of your Store on your behalf based on our knowledge and experience in marketing this type of business. For the second and any subsequent Stores opened by you, a reduced Grand Opening advertising fee option may be available. We will spend the amount we determine necessary for the Grand Opening advertisement and will refund any unspent amounts to you within 90 days after the Grand Opening of your Store. We generally collect the Grand Opening advertising requirement on the 10th day of the month in which Store set-up begins. The Grand Opening advertising requirement may be reduced for conversion franchisees (Section 6.8 of the Franchise Agreement).

**Site Selection Assistance and Opening.** We will provide you with the following site selection and opening assistance:

1. **Site Selection.** You will operate the Store at the location agreed upon by you and us. We do not own, nor lease you, the premises where your Store will be located. While it is your responsibility to obtain a mutually acceptable site, we will provide assistance in finding a location we deem reasonable and appropriate. We consider factors such as size, location, nearby commercial and residential development, traffic patterns, demographics, visibility from roadways,

and parking space in approving any given site. Your leased/purchased space should be approximately 2,500 to 5,000 square feet, located in a stand-alone location or within a shopping center type environment. See Item 12. You must use WNW's designated real estate representative to assist in searching for your site. You must submit a site submittal report to us for each proposed site, in the form we specify. Within 15 business days, we will provide you with notice of our acceptance or non-acceptance of the proposed site. You must sign a Lease for a location accepted in writing by us within 12 months of signing the Franchise Agreement. (Sections 3.1, 3.2, 3.3, 7.1 and Exhibit 1 of the Franchise Agreement). Conversion franchisees will operate from the site of their existing business, and they must commence operating as a Wag N Wash Store within 180 days of signing the Franchise Agreement.

2. **Construction and Build-Out.** We will provide you with current prototypical drawings for the merchandising layout, signage, and décor, so that you can adapt your Store to conform to our standards for the appearance of a Store. (Sections 3.4 and 6.2 of the Franchise Agreement). You are solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at any approved leased location, and you must use one of our approved architects for your construction drawings. When soliciting bids for the buildout of your Store, our designated contractor must be one of the bidders, and we will review and must approve all contractors, architects and architectural plans and specifications for the construction and build-out of your Store. We must approve all subsequent, material changes to the plans and drawings before such changes may be implemented. (Section 3.4 of the Franchise Agreement). You are responsible for hiring local contractors, with our approval, to develop and implement construction plans that meet with applicable ordinances, building codes, permit requirements, and any other applicable local, state or federal laws, including, without limitation, the Americans with Disabilities Act.

3. **Signage.** WNW will provide you with copies of WNW's specifications for all outdoor signs required for your Wag N Wash® Store(s). You may purchase such outdoor signs from any source or sources you choose, including from our preferred vendors, as long as the outdoor signs comply with WNW's specifications (Section 7.2 of the Franchise Agreement). You must purchase indoor signage and equipment from our Approved Suppliers. You must also exhibit any franchising displays or brochures we designate at your Store location.

4. **Opening.** We estimate that it will take approximately 8 to 18 months from signing the Franchise Agreement for you to open your Store. The actual length of this period will depend upon factors such as your ability to obtain a mutually acceptable site and a lease for that site, acceptable financing arrangements, training schedules, delivery schedules for inventory and equipment and other factors including the time necessary to obtain zoning permits, licenses, and variances. Under the Franchise Agreement, you are required to sign a Lease for your Store no later than 12 months after signing the Franchise Agreement, and you must open your Store no later than 7 months after signing a Lease. (Section 3.5 of the Franchise Agreement). Failure to do so will be considered a default of the Franchise Agreement.

5. **Multi-Unit Operators.** If you enter into a Multi-Unit Agreement, you must follow the time periods for opening set forth in your Multi-Unit Agreement.

**Obligations During Operation.** We will provide you with the following assistance after your Store has opened.

1. Pricing. We may, upon request, provide you with assistance in establishing prices. (Section 6.6 of the Franchise Agreement).

2. Operations Manual Updates. WNW will provide you with access to all modifications or additions to the Operations Manual electronically via your owner email login. (Section 6.5 of the Franchise Agreement).

3. Ongoing Assistance. WNW will, from time to time, develop standards, techniques, policies, regulations and procedures regarding the operation of Wag N Wash® Stores, which may include standards, techniques, regulations or procedures for the sale of the products or services offered by you; sales, selection, supervision or training of all personnel; advertising and promotional techniques, programs or procedures; appearance of your Wag N Wash® Store; policies and procedures relating to warranties and guarantees; payment, credit, accounting and financial reporting policies and procedures; purchase and maintenance of equipment and fixtures; merchandising of items held by you for resale; hours and manner of operation; and/or trademark and signage usage (Section 7.3 of the Franchise Agreement).

4. Inventory Selection Assistance. WNW may select initial and ongoing inventory for your Wag N Wash® Store. WNW will also select approved vendors as a source for your inventory (Section 7.3 of the Franchise Agreement).

5. Technology; POS System. WNW provides access to the point of sale computer system ("POS System"), which WNW has developed or may develop and/or designated for use for the System, which you are required to use in connection with your Wag N Wash® Store, as well as other services related to the technology used at your Store. See below in this Item 11 for additional information about WNW's technology requirements and see Item 6 for the technology fees associated with these requirements. There is no requirement that the technology fee be audited.

### **Required Advertising Contribution**

You must actively promote and advertise your Wag N Wash® Store within your Territory. Stores in the first 12 months of operation will contribute a fixed dollar amount of (a) \$3,350 per month in Local Marketing Spend (the "LMS") as directed by [PSPWNW](#) and administered by a third-party System Supplier and (b) \$1,000 to the National Advertising Fund (the "NAF") which [PSPWNW](#) has established for the common benefit of System franchisees. The NAF is further described below. For all subsequent months after the first 12 months of operation, the required monthly advertising contribution shall be the lesser of 3.5% of Gross Sales or \$8,333.00 ("the Advertising Contribution Monthly Cap") with (a) 2/3 of that amount directed to the LMS, as directed by WNW and administered by a third-party vendor and (b) 1/3 of that amount to the NAF. The NAF contribution shall be collected in the same manner of payment as the Royalty, as described in Section 4.6 below. The LMS contribution is remitted monthly to the third-party vendor managing the local advertising programs. Because the media buy is typically for several months, the monthly LMS contribution will be calculated on a quarterly basis using a lookback to previous sales. A per Store maximum annual total contribution (LMS and NAF) of \$100,000 applies to the required advertising contribution (the "Advertising Contribution Annual Cap").

You must spend the Advertisement Requirement as we prescribe in the Operations Manual or otherwise in writing, which may include, without limitation, requirements that you place

a certain number and/or type(s) of media advertisements and participate in customer loyalty programs. You must use any required advertising materials we generate in connection with local advertising; or, should you decide to use materials created by persons other than us, those materials must be approved by us prior to their placement. You may spend any additional sums you wish on local advertising, and all materials used for these local marketing efforts must be approved by us prior to placement. You acknowledge and agree that your local advertising obligation must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may only use the advertising and promotional materials we have previously approved in writing. (Section 7.19 of the Franchise Agreement).

You are permitted to use your own advertising materials if you have submitted them to us for approval at least 15 business days before your use. We will inform you in writing of our approval or disapproval of your proposed advertising materials within 10 business days of submission. (Section 7.19 of the Franchise Agreement).

### **National Advertising Fund**

As discussed in Item 6, WNW has established a "National Advertising Fund" or "Fund" for the common benefit of System franchisees. All franchisees must participate in and contribute to the Fund in the manner we prescribe. WNW will have the right to use the Fund contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the goods and services offered by Stores. We may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including, without limitation: (a) the cost of preparing and producing television, radio, magazine, and newspaper, and social and digital media advertising campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website and a gift card program; (e) the cost of developing customer loyalty programs; and (f) personnel and other departmental costs for advertising that we internally administer or prepare. While we do not anticipate that any part of Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 7.20(a) of the Franchise Agreement).

We will use the Fund contributions to develop and prepare advertising which we will distribute to franchisees for their placement in the local media. The advertising will be prepared by us and by outside sources. If we do not spend all Fund contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Fund regardless of amounts due from other franchisees. There is no requirement that the Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Fund expenditures within 180 days after the end of each fiscal year. We have the right to incorporate the Fund as a separate business entity. (Section 7.20(d) of the Franchise Agreement). Currently, there are no advertising councils composed of franchisees that advise us on advertising policies. However, WNW has the right to require that a franchisee advisory council be formed, changed, dissolved or merged. (Section 7.20 of the Franchise Agreement).

We may periodically assist franchisees to maintain high quality standards through

customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys. (Section 7.20(b) of the Franchise Agreement).

We have the sole right to determine how to spend contributions to the Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. Currently, we source advertising via national agency. We reserve the right to use any additional sources, such as in-house or regional agencies, in the future in our sole discretion. We are not required, under the Franchise Agreement or elsewhere, to spend any amount of the Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs, and the cost for accounting for the Fund.

Company and affiliate-owned Stores presently contribute to the National Advertising Fund on the same basis as our franchisees. None of the National Advertising Fund will be spent on advertising principally for the sale of franchises, but we reserve the right to include “franchises available” or similar statements on advertising paid for by National Advertising Fund.

In the fiscal year ending December ~~30, 28, 2024~~2023, the National Advertising Fund contributions were expended as follows: ~~40~~33% for social/digital/broadcast/traditional media, ~~30~~% for administrative costs, ~~65~~% for creative expenses and production of advertising materials, ~~50~~60% for web/email/direct mail marketing, and ~~42~~% for other costs, including analysis and public relations. The funds that are not allocated at the end of a year will remain in the Advertising Fund and will be used for the purposes described above.

### **Advertising Cooperatives**

We have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (“Cooperative”), and to determine whether a Cooperative is applicable to your Store. There are currently no Cooperatives. We also have the power to form, change, dissolve and/or merge Cooperatives. If a Cooperative is established applicable to your Store, you must participate in and contribute to the Cooperative. If a Cooperative is established, it need not operate from written governing documents and, as such, these documents will not be available for franchisees to review. Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by WNW. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior written approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 7.19 of the Franchise Agreement. Cooperative contributions will be credited towards your Advertising Requirement, and Cooperative contributions will not exceed the Advertising Requirement unless a majority of the Cooperative

votes to increase that requirement. Company and affiliate-owned Stores presently contribute to the Cooperative and have the right to vote in the Cooperative on the same basis as our franchisees. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for an exemption will be final.

Upon the request of a franchisee in the Cooperative, the Cooperative will provide that franchisee a copy of the bill for advertising that the Cooperative received. Neither WNW nor the Cooperative will prepare an annual accounting of these funds. (Section 7.21 of the Franchise Agreement).

### **Franchisee Advisory Committee**

We may create a franchisee advisory committee that will meet several times a year to discuss System changes and other general issues facing WNW franchisees, which generates communication between the franchisees on the committee and the rest of the System. We would appoint all members of the committee, though we may allow franchisees to vote on membership in the future. This committee would exist in an advisory capacity only and could be dissolved by us at any time.

### **Computer Point of Sale Electronic Equipment**

Franchisees are required to install the current POS System, as designated by WNW. Currently, the POS system must be leased through WNW. The current POS System includes various computer hardware and software components and programs, including: a point of sale terminal, communication software, monitors, printers and scanners, business suite software, database software, and network components. You may be required to purchase or lease the Store network equipment, payment card devices, and groom room computer equipment separately from our approved supplier, and you may be responsible for additional installation charges. The system is proprietary and has been configured for WNW. It will enable your Store to scan items at each cash register in your Store. The system will show the amount of sales or movement of each item in your Store. (Section 7.7(a) of the Franchise Agreement). WNW will have independent access to the information generated and stored in the systems.

WNW estimates that the cost of leasing the equipment for the POS System designated by WNW will be approximately \$283265 per month *plus tax if applicable in jurisdiction where the Store is located* (based on a five-year sublease), depending on the exact configuration of the system you select and other factors. Once you have subleased the equipment from WNW, WNW will provide certain ongoing maintenance, repairs, upgrades or updates to your POS System, as long as you are current with required technology fee payments.

WNW currently maintains the costs and retail prices of the items offered for sale from your Wag N Wash® Store in your POS System (if you use the retail prices suggested by WNW). WNW will add new items, delete discontinued items and make price changes as necessary to the database in your POS System. Each month WNW will make the necessary adjustments to the database in your POS System for the cost and retail prices of the items that are being promoted by all WNW Stores in that month and WNW will cause those items to revert to their customary costs and retail prices at the end of that month. Individual Store-specific pricing maintenance is

solely your responsibility. There is additional effort and risk associated with maintaining your own pricing. WNW will have access to the data described above. The Franchise Agreement does not impose a limit as to what data we may access or how WNW may use the data. WNW currently uses the data to determine the items that will be offered in Wag N Wash® Stores and to negotiate the cost of those items from the distributors who will supply them to your Wag N Wash® Store. We are authorized to accept the sales reported through your POS System as true and correct. (Section 7.7 of the Franchise Agreement).

WNW may require that you upgrade and update any hardware component or software program from time to time. We do not anticipate that you will typically have maintenance and upgrade requirements on an annual basis, but we may require that you upgrade and update any hardware component or software program from time to time and you may incur the then-current cost do so, which amount will not exceed \$1,500 in a given year. The Franchise Agreement does not impose a limit as to the number or cost of such changes to the computer system. (Section 7.7 of the Franchise Agreement). WNW requires that you pay WNW or WNW's designated vendor(s) a technology fee (which may be collected monthly, quarterly, or annually) associated with maintaining required computer hardware and software and any other technology used in the operation of your Store, including the POS System hosting described above and payment card processing services. (Section 4.9 of the Franchise Agreement).

### **Website and Internet Presence**

1. You must have and maintain adequate hardware and software in order to access the Internet at the minimum bit speed we require which could change from time to time. We have the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by WNW System franchises. We have sole discretion and control over our existing website, <http://www.wagnwash.com>. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Store and other Wag N Wash® Stores. If we do create such a page, we may require you to prepare all or a portion of the page for your Store, at your sole expense, and may require you to use a template that we provide. (Section 7.8(b) of the Franchise Agreement). We may use National Advertising Fund contributions to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance, update, and operations of our website. (Section 7.8(a) of the Franchise Agreement).

2. You are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Store, including without limitation, Facebook, Instagram, LinkedIn, MySpace, Pinterest, TikTok, X (formerly Twitter), and YouTube, that uses any variation of the Marks or references the System, without obtaining WNW's prior written approval, which may be withheld or withdrawn at any point if WNW determines it is in the best interests of the System. (Section 7.8(c) of the Franchise Agreement). You must also provide WNW administrative rights and access to any social media or digital sites or applications.

3. We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Section 7.8(d) of the Franchise Agreement). We are the registrant of the website <http://www.wagnwash.com>, and we or our affiliate will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from

registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Section 7.8(e) of the Franchise Agreement).

4. We have the right to structure and utilize our website in any manner. This includes utilization of the website to sell product for retail purchases. WNW has implemented an eCommerce program consisting of an online-based in-store (curbside) pickup service and a deliver from store service (which includes a subscription service) within a designated radius of each store. Delivery services may be provided as a fee for service by a third-party (subject to local availability) or delivery services may be provided by store personnel. As part of the offering, you acknowledge and agree that WNW reserves the right to require you to participate in the in-store (curbside) pickup service and the deliver from store service. We do not currently offer or operate any direct-to-customer distribution services other than an internet solution focused on sending traffic and sales to stores, including a pick-up at store and deliver from store service (the “Existing Channels”). In the event we implement any distribution channel in addition to the Existing Channels, we may, but are under no obligation to, share any revenue from direct-to-customer sales through such alternate channels with our franchisees, and we reserve the right to modify any revenue sharing arrangement associated with such alternate channels of distribution at any time.

## **ITEM 12 TERRITORY**

### Franchise Agreement

You will operate the Store from a location that we must accept (“Approved Location”). You will enter into our Site Selection Addendum, attached as Exhibit 1 to the Franchise Agreement, which will identify a site selection territory and govern the site selection process. After you sign your Franchise Agreement and we subsequently agree upon your Approved Location, we will grant you a non-exclusive area within which we will not open another Store under the Marks and System (the “Territory”), as identified in the Data Sheet attached to the Franchise Agreement. We will not locate another Store operating under the Marks and System physically within your Territory, whether company-owned, affiliate-owned, or otherwise. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The size of your Territory will depend on the number of people where the Territory exists and take into account other factors like projected household growth and potential future store development. While there is no minimum or maximum size for a Territory, the Territory granted to each franchisee may differ because of differences in demographic characteristics of certain areas. We anticipate that a Territory generally consists of approximately 60,000 people based on the company’s commercially available demographic and mapping software in use at the time of the assignment and based on commercially available growth and population estimates from its licensed suppliers in more populous or more densely populated areas, however in less populous or less densely populated markets, the Territory may more closely approximate 30,000 people. The Territory will generally be defined as a radius around your Approved Location. The final size of your Territory is defined at the sole and absolute discretion of the company, and you are not guaranteed a minimum territory. You may relocate the Store only with our prior written approval.

We have the right to immediately terminate your Franchise Agreement if you relocate your Store without our prior written approval.

### Multi-Unit Agreement

We grant Multi-Unit Agreements for the right to own and operate multiple Stores in an protected designated area (“Development Area”) according to a mandatory development schedule. The geographic size of the Development Area will depend upon the number of Stores you and we agree to open. We will not establish, or license others to establish, WNW Stores at any location in the Development Area during the term of the Multi-Unit Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Each Store must be open according to the “Development Schedule” set forth in the Multi-Unit Agreement, which will specify the number of Stores to be open and the time frames within which they must be open (“Opening Deadlines”). Failure to comply with the Development Schedule, including closing Stores open during the term of the Multi-Unit Agreement, will result in termination of the Multi-Unit Agreement. In the event that you fail to meet the Development Schedule and the Multi-Unit Agreement is terminated, you will retain your rights to any individual Stores for which you have (a) executed Franchise Agreements; and (b) made all appropriate payments to us.

In order to exercise your rights to open each Store under a Multi-Unit Agreement, you must: (a) be fully compliant with the terms of the Multi-Unit Agreement and any other agreements with us, our affiliates, and our approved and designated suppliers, and have complied with those agreements during their respective terms; (b) not be in default of any Franchise Agreements you enter into during the term of your Multi-Unit Agreement; and (c) have satisfied all monetary obligations you owe to us or our affiliates and approved vendors. You must also ensure that neither the Multi-Unit Agreement nor any other agreement between you and us has expired or been terminated, and sign a general release in our favor. You must meet these conditions at the time of signing Franchise Agreements for Stores, seeking lease approval for additional Stores, and at the time of requesting permission to open additional Stores. We will require you to sign our then-current form of Franchise Agreement for each individual Store developed under a Multi-Unit Agreement.

### Reserved Rights

During the term of the Franchise Agreement, WNW will not establish nor license anyone else to establish another Wag N Wash® Store at any location within your Territory, as discussed above. WNW will have the right (among other things), on any terms and conditions that WNW deems advisable, and without granting you any rights, to do any or all of the following: (i) to own and operate or license to others the right to own and operate Stores at any location(s) outside your Territory under the same or different marks, or to license others the right to own and operate Stores at any location(s) outside your Territory under the same or different marks; (ii) to own and operate and license to others the right to own and operate businesses under other marks or systems primarily offering different goods or services from Stores, outside of the Territory; (iii) to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser including, but not limited, to sales made at mail order and on the Internet, as long as these sales are not conducted

from a Wag N Wash® Store operated from a location inside the Territory; (iv) to acquire or be acquired by any other business; and (v) to engage and to license others to engage in any other activities not expressly prohibited by the Franchise Agreement. WNW does not pay any compensation to franchisees for soliciting or accepting orders from inside the franchisee's Territory.

By granting you a Territory, WNW is not assuring you that you have the exclusive right to market and sell products and services under the WNW trademarks, trade names and service marks to individuals or businesses located within your Territory. Advertising and promotional materials created or placed by WNW, or by other franchisees of WNW or other entities authorized by WNW, may appear in media distributed in, or may be directed to prospective customers at any location, including within your Territory, including on WNW's website or other related websites. Continuation of your Territory is not contingent on your achievement of certain sales volume, market penetration or other contingency. Your Territory may not be altered without your approval, and WNW will not modify your territorial rights within your Territory under any other circumstances.

The Franchise Agreement does not contain any provisions under which you might receive any options, rights of first refusal or similar rights to acquire additional franchises within the Territory or in any contiguous areas.

WNW, in any Wag N Wash® Store operated by it, and each of WNW's franchisees, may sell their products and services to any customer, no matter where that customer resides. Unless otherwise permitted by WNW, you shall offer and sell only products and services previously authorized by WNW, only from your Wag N Wash® Store, only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Operations Manual, and only to retail customers at or from your Wag N Wash® Store. You will not offer or sell products or services authorized under the Franchise Agreement through any other means, including without limitation, via wholesale distribution or through delivery, satellite locations, temporary locations, the Internet, mail order, or through any electronic media without WNW's express prior written approval.

#### Alternative Channels of Distribution

At this time, WNW has not fully implemented any other channels of distribution for products and services that are the same or similar to the products and services offered at Wag N Wash® Stores, either under the Wag N Wash® Marks or under different trademarks.

WNW has implemented an eCommerce program consisting of an online-based in-store (curbside) pickup service and a deliver from store service (which includes a subscription service) within a designated radius of each store. Delivery services may be provided as a fee for service by a third-party (subject to local availability) or delivery services may be provided by store personnel. As part of the offering, you acknowledge and agree that WNW reserves the right to require you to participate in the in-store (curbside) pickup service and the deliver from store service. When required, you will allow us to set up the required software and other technical functionalities so that your store is able to receive online orders purchased through a website or e-commerce platform we designate. You may incur an increased cost to comply with these required software or hardware changes.

We do not currently offer or operate any direct-to-customer distribution services other than an internet solution focused on sending traffic and sales to stores, including a pick-up at store and deliver from store service (the “Existing Channels”). In the event we implement any distribution channel in addition to the Existing Channels, we may, but are under no obligation to, share any revenue from direct-to-customer sales through such alternate channels with our franchisees, and we reserve the right to modify any revenue sharing arrangement associated with such alternate channels of distribution at any time.

Certain products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in the manner and through such channels of distribution as we determine at our sole discretion. Alternate channels of distribution include, but are not limited to, sales of pet food, pet supplies and accessories, grooming tools, and other supplies via the Internet, through wholesale distribution, through grocery stores and other retail outlets, and via direct marketing and mail order catalog. The Franchise Agreement and Multi-Unit Agreement do not grant you the right to: (i) distribute the products as described in this paragraph; or (ii) share in any of the proceeds from our activities through alternate channels of distribution.

We do not currently plan to operate or franchise any business under any different trademark, but we reserve the right to do so in the future. As described in Item 1, our affiliate PSP offers franchises for specialty retail businesses that offer a wide variety of pet food, pet supplies, pets (including small animals, birds, reptiles and fish, but not dogs or cats), pet grooming and bathing services, and related products and services under the trade name “Pet Supplies Plus”. Neither we nor our affiliates are restricted from establishing other franchise or company-owned businesses, or other channels of distribution, selling or leasing similar products or services under a different trademark including within your Territory.



### ITEM 13 TRADEMARKS

You will have the limited right to use the Marks we designate for use in connection with the System. We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

#### Federally Registered Marks

Name or Mark	Registration Number	Registration Date
WAG N WASH	3067591	March 14, 2006
WAG N WASH HEALTHY PET CENTER	3176022	November 28, 2006

Name or Mark	Registration Number	Registration Date
		
<p data-bbox="203 541 495 573">WAG N WASH LOGO</p> 	<p data-bbox="824 678 938 709">3853416</p>	<p data-bbox="1133 678 1401 709">September 28, 2010</p>
<p data-bbox="203 898 487 961">WAG N WASH HORIZONTAL LOGO</p> 	<p data-bbox="824 1035 938 1066">5226148</p>	<p data-bbox="1174 1014 1360 1045">June 20, 2017</p>
<p data-bbox="203 1255 535 1318">WAG N WASH HORIZONTAL LOGO – 2</p> 	<p data-bbox="824 1392 938 1423">5226149</p>	<p data-bbox="1174 1392 1360 1423">June 20, 2017</p>
<p data-bbox="203 1612 516 1675">WAG N WASH ROUND LOGO</p>	<p data-bbox="824 1644 938 1675">5226146</p>	<p data-bbox="1174 1644 1352 1675">June 20, 2017</p>

Name or Mark	Registration Number	Registration Date
		
<p>WAG N WASH ROUND LOGO – 2</p> 	5226147	June 20, 2017
KEEP 'EM WAGGING	5821846	July 30, 2019
WASH 'EM, FEED 'EM, SPOIL 'EM, LOVE 'EM	5898998	October 29, 2019
WAG N WASH NATURAL PET FOOD & GROOMING CIRCLE LOGO	5905198	November 5, 2019

Name or Mark	Registration Number	Registration Date
		
<p>WAG N WASH NATURAL PET FOOD &amp; GROOMING LOGO</p> 	5905199	November 5, 2019
 	7104093	July 11, 2023
 	7104094	July 11, 2023

Name or Mark	Registration Number	Registration Date
	7104141	July 11, 2023
	1774875	<del>December 1, 2023</del>
	1775161	<del>December 1, 2023</del>
	1774664	<del>December 1, 2023</del>

Name or Mark	Registration Number	Registration Date
WAG N WASH REWARDS	7191146	October 10, 2023
WNW REWARDS	7323829	March 5, 2024
	<a href="#">7446754</a>	<a href="#">July 16, 2024</a>
	<a href="#">7446756</a>	<a href="#">July 16, 2024</a>
	<a href="#">7446758</a>	<a href="#">July 16, 2024</a>

There are no effective determinations of the patent office, the trademark administrator of any state or any court, pending interference, opposition or cancellation proceedings, nor any pending material litigation involving the Wag N Wash® Marks shown above. There are no agreements currently in effect which limit the rights of WNW to use or to grant franchises or others to use the Wag N Wash® Marks in any manner material to the System. We have timely filed, or

intend to timely file, with the United States Patent and Trademark Office all required renewals, affidavits of use, and an affidavit of incontestability, when due, for the all required affidavits for the trademarks. WNW is not aware of any superior prior rights or infringing uses that could materially affect a Franchisee's use of the principal Wag N Wash® Marks.

WNW may add additional trademarks to the Wag N Wash System or it may discontinue the use of any mark used in connection with the Wag N Wash System at any time.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We are the lawful and sole owner of the domain name <http://www.wagnwash.com>. You cannot register any of the Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using a website using the Marks. You may access our website through your assigned Store web page. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with the Marks or our System, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Marks only at the Approved Location or in advertising

for the Store. You must use all Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Wag N Wash®.” You must promptly register at the office of the county in which your Store is located, or such other public office as provided for by the laws of the state in which your Store is located, as doing business under such assumed business name.

All of your advertising must prominently display the Marks and must comply with our standards for using the Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Store (in the manner we prescribe) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Store premises.

We reserve the right to substitute different Marks for use in identifying the System and Stores operating under the System. You must discontinue using all Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Marks at your expense.

#### Multi-Unit Agreement

The Multi-Unit Agreement does not grant you any independent right to use the Marks. Your right to use the Marks will be governed solely by the terms and conditions of your individual Franchise Agreements with WNW.

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

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations Manual, advertising, and business materials. We do not have any pending patent applications that are material to the franchise.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our Franchise System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted materials. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, including our supplier networks and pricing plans through supplier networks, operating systems, other standards and specifications for product and/or service placement and pricing, price marketing mixes related to products and services offered under the System, copyrighted materials, including the Operations Manual, and other methods, techniques, and know-how concerning the operation of the Store (“Confidential Information”) you will acquire in your capacity as our franchisee. Customer information, including customer names, contact information, purchasing histories, and discounts offered to customers (collectively “Customer Information”) also constitute our trade secrets and confidential information. You must report all required customer information into our customer management database (the “CRM”).

We do not presently sell or otherwise disclose Customer Information to third parties. Customer Information is considered confidential information and is owned by Wag N Wash. You are prohibited from disclosing Customer Information to third parties for any purpose, and must adhere to any privacy policies we may now or in the future establish with respect to customer information. You may divulge Confidential Information only to employees who must have access to it in order to perform their employment obligations. Your owners, officers, and key managers must sign confidentiality and non-compete agreements stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third party beneficiary to the agreement and give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Store, you shall promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to the new concepts. You and your principals must assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any new concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals must irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals must grant us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

You must devote your personal full-time attention and best efforts to the management and operation of the Store, or you may delegate the day-to-day operation of your Store to a manager (“Key Manager”). Your Key Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Store must, at all times, be staffed with at least one individual who has successfully completed our initial training program. In the event that you operate more than one Store, under a Multi-Unit Agreement or otherwise, you will have a properly trained Key Manager who has completed our training program at each location. You will keep us informed at all times of the identity of any employees acting as Key Managers of a Store, and any change in their employment status. ~~Key Managers are not required to have an equity interest in your Store.~~ In any event, you are personally responsible for the operation of your Store(s). Key Managers are not required to have ownership interest in the franchisee, but we reserve the right to require this in the future.

In the event that a Key Manager resigns or is otherwise terminated, you must hire a replacement who meets our then-current standards for Key Managers. The new Key Manager must complete initial training to our satisfaction within 30 days after being hired, subject to the availability of our personnel. Your Key Manager(s) shall devote full time and best efforts to the day-to-day operation and management of the Store and shall not engage in any other business activity without our prior written consent. Your employees will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and shall execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit 5 to the Franchise Agreement.

You (or if you are a corporation, each of your shareholders; or if you are a partnership, each of your general partners; or, if you are a limited liability company, each of your members) must sign a Personal Guaranty attached as Exhibit 6 to the Franchise Agreement. In addition, we require the spouse of each shareholder, partner, or member to execute a personal guaranty.

In the event that the franchisee consists of an entity with multiple owners or principals, then the franchisee will be required to designate a primary point of contact for day-to-day operational issues (“Operating Principal”). The Operating Principal will be designated in the Data Sheet attached to the Franchise Agreement, and you expressly agree and acknowledge that the Operating Principal is authorized to communicate with us regarding the day-to-day operations of your Store, that we may rely on these communications, and that you will be bound by anything that is communicated by the Operating Principal to us or any of our affiliates.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell all of the products which we require, and only the products which we authorize for the System, in the manner we prescribe, which presently include self-service pet bathing, professional pet grooming, and retail sale of select pet supplies, pet accessories, pet bakery, and pet food items. You will not offer to sell or provide at or through the Store any merchandise, products or services that have not been approved in writing, or use the premises for any other purpose other than the operation of the Store. You may not use nor sell pet food,

pet supplies, pets, fixtures, furnishings, signs, or equipment which do not meet our standards and specifications, unless approved in writing.

You will offer and sell all Approved Products and Services in accordance with our standards and specifications. We have the right to require you to offer and sell additional goods or services as we may designate, including the right to require you to participate in delivery and in-store pickup e-commerce distribution channels. There are no limits on our right to do so. You must at all times maintain sufficient levels of inventory to meet and satisfy consumer demand and maintain the goodwill associated with the Marks and System. You must stop using or offering disapproved products or services immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately. The sale of unapproved or disapproved products is a default under the Franchise Agreement, and WNW also has the right to charge a penalty fee of \$500 per item.

Your grant of a Wag N Wash franchise does not include: (i) any right to independently offer any services via e-commerce; (i) any right to establish an independent website or to establish a URL incorporating the Marks or any variation of the Marks; or (ii) any right to distribute, market, or implement our services in any channel of distribution not specifically identified in the Franchise Agreement.

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

**THE FRANCHISE RELATIONSHIP**

**These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document:**

**A. FRANCHISE AGREEMENT**

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a.	Length of franchise term	2.1	10 years from the date we sign the Franchise Agreement.
b.	Renewal or extension of the term	2.2	2 successive 5 year renewals. Provided that you meet the conditions enumerated in Section 2.2 of the Franchise Agreement, the option for an additional 5-year renewal term following the 2 successive 5-year renewal terms shall not be unreasonably withheld.
c.	Requirements for you to renew or extend	2.2	You may, at your option, renew this franchise for 2 successive, additional 5-year terms provided you meet all of the conditions below: (i) provide notice of your renewal no fewer than 3 months and no greater than 9 months prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Approved Location for the

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			duration of the renewal term or, if you are unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later than 90 days prior to expiration of your then-current term, all maintenance, refurbishing, renovating, updates and remodeling of the Store premises, as well as any update to required hardware and software, as necessary to bring the Store and all equipment into full compliance with our then-current System standards and specifications; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also be in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of Franchise Agreement, the terms and conditions of which may materially vary from the terms of your current Franchise Agreement, provided that the size of your Territory will not change; (vii) pay a renewal fee of \$2,500; (viii) satisfy our then-current training requirements for renewing franchisees at your sole expense; and (ix) execute a general release in favor of us and our affiliates in the form we prescribe.
d.	Termination by you	Not applicable	Not applicable (subject to applicable law)
e.	Termination by us without cause	Not applicable	Not applicable
f.	Termination by us with cause	Section 13	We may terminate the Franchise Agreement for the reasons set forth below.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g.	“Cause” defined – curable defaults	Section 13.3	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any monies you owe us or our affiliates; (ii) you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iii) you fail to maintain the designated amount inventory, at cost, at your Store, or otherwise fail to maintain sufficient levels of inventory to meet consumer demand; (iv) you fail to sign a Lease for your Store within 12 months from the date you sign the Franchise Agreement, or if you fail to open your Store within 7 months of signing a Lease; (v) you fail to operate the Store during the months, days and hours that we prescribe; (vi) you fail to personally supervise Store operations or employ adequate personnel; (vii) you fail to maintain our quality controls and standards; (viii) you conduct yourself in a manner which reflects adversely on the System, the Marks, or our products; (ix) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Store; (x) you fail to notify us of any change in your banking relationship, including changes to banking institutions or account numbers, or if you siphon any portion
		Section 13.4	of the Gross Sales of your Store into a bank account not approved of by us or which is not accessible to us via EFT; (xi) you offer any unauthorized or discontinued products or services in connection with the operation of your Store; or (xii) you order or purchase supplies, or certain other items, from unapproved suppliers.  We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement or any other agreement with us or our affiliates.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h.	“Cause” defined – non-curable defaults	Section 13.1	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Store; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Store without your consent, and the appointment is not vacated within 60 days; or (iii) you pur-port to sell, transfer or otherwise dispose of your interest in the Franchise Business without our written approval.
		Section 13.2	We have the right to terminate the Franchise Agreement with notice without providing you an opportunity to cure if: (i) you are convicted of or plead guilty or no contest to a felony or take part in criminal acts or misconduct; (ii) you commit fraud or make any material misrepresentations; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our initial training program to our satisfaction; (v) you receive 2 or more written notices of default within any 12-month period; (vi) you materially breach any other agreement with us or our affiliates, or your landlord, or threaten a material breach of such an agreement, including any lease for the Approved Location, and fail to cure the breach within any applicable cure period; (vii) you misuse the Marks or Confidential information(; (viii) you violate any health, safety or sanitation law; (ix) you violate the in-term restrictive covenants of the

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you and is not released or bonded against within 30 days; (xi) you become insolvent; (xii) you abandon the Store; (xiii) you misuse our proprietary software; (xiv) you fail to maintain required insurance; (xv) you fail to comply with any governmental notice of non-compliance with any law or regulation within 15 days of the notice; (xvi) any governmental action is taken against you that results in any obligation upon us; (xvii) you fail to comply with any anti-terrorist laws; (xviii) you take for personal use any taxes or other assets of the Store; (xix) there are insufficient funds in your bank account to cover EFT payments 3 or more times in any 12 month period; (xx) an audit reveals that you have understated your Gross Sales or advertising expenditures by more than 2%, or you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period; or (xxi) you relocate the Store without our prior written consent.
i.	Your obligations on termination/renewal	Section 13.7	Upon termination or expiration of the Franchise Agreement, you must: (i) cease all operations under the Franchise Agreement; (ii) promptly pay all sums you owe us, including any amounts still payable in connection with the POS System sublease pursuant to Exhibit L; (iii) cease using the Marks and System; (iv) return to us all manuals, proprietary materials, and Confidential Information; (v) cease using and assist in transferring all of your telephone numbers to us; (vi) arrange for transfer of the lease and vacate the Store premises, if we exercise our rights under the Collateral Assignment of Lease; (vii) return to us all items reflecting the Marks; (viii) cease holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Marks; (x) allow us to inspect your financial records; (xi) comply with the post term covenants contained in the Franchise Agreement; (xii) cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; and (xiii) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal.
j.	Assignment of contract by us	Section 12.1	No restrictions on WNW's right to assign or transfer.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
k.	“Transfer” by you – definition	Section 12.3	Each of the following will be deemed a transfer: (i) any sale, assignment, transfer or other conveyance by you, with or without consideration, of any right or interest granted to you by the Franchise Agreement; (ii) any pledge, encumbrance or the granting of any security interest in any right or interest granted to you by the Franchise Agreement without our prior written consent; (iii) any sale of the assets of the Store outside of the ordinary course of business; (iv) any sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance or security interest in the Franchise Agreement which results in disposition of all or any portion of your interest herein; or (v) if you form a corporation, partnership, limited liability company, unincorporated association or similar entity to operate your Store (upon the terms and conditions set forth in the Franchise Agreement) will be deemed to apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, membership interest, partnership interest, or other ownership interest in a franchisee, which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of “control” of a corporate franchisee within the meaning of the Securities Exchange Act of 1934 and the regulations thereunder.
l.	Our approval of transfer by franchisee	Sections 12.2 and 12.4	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	Section 12.4	We will approve a proposed transfer if: (i) the transferee follows our application procedures, meets our then-current standards for new franchisees, and is not in the same business as WNW; (ii) we have not exercised the right of first refusal; (iii) all of your accrued monetary obligations to us and our subsidiaries, affiliates, and approved and designated vendors are paid in full; (iv) you have cured any existing defaults under the franchise agreement or any other agreement with us; (v) you comply with the post-termination obligations of the franchise agreement; (vi) you or the transferee pay a transfer fee of \$5,000; (vii) the transferee completes our training program at its expense; (viii) the transferee executes our then-current form of Franchise Agreement for the remaining unexpired term; (ix) the transferee, within 90 days of transfer, updates the premises according to our then-current design criteria; (x) you and your

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			<p>principal sign a general release; (xi) the transferee obtains and maintains all required permits and licenses; (xii) all required consents are obtained to transfer the lease or other agreements; (xiii) the transfer is made in compliance with all laws; (xiv) the purchase price and the terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Store and performance under its franchise agreement; (xv) you request that we provide the transferee with our then-current disclosure document; and (xvi) we have the right to any transferee such revenue reports and other financial information concerning the Store.</p> <p>We may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.</p>
n.	Our right of first refusal to acquire your business	Section 12.7	WNW can match any offer for the franchised business. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business.
o.	Our option to purchase your business	Section 13.8	WNW has the option to purchase at book value.
p.	Your death or disability	Section 12.5	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 45 days of your death or disability, they agree to assume your obligations under the Franchise Agreement, successfully complete our initial training program, and otherwise meet our satisfaction.
q.	Non-competition covenants during the term of the franchise	Section 11.1(a)	During the term of the Franchise Agreement, neither you, your principals, nor any member of the immediate family of you or your principals who work at the business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenues from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized by WNW for sale by System franchisees, provided, however, that this Section does not apply to your operation of any other

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			Store; or (ii) solicit the Store's customers or contact any of our suppliers or vendors for any competitive business purpose.
r.	Non-competition covenants after the franchise is terminated or expires	Section 11.1(b)	For a period of 2 years after the expiration, nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you nor your owners, officers, directors, principals, Key Managers, nor any member of your immediate family or the immediate family of your owners, officers, directors, principals, and Key Managers who work at the business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) enter into any business competing in whole or in part with us by granting franchises or licenses for businesses which derive 20% or more of their revenues from the sale of pet food, toys, accessories, supplies, grooming products, pet bathing or grooming services, or other products or services offered or authorized for sale by System franchisees at the time the Franchise Agreement is terminated or otherwise expires and is not renewed; (ii) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that derives 20% or more of its revenue from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized by us for sale by System franchisees at the time the Franchise Agreement is terminated or otherwise expires and is not renewed: (a) at the Approved Location premises; (b) within the Territory; or (c) within a 5-mile radius of the Territory or any other Territory licensed by us as of the date of expiration or termination of the Franchise Agreement; or (iii) solicit the Store's customers or contact any of our suppliers or vendors for any competitive business purpose.
s.	Modification of agreement	Section 17.5	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t.	Integration/merger clause	Section 17.5	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	Sections 16.2 and 16.3	You must bring all disputes before our Board of Directors or Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Oakland County, Michigan in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. <del>(subject to state law)</del>
v.	Choice of forum	Section 16.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Oakland County, Michigan, or the United States District Court for the Eastern District of Michigan. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Oakland County, Michigan and the United States District Court for the Eastern District of Michigan. Please see the State-Specific Addenda attached as Exhibit I to this Disclosure Document for further details. You agree that there will be no class actions (subject to applicable state law).
w.	Choice of law	Section 16.1	The Franchise Agreement is governed by the laws of the State of Michigan. See the State Specific Addenda attached as Exhibit I to this Disclosure Document for further details (subject to applicable state law).

## B. MULTI-UNIT AGREEMENT

	PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
a.	Length of the Multi-Unit Agreement term	Section 3.2	The term begins upon execution of the Multi-Unit Agreement and ends on the last day of the calendar month that the final franchised business is required to be opened and operating under the Development Schedule, or upon execution of the lease for the final Franchised Business under the Multi-Unit Agreement, whichever occurs sooner.
b.	Renewal or extension of the term	Not applicable	Not applicable
c.	Requirements for you to renew or extend	Not applicable	Not applicable
d.	Termination by you	Not applicable	Not applicable (subject to applicable law)

	PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
e.	Termination by us without cause	Not applicable	Not applicable
f.	Termination by us with cause	Section 3.3	We have the right to terminate the Multi-Unit Agreement with cause.
g.	"Cause" defined – curable defaults	Section 3.3	The Multi-Unit Agreement will terminate with notice and a 30-day opportunity to cure if you fail to meet any of the Opening Deadlines.
h.	"Cause" defined – non-curable defaults	Section 3.3	The Multi-Unit Agreement will automatically terminate without notice or an opportunity to cure if: (i) if you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; or (ii) if any franchise agreement that is entered into under the Multi-Unit Agreement is terminated or subject to termination by us, pursuant to the terms of that franchise agreement.
i.	Your obligations on termination / non-renewal	Not applicable	Not applicable
j.	Assignment of contract by us	Section 3.1	Fully transferable by us.
k.	"Transfer" by you - definition	Section 3.1	A transfer will occur if you sell, transfer, or assign any right granted under the Multi-Unit Agreement. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under the Multi-Unit Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in the first franchise agreement you sign under the Multi-Unit Agreement.
l.	Our approval of transfer by you	Section 3.1	You may not transfer any rights in the Multi-Unit Agreement without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	Section 3.1	Your rights under the Multi-Unit Agreement are personal to you and you may not sell, transfer, or assign any right granted under it without our prior written consent, which may be withheld in our sole discretion.

	PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
n.	Our right of first refusal to acquire your business	Not applicable	Not applicable
o.	Our option to purchase your business	Not applicable	Not applicable
p.	Your death or disability	Not applicable	Not applicable
q.	Non-competition covenants during the term of the Franchise	Not applicable	Nothing in addition to the requirements under the Franchise Agreement.
r.	Non-competition covenants after the Franchise is terminated or expires.	Not applicable	Nothing in addition to the requirements under the Franchise Agreement.
s.	Modification of the Agreement	Section 5.14	The Multi-Unit Agreement may only be modified or amended in writing signed by all parties.
t.	Integration / merger clause	Section 5.14	Only the terms of the Multi-Unit Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Multi-Unit Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 4.2 and 4.3	You must bring all disputes before our Board of Directors or Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Oakland County, Michigan in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. <a href="#">(subject to state law)</a>
v.	Choice of forum	Section 4.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Oakland County, Michigan, or the United States District Court for the Eastern District of Michigan. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Oakland County, Michigan and the United States District Court for the Eastern District of Michigan. Please see the State-Specific Addenda attached as Exhibit I to this Disclosure Document for further details. You agree that there will be no class actions. (subject to applicable state law)

	PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
w.	Choice of law	Section 4.1	The Multi-Unit Agreement is governed by the laws of the State of Michigan (subject to state law). See the State Specific Addenda attached as Exhibit I to this Disclosure Document for further details. (subject to applicable state law)

## ITEM 18 PUBLIC FIGURES

WNW does not 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 any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

### BACKGROUND

This Item sets forth historical gross sales information for franchised-owned outlets and affiliate-owned locations for the measurement period of January 1, 2024 to December 28, 2024, (the “Measurement Period”), which was provided to us by our franchised-owned Stores. There were 18 Franchised Stores that were open and operating at the start of the Measurement Period, one (1) of which transferred during the Measurement Period. Excluded from this Item are 4 stores that were in operation for the full Measurement Period, which were acquired from another system, because their store size and certain other variables, such as merchandise assortment, are not representative of the System as a whole, nor substantially similar to the franchise offered in this disclosure document. Specifically, this Item sets forth average weekly sales data, average annual sales data, average annual gross margin dollars, and average annual gross margin percentage for the 11 reporting Franchised Stores that were open and began operating prior to January 1, 2024 and operated the full Measurement Period under the same owner (the “Reporting Franchised Stores”). The Reporting Franchised Stores excludes the 1 Franchised Store that transferred. The Reporting Franchised Stores also excludes the 4 stores that are not representative of the system as a whole and 3 Franchised Stores that did not fully or timely report all items presented. ~~2023 to December 30, 2023, (the “Measurement Period”), which was provided to us by our franchised-owned Stores. At the end of the Measurement Period, there were 18 franchised outlets and 6 affiliate-owned outlets, which is a total of 24 outlets.~~

~~Specifically, this Item sets forth average weekly and annual gross sales data, gross margins, earnings before interest, taxes, depreciation, and amortization (“EBITDA”), rent expenses, royalties fee expenses and labor expenses for the 10 reporting Franchised Stores that were open~~

and began operating prior to January 1,

~~We have not audited or independently verified the data submitted by the Stores and no assurance can be offered that the data does not contain inaccuracies that an audit might disclose. 2023 (the "Reporting Stores"). Excluded from this Item are: (i) 2 stores that were in operation for the full Measurement Period, which were the System's highest and lowest grossing stores, as size and certain expense and other variables, such as rent, are not representative of the System as a whole, nor substantially similar to the franchise offered in this disclosure document; (ii) 2 stores that did not report the applicable financial data to us; and (iii) 4 stores that opened at some point in 2023, and therefore were not open for the duration of the Measurement Period.~~

We will provide you with written substantiation for the financial performance representation upon reasonable request.

Importantly, the success of your franchise will depend largely upon your individual abilities and your market, and the financial results of your franchise are likely to differ, perhaps materially, from the results summarized in this Item. The figures provided in this Item should not be considered as the actual or probable results that you will or can realize.

**REPORTING FRANCHISED STORES' GROSS SALES, GROSS MARGINS,  
EBITDA MARGIN, RENT  
AND LABOR EXPENSES**

The tables and charts below present the Reporting Franchised Stores' Average Weekly Gross Sales<sup>1</sup>; Average Annual Gross Sales<sup>2</sup>; Average Annual Gross Margin Percentage<sup>3</sup>; Average Annual EBITDA<sup>4</sup>; Average Annual EBITDA as a Percentage of Gross Sales<sup>5</sup>; Average Annual Rent<sup>6</sup>/Rent<sup>4</sup>, Average Annual Rent as a Percentage of Gross Sales<sup>7</sup>; Average Annual Royalty Fees<sup>8</sup> Average Annual Royalty Fees as percentage of Gross Sales<sup>9</sup>/Sales<sup>5</sup>, Average Annual Labor Expenses<sup>10</sup>/Expenses<sup>6</sup>, and Average Annual Labor Expenses as a Percentage of Gross Sales<sup>11</sup>/Sales<sup>7</sup> during the Measurement Period.

**REPORTING STORES' GROSS SALES, GROSS MARGINS, EBITDA, RENT,  
ROYALTY FEE & LABOR EXPENSES**

**January 1, 2023 to December 30, 2023**

<b>January 1, 2024 to December 28, 2024</b>	
<b>All Reporting Franchised Stores (11)</b>	<b>Average of All Stores</b>
Store Count	— <u>1011</u>
<u>Average</u> Weekly Gross Sales <sup>128</sup>	\$ <u>26,413</u> <u>25,028</u>
<u>Average</u> Annual Gross <u>Sales</u> <sup>13</sup> / <u>Sales</u> <sup>9</sup>	\$ <u>1,373,498</u> <u>301,435</u>
Annual Gross Margin % <sup>14</sup> / <u>\$</u> <sup>10</sup>	<u>65.8%</u> <u>833,466</u>
<u>Annual EBITDA</u> <sup>15</sup>	<u>\$76,054</u>
Annual <u>EBITDA Percent of Gross Sales</u> <sup>16</sup> / <u>Margin %</u> <sup>11</sup>	<u>5.56</u> <u>4.0%</u>
Annual Rent <sup>17</sup> / <u>Expense</u> <sup>12</sup>	<u>\$120,540</u> <u>133,529</u>
Annual Rent <u>Percent%</u> of <u>Gross Sales</u> <sup>18</sup> / <u>Sales</u> <sup>13</sup>	<u>8.8</u> <u>10.3%</u>
<u>Annual Royalty and NAF Fee Expense</u> <sup>19</sup>	<u>\$55,246</u>
<u>Annual Royalty and NAF Fee Expense Percent of Gross Sales</u> <sup>20</sup>	<u>4.0%</u>
Annual Labor <u>Expense</u> <sup>21</sup> / <u>Expense</u> <sup>14</sup>	<u>\$506,684</u> <u>476,117</u>
Annual Labor <u>Expense Percent%</u> of <u>Gross Sales</u> <sup>22</sup> / <u>Sales</u> <sup>15</sup>	<u>36.96%</u>

**January 1, 2024 to December 28, 2024**

<u>All Stores (14)</u>	<u>Top</u>	<u>Bottom</u>	<u>Average of All Stores</u>
<u>Store Count</u>	<u>7</u>	<u>7</u>	<u>14</u>
<u>Weekly POS Sales<sup>16</sup></u>	<u>32,207</u>	<u>20,804</u>	<u>26,505</u>
<u>Annual POS Sales<sup>17</sup></u>	<u>1,674,769</u>	<u>1,081,795</u>	<u>1,378,282</u>
<u>Annual POS Margin \$<sup>18</sup></u>	<u>1,164,030</u>	<u>718,645</u>	<u>941,337</u>
<u>Annual POS Margin %<sup>19</sup></u>	<u>69.5%</u>	<u>66.4%</u>	<u>68.3%</u>

## NOTES

- For purposes of this Item 19, Gross Sales is defined as the total revenue earned by a Store. We calculated each individual Reporting Franchised Store's "Average Weekly Gross Sales" by taking the Gross Sales achieved by each Reporting Franchised Store during the Measurement Period and dividing it by the number of weeks in the Measurement Period. The Reporting Franchised Stores were then organized into four groups: 1 Year, 2 Years, 3 Years, and 4+ Years based on the number of years the store has been open. The average for each group was calculated by taking the sum of each Reporting Franchised Store's Average Weekly Gross Sales for each group and dividing it by the number of Reporting Franchised Stores in each group. We calculated the average of the Reporting Franchised Stores' Average Weekly Gross Sales by calculating the sum of each Reporting Franchised Store's Average Weekly Gross Sales and dividing it by the number of Reporting Franchised Stores.
- The "Average Annual Gross Sales" for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store's Annual Gross Sales for each group and dividing it by the number of Reporting Franchised Stores in each group. We calculated the "Average Annual Gross Sales" for all Reporting Franchised Stores by taking the sum of all the Reporting Franchised Stores' Annual Gross Sales and dividing it by the number of Reporting Franchised Stores.
- The "Annual Gross Margin Percentage" for each Reporting Franchised Store was calculated by dividing each Reporting Franchised Store's "Gross Profit" by their Annual Gross Sales. Gross Profit is calculated by subtracting "Cost of Sales" from Annual Gross Sales. "Cost of Sales" includes the cost of acquiring merchandise including all pet food, pet supplies, pets, and products required in connection with pet grooming and bathing services, net of discounts, rebates, allowances and freight charges. The "Average Annual Gross Margin Percentage" for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store's Annual Gross Margin Percentage for each group and dividing it by the number of Reporting Franchised Stores in the group. We calculated the "Average Annual Gross Margin Percentage" for all Reporting Franchised Stores by taking the sum of all of the Reporting Franchised Stores' Annual Gross Margin Percentages and dividing it by the number of Reporting Franchised Stores.
- ~~"Annual EBITDA" for each Reporting Store is defined as the Annual Gross Sales for each Reporting Store less Cost of Sales and "Store Operating Expenses". Store Operating Expenses include all expenses required to operate the Store, including wages, payroll~~

~~taxes and benefits, occupancy costs, supplies, credit card fees, advertising, royalties, system advertising fees, and other costs, but excludes start-up expenses, depreciation, amortization, interest and income taxes. The “Average Annual EBITDA” was calculated by taking the sum of each Reporting Store’s Annual EBITDA and dividing it by the number of Reporting Stores. We calculated the “Average Annual EBITDA” for all Reporting Stores by taking the sum of all of the Reporting Stores’ Annual EBITDA and dividing it by the number of Reporting Stores.~~

~~5. The “Annual EBITDA Percentage” was calculated by dividing each Reporting Store’s Annual EBITDA by its Annual Gross Sales. The “Average Annual EBITDA Percentage” of Reporting Stores was calculated by taking the sum of each Reporting Store’s Annual EBITDA and dividing it by the sum of Reporting Stores Annual Gross Sales. We calculated the “Average Annual EBITDA Percentage” for all Reporting Stores by taking the sum of all of the Reporting Stores’ Annual EBITDA and dividing it by the sum of all Reporting Store’s Annual Gross Sales.~~

~~6.4. “Annual Rent” for each Reporting Franchised Store includes all expenses required to occupy the Store, including base gross rent, real estate taxes paid to landlord, building insurance paid to landlord and common area maintenance paid to the landlord. The “Average Annual Rent” for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store’s Annual Rent for each group and dividing it by the number of Reporting Franchised Stores in the group. We calculated the “Average Rent Expense” for all Reporting Franchised Stores by taking the sum of all of the Reporting Franchised Stores’ Annual Rent and dividing it by the number of Reporting Franchised Stores.~~

~~7.5. The “Annual Rent Percentage” was calculated by dividing each Reporting Franchised Store’s Annual Rent by its Annual Gross Sales. The “Average Annual Rent Percentage” for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store’s Annual Rent for each group and dividing it by the sum of Reporting Franchised Stores Annual Gross Sales in the group. We calculated the “Average Annual Rent Percentage” for all Reporting Franchised Stores by taking the sum of all of the Reporting Franchised Stores’ Annual Rent and dividing it by the sum of all Reporting Franchised Store’s Annual Gross Sales.~~

~~8. “Annual Royalties” for each Reporting Store includes all fees paid to the Franchisor as royalties. The “Average Annual Royalties” was calculated by taking the sum of each Reporting Store’s Royalties and dividing it by the number of Reporting Stores. We calculated the “Average Annual Royalties” for all Reporting Stores by taking the sum of all of the Reporting Stores’ Annual Royalties and dividing it by the number of Reporting Stores.~~

~~9. The “Annual Royalties Percentage” was calculated by dividing each Reporting Store’s Annual Royalties by its Annual Gross Sales. The “Average Annual Royalties Percentage” was calculated by taking the sum of each Reporting Store’s Annual Royalties and dividing it by the sum of Reporting Stores Annual Gross Sales. We calculated the “Average Annual Royalties” for all Reporting Franchised Stores by taking the sum of all of the Reporting Stores’ Annual Royalties and dividing it by the sum of all Reporting Store’s Annual Gross Sales.~~

10.6. “Annual Labor Expense” for each Reporting Franchised Store includes all direct labor expenses required to operate the Store, including wages, payroll taxes and benefits, and specifically including the salary of the Store’s manager and other supervisory personnel. It does not include salary, distributions or “Interest” taken by ownership, or salary paid to district managers unless those individuals spend at least 70% of their time directly operating an individual Store. The “Average Annual Labor Expense” for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store’s Annual Labor Expense for each group and dividing it by the number of Reporting Franchised Stores- in the group. We calculated the “Average Annual Labor Expense” for all Reporting Franchised Stores by taking the sum of all of the Reporting Franchised Stores’ Annual Labor Expense and dividing it by the number of Reporting Franchised Stores.

11.7. The “Annual Labor Expense Percentage” was calculated by dividing each Reporting Franchised Store’s Annual Labor Expense by its Annual Gross Sales. The “Average Annual Labor Expense Percentage” for each group of Reporting Franchised Stores was calculated by taking the sum of each Reporting Franchised Store’s Annual Labor Expense for each group and dividing it by the sum of Reporting Franchised Stores Annual Gross Sales- in the group. We calculated the “Average Annual Labor Expense Percentage” for all Reporting Franchised Stores by taking the sum of all of the Reporting Franchised Stores’ Annual Labor Expense and dividing it by the sum of all Reporting Franchised Store’s Annual Gross Sales.

	Average of All Stores
<del>8.12</del> Average Weekly Gross Sales	
Store Count	40 11
	\$
Average	26,41325,028
	\$
Median	26,67927,564
# over average	5
% over average	50.054.5%
	\$
Low	16,62812,792
	\$
High	34,17433,870

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<b>13. <u>Average</u> 9. Annual Gross Sales</b>	<b>Average of All Stores</b>
Store Count	40 11
Average	\$ 1,373,498 301,435
Median	\$ 1,387,282 433,343
# over average	5
% over average	50 54.5%
Low	\$ 864,637 665,197
High	\$ 1,777,064 761,262

<b>14 10. Annual Gross Margin % \$</b>	<b>Average of All Stores</b>
Store Count	40 11
Average	65.8% \$ 833,466
Median	66.7% \$ 835,887
# over average	5
% over average	50 54.5%
Low	\$ 496,367
High	\$ 1,163,682

<b>15. <u>EBITDA</u> 11. Annual Gross Margin %</b>	<b>Average of All Stores</b>
Store Count	40 11
Average	\$ 76,054 64.0%
Median	\$ 71,629 66.1%
# over average	5
% over average	50.0 54.5%

<b>12. 16. <u>EBITDA % of Sales</u> Annual Rent Expense</b>	<b>Average of All Stores</b>
---	------------------------------

Store Count	40 <u>11</u>
Average	5.5% \$ <u>133,529</u>
Median	5.4% \$ <u>137,438</u>
#% over average	<u>563.6%</u>

<b><u>13. Annual Rent % of Sales</u></b>	<b><u>Average of All Stores</u></b>
Store Count	<u>11</u>
Average	<u>10.3%</u>
Median	<u>11.3%</u>
% over average	<u>54.5%</u>

<b><u>14. Annual Labor Expense</u></b>	<b><u>Average of All Stores</u></b>
Store Count	<u>11</u>
Average	<u>\$ 476,117</u>
Median	<u>\$ 444,316</u>
% over average	<u>45.5%</u>

<b><u>15. Annual Labor % of Sales</u></b>	<b><u>Average of All Stores</u></b>
Store Count	<u>11</u>
Average	<u>36.6%</u>
Median	<u>37.2%</u>
% over average	<u>54.5%</u>

<b><u>16. Weekly POS Sales</u></b>	<b><u>Average of All Stores</u></b>
Store Count	<u>14</u>
Average	<u>\$ 26,505</u>
Median	<u>\$ 27,653</u>
% over average	<u>57.1%</u>
Low	<u>\$ 11,892</u>
High	<u>\$ 43,051</u>

<b><u>17. Annual POS Sales</u></b>	<b><u>Average of All Stores</u></b>
Store Count	<u>14</u>
Average	<u>\$ 1,378,282</u>
Median	<u>\$ 1,437,951</u>
% over average	<u>57.1%</u>

<u>Low</u>	<u>\$ 618,390</u>
<u>High</u>	<u>\$ 2,238,639</u>

<b>18. Annual POS Margin \$</b>	<b>Average of All Stores</b>
<u>Store Count</u>	<u>14</u>
<u>Average</u>	<u>\$ 941,337</u>
<u>Median</u>	<u>\$ 947,078</u>
<u>% over average</u>	<u>50.0%</u>

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<b>1719. Annual Rent POS Margin %</b>	<b>Average of All Stores</b>
<u>Store Count</u>	<u>10 14</u>
<u>Average</u>	<u>\$ 120,540</u> <u>68.3%</u>
<u>Median</u>	<u>\$ 121,515</u> <u>68.8%</u>
<u># over average</u>	<u>5</u>
<u>% over average</u>	<u>50.0%</u>

<b>18. Annual Rent % of Sales</b>	<b>Average of All Stores</b>
<u>Store Count</u>	<u>10</u>
<u>Average</u>	<u>8.8%</u>
<u>Median</u>	<u>10.4%</u>
<u># over average</u>	<u>6</u>
<u>% over average</u>	<u>60.0%</u>

<b>19. Annual Royalty and NAF Expense</b>	<b>Average of All Stores</b>
<u>Store Count</u>	<u>10</u>
<u>Average</u>	<u>\$ 55,246</u>
<u>Median</u>	<u>\$ 55,381</u>
<u># over average</u>	<u>5</u>
<u>% over average</u>	<u>50.0%</u>

<b>20. Annual Royalty and NAF % of Sales</b>	<b>Average of All Stores</b>
<u>Store Count</u>	<u>10</u>
<u>Average</u>	<u>4.0%</u>

Median	4.0%
# over average	4
% over average	40.0%

21. Annual Labor Expense	Average of All Stores
Store Count	10
Average	\$ 506,684
Median	\$ 504,110
# over average	5
% over average	50.0%

22. Annual Labor % of Sales	Average of All Stores
Store Count	10
Average	36.9%
Median	37.6%
# over average	6
% over average	60.0%

### **GENERAL NOTES TO ITEM 19**

1. In some instances, when calculating averages, variations in calculations occurred which are associated with rounding figures compounded by the computational difficulty encountered in calculating the average of an average. The differences in the calculations are not errors and they should be considered accurate.
2. **Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
3. Other than the preceding financial performance representation, we do not make any additional financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our corporate offices at 17410 College Parkway, Livonia, MI 48152-2369, telephone number (734) 793-6600, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

For the tables included in this Item, unless otherwise noted: (a) all numbers are as of, December 31, ~~2021, December 31, 2022, December 30, 2023,~~ and December ~~30, 28, 2024~~~~2023~~; and (b) states not listed had no activity to report during the relevant period.

**Table 1**  
**System-wide Outlet Summary**  
For years ~~2021-2023~~2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2022</del> <u>2024</u>	<del>4</del> <u>10</u>	<del>4</del> <u>14</u>	<del>-2</del> <u>+4</u>
	<del>2022</del> <u>2023</u>	<del>4</del> <u>14</u>	<del>4</del> <u>18</u>	<del>+4</del> <u>+4</u>
	<del>2024</del> <u>2023</u>	<del>4</del> <u>18</u>	<del>4</del> <u>23</u>	<del>+4</del> <u>+5</u>
Company-Owned or Affiliate-Owned	<del>2022</del> <u>2024</u>	<del>5</del> <u>0</u>	<del>5</del> <u>0</u>	<del>0</del> <u>-5</u>
	<del>2023</del> <u>2022</u>	<del>5</del> <u>0</u>	<del>6</del> <u>0</u>	<del>-5</del> <u>+6</u>
	<del>2024</del> <u>2023</u>	<del>6</del> <u>0</u>	<del>6</del> <u>0</u>	<del>+6</del> <u>+6</u>
<b>Total Outlets</b>	<del>2022</del> <u>2024</u>	<del>17</del> <u>15</u>	<del>15</del> <u>14</u>	<del>-21</del> <u>-1</u>
	<del>2023</del> <u>2022</u>	<del>15</del> <u>14</u>	<del>14</del> <u>24</u>	<del>-4</del> <u>+10</u>
	<del>2024</del> <u>2023</u>	<del>14</del> <u>24</u>	<del>24</del> <u>29</u>	<del>+105</del> <u>+105</u>

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than the Franchisor)**  
For years ~~2021-2023~~2022-2024

State	Year	Number of Transfers
Total	<del>2022</del> <u>2024</u>	0
	<del>2023</del> <u>2022</u>	0
	<del>2023</del> <u>2024</u>	<u>0</u> Washington

**Table 3**  
**Status of Franchised Outlets**  
For years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Arizona	<del>2022</del> <u>2024</u>	2	0	0	0	0	<u>0</u>	<u>2</u>
	<del>2022</del> <u>2023</u>	<u>2</u>	0	0	0	0	<u>2</u>	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	<a href="#">2023</a> <a href="#">2024</a>	0	0	0	0	0	0	0
Colorado	<del>2022</del> <a href="#">2021</a>	4	<del>0</del> <a href="#">5</a>	0	0	0	0	<del>4</del> <a href="#">4</a>
	<del>2022</del>	4	<del>5</del> <a href="#">5</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>4</del> <a href="#">4</a>
	2023	9	0	0	0	0	0	9
	<a href="#">2024</a>	<a href="#">9</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">9</a>
Maine	<del>2022</del> <a href="#">2021</a>	0	0	0	0	0	0	0
	<del>2022</del>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>	<del>0</del> <a href="#">0</a>
	2023	0	2	0	0	0	0	2
	<a href="#">2024</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>
Maryland	<del>2022</del> <a href="#">2021</a>	1	0	0	0	0	0	1
	<del>2023</del> <del>2022</del>	1	0	0	0	0	0	1
	<a href="#">2023</a> <a href="#">2024</a>	1	0	0	0	0	0	1
Massachusetts	<del>2022</del> <a href="#">2021</a>	0	0	0	0	0	0	0
	<a href="#">2023</a>	<a href="#">0</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>
	<a href="#">2024</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>
<a href="#">Michigan</a>	2022	0	0	0	0	0	0	0
	2023	0	<del>0</del> <a href="#">2</a>	0	0	0	0	<del>0</del> <a href="#">2</a>
	<a href="#">2024</a>	<a href="#">0</a>	<a href="#">1</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">1</a>
Minnesota	<del>2022</del> <a href="#">2021</a>	2	0	0	0	0	0	2
	<del>2022</del> <a href="#">2023</a>	2	0	0	0	0	0	2
	<a href="#">2023</a> <a href="#">2024</a>	2	0	0	0	0	0	2
Missouri	<del>2022</del> <a href="#">2021</a>	0	<del>0</del> <a href="#">1</a>	0	0	0	0	<del>0</del> <a href="#">1</a>
	<del>2023</del> <del>2022</del>	0	1	0	0	0	0	1
	<a href="#">2023</a> <a href="#">2024</a>	<a href="#">0</a>	<a href="#">1</a>	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Nebraska	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Nevada	<del>2021</del> 2024	40	01	0	0	0	40	01
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Jersey	<del>2021</del> 2024	40	01	0	0	0	40	01
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Virginia	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Washington	<del>2022</del> 2021	1	0	0	0	0	0	1
	<del>2022</del>	4	0	0	0	0	0	4
	2023	1	0	0	0	0	0	1
<b>Totals</b>	<del>2021</del> 2024	421	0	0	0	0	20	401
<b>Totals</b>	2022	10	6	0	0	0	2	14
	2023	14	4	0	0	0	0	18
	2024	18	5	0	0	0	0	23

**Table 4**  
**Status of Company-Owned and Affiliate-Owned Outlets\***  
For years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	<del>2021</del> 2022	5	0	0	0	05	50
	<del>2023</del> 2022	50	0	0	0	50	0
	20232024	0	0	0	0	0	0
Maryland	<del>2021</del> 2022	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	<del>2023</del> <del>2022</del>	0	<del>0</del> <u>2</u>	0	<del>1</del> <u>0</u>	0	<del>1</del> <u>0</u>
	<del>2023</del> <u>2024</u>	<del>0</del> <u>1</u>	<del>2</del> <u>0</u>	0	<del>0</del> <u>1</u>	0	1
Massachusetts	<del>2024</del> <u>2022</u>	0	0	0	0	0	0
	<del>2023</del> <del>2022</del>	0	<del>0</del> <u>2</u>	0	0	0	<del>2</del> <u>0</u>
	<del>2023</del> <u>2024</u>	<del>0</del> <u>2</u>	<del>2</del> <u>0</u>	0	0	0	2
Michigan	<del>2024</del> <u>2022</u>	0	0	0	0	0	0
	<del>2023</del> <del>2022</del>	0	<del>1</del> <u>0</u>	0	0	0	<del>1</del> <u>0</u>
	<del>2023</del> <u>2024</u>	<del>1</del> <u>0</u>	<del>4</del> <u>0</u>	0	0	0	1
Virginia	<del>2024</del> <u>2022</u>	0	0	0	0	0	0
	<del>2023</del> <del>2022</del>	0	<del>2</del> <u>0</u>	0	0	0	<del>2</del> <u>0</u>
	<del>2023</del> <u>2024</u>	<del>2</del> <u>0</u>	<del>2</del> <u>0</u>	0	0	0	2
<b>Total</b>	<del>2024</del> <u>2022</u>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>05</b>	<b>50</b>
	<del>2023</del> <del>2022</del>	<b>50</b>	<b>07</b>	<b>0</b>	<b>01</b>	<b>50</b>	<b>06</b>
	<del>2023</del> <u>2024</u>	<b>06</b>	<b>70</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>6</b>

**Table 5**  
**Projected Openings as of December ~~31, 2023~~28, 2024**

State	Franchise Agreements Signed But Outlet Not Opened as of December <del>31, 2023</del> <u>28, 2024</u>	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Colorado	1	0	0
Illinois	<u>24</u>	0	0
Michigan	<u>31</u>	0	0
<del>Nebraska</del> <u>Ohio</u>	1	<u>40</u>	0
South Carolina	1	<u>40</u>	0
<del>Tennessee</del>	<u>2</u>	<u>0</u>	<u>0</u>
Texas	2	<u>40</u>	0
<del>Virginia</del>	<u>4</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>43</u><u>10</u></b>	<b><u>30</u></b>	<b>0</b>

Attached as Exhibit D are (a) the names, addresses and telephone numbers of all franchisees as of the issuance date of this Disclosure Document, (b) the same information for all

franchisees who had signed a franchise agreement but not yet opened as of December ~~31, 2023~~28, 2024, and (c) the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had a franchise terminated, cancelled and not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement for the period from January 1, ~~2023~~2024 through December ~~31, 2023~~28, 2024, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During WNW's last 3 fiscal years, no current or former franchisee has signed a provision restricting their ability to speak openly about their experience as a franchisee with WNW Franchising, LLC.

There are currently no franchisee organizations associated with the franchise system that are created, sponsored, or endorsed by WNW.

## ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document are: ~~(i) our audited financial statements for the period beginning August 22, 2023, to fiscal year ended December 28, 2024, the fiscal year ended December 30, 2023; (ii) our predecessor's financial statements for the period beginning January 1, 2023, to August 21, 2023; and (iii) our predecessor's financial statements for, and the fiscal year ended December 31, 2022. WNW utilizes a 52/53-week reporting year. We have not been in business for three or more years and cannot therefore provide all financial statements that would have otherwise been required in this Item. Also attached to this Disclosure Document as Exhibit E-2 is WNW's internally prepared unaudited interim financial information for as of October 26, 2024.~~

## ITEM 22 CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

- Exhibit F -      Franchise Agreement
- Exhibit G -      Multi-Unit Agreement
- Exhibit H -      State Specific Disclosures-Addendums and Agreement Amendments
- Exhibit I -      Sample Assignment and Assumption of Franchise Agreement
- Exhibit J -      Conversion Addendum
- Exhibit K -      Equipment Sublease Agreement

## ITEM 23 RECEIPTS

Two copies of an acknowledgment of your receipt for this Disclosure Document appear as Exhibit M to the Disclosure Document. Please date and sign each of them as of the date you received this Disclosure Document, return one copy to us and keep the other with this Disclosure Document for your records.

**EXHIBIT A**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

**California**

Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013  
(866) 275-2677 (toll-free)  
(213) 576-7500

**Florida**

Florida Department of Agriculture & Customer Services  
Division of Consumer Affairs  
May Building, Second Floor  
Tallahassee, FL 32399-0800  
(850) 410-3681

**Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**Indiana**

Indiana Securities Division-Franchise Section  
302 West Washington Street, Room E-111  
Indianapolis, IN 46204  
(317) 232-6685

**Maryland**

Office of the Attorney General  
Maryland Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202  
(410) 576-6360

**Michigan**

Franchise Administrator  
Consumer Protection Division  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, MI 48933

(517) 373-7117

**Minnesota**

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101-2198  
(651) 539-1600

**New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

**North Dakota**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol  
Fifth Floor  
Department 414  
Bismarck, ND 58505-0510  
(701) 328-4712

**Rhode Island**

Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex, Building 69-1  
Cranston, RI 02920  
(401) 462-9527

**South Dakota**

South Dakota Securities Division  
Department of Labor and Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-4823

**Texas**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, TX 78711

(512) 463-5555

**Utah**

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
Salt Lake City, UT 84114-6704  
(801) 530-6601

**Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington**

Department of Financial Institutions  
Securities Division  
[150 Israel Road S. W.](#)  
[Tumwater, P.O. Box 41200](#)  
[Olympia, WA 98504-1200](#) Washington  
(360) 902-8700

**Wisconsin**

Division of Securities  
Department of Financial Institutions  
201 W Washington Ave., 3rd Floor  
Madison, WI 53703  
(608) 266-8550

**EXHIBIT B**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**WNW'S AGENTS FOR SERVICE OF PROCESS**

**California**

California Commissioner of the Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013  
(213) 576-7500

**Florida**

Florida Department of Agriculture & Customer Services  
Division of Consumer Services – Suite 7200  
227 North Bronough Street  
Tallahassee, FL 32301  
(850) 922-2770

**Illinois**

Illinois Attorney General  
Room 12-178 - 100 West Randolph Street  
Chicago, IL 60601  
(312) 814-3892

**Indiana**

Indiana Securities Division-Franchise Section  
302 West Washington Street, Room E-111  
Indianapolis, IN 46204  
(317) 232-6685

**Maryland**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**Michigan**

Franchise Administrator  
Consumer Protection Division  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, MI 48933  
(517) 373-7117

## **Minnesota**

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101-2198  
(651) 539-1600

## **New York**

New York Secretary of State  
99 Washington Avenue  
Albany, NY 12231  
(518) 472-2492

## **North Dakota**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol  
Fifth Floor  
Department 414  
Bismarck, ND 58505-0510  
(701) 328-4712

## **Rhode Island**

Director of Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex, Building 69-1  
Cranston, RI 02920  
(401) 462-9527

## **South Dakota**

Director of Division of Securities  
Department of Labor and Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-4823

## **Texas**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, TX 78711  
(512) 463-5555

## **Utah**

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
Salt Lake City, UT 84114-6704  
(801) 530-6601

**Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, First Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington**

Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501  
(360) 902-8760

**Wisconsin**

Commissioner of Securities  
201 W Washington Ave., 3rd Floor  
Madison, WI 53703  
(608) 266-8550

**EXHIBIT C**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**WNW'S OPERATIONS MANUAL**

**Franchise New Store Development Guide:**

New Store Development – [126153](#) pages

**Standard Operating Procedures:**

Accounting – [232336](#) pages

eCommerce – [120144](#) pages

Information Technology – [90144](#) pages

Inventory Management – 128 pages

Marketing – [4064](#) pages

Merchandising – [4032](#) pages

Operations – [224320](#) pages

Ordering – [96112](#) pages

Pet Services – [136184](#) pages

Training – 8 pages

*Total Standard Operating Procedures – 1,[114472](#) pages*

**Total Standard Operating Procedures and New Store Development – 1,[240625](#) pages**

**EXHIBIT D**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2023/28, 2024**

Franchisee	Address	City	St	Zip	Phone
4 Healthy Paws, Inc.	15405 E. Briarwood Circle	Aurora	CO	80016	303-693-9274
4 Paws Partners, LLC	1100 US Highway 287, Suite 1400	Broomfield	CO	80020	720-602-2964
Carros, Inc.	1150 West Baptist Road	Monument	CO	80921	719-358-9989
Left Moon Consulting Group LLC	2229 Wildcat Reserve Parkway	Highlands Ranch	CO	80129	720-344-9274
Healthy Pets, LLC	4105 Sky Ranch Drive	Glenwood Springs	CO	81601	970-319-8356
WNW Pet, LLC	323 Metzler Drive	Castle Rock	CO	80108	303-814-9274
WNW Pet, LLC	5066 S Wadsworth Blvd.	Littleton	CO	80123	303-973-9274
WNW Pet, LLC	5830 Stetson Hills Blvd.	Colorado Springs	CO	80923	719-572-9274
WNW Pet, LLC	1234 E Woodmen Road	Colorado Springs	CO	80920	719-228-9274
WNW Pet, LLC	1625 W Uintah Street	Colorado Springs	CO	80904	719-457-9274
<del>Harley's Home, LLC</del>	<del>8340 Queen Victoria Lane</del>	<del>Tinley Park</del>	<del>IL</del>	<del>60477</del>	<del>708-217-6486</del>
<del>Afzal Lokhandwala</del>	<del>2027 Mackenzie Place</del>	<del>Wheaton</del>	<del>IL</del>	<del>60187</del>	<del>630-664-6048</del>
DIRIGO-WNW, LLC	444 Great Road	Acton	MA	01720	617-545-7097
DIRIGO-WNW, LLC	1173 Main Street	Concord	MA	01742	617-545-7106
NDM Enterprises, LLC	22598 MacArthur Blvd.	California	MD	20619	301-917-9274
DIRIGO-WNW, LLC	4 Scamman Street, Suite 24	Saco	ME	04072	207-331-8665
DIRIGO-WNW, LLC	200 Expedition Drive	Scarborough	ME	04074	207-413-2011
Family Foundation Pets, Inc.	3860 Maiden Street	Waterford	MI	48329	586-698-8016
<del>Pack Leader, LLC</del>	<del>58734 Swing Beam Court</del>	<del>South Lyon</del>	<del>MI</del>	<del>48178</del>	<del>586-453-1311</del>
<del>USRH-WNW, LLC</del>	<del>17863 170th Avenue, Suite 101</del>	<del>Spring Lake</del>	<del>MI</del>	<del>49456</del>	<del>865-368-2699</del>
6 Wags, Inc.	20139 Idealic Avenue	Lakeville	MN	55044	952-210-3139
Hutchison Enterprises, Inc.	1960 Cliff Lake Road	Eagan	MN	55122	651-454-9274
Pretty Puppy, LLC	4649 State Hwy K	O'Fallon	MO	63368	636-244-2155
BEO Enterprises, Inc.	401 S 198th Street	Omaha	NE	68022	402-630-7272

Franchisee	Address	City	St	Zip	Phone
cdbell LLC	116 Five Oaks Drive	Greer	SC	29651	864-436-3005
<a href="#">Five Cat Ladies, LLC</a> <a href="#">Garner Ventures</a>	<del>6006 Spring Creek Grove Lane</del> <a href="#">414 Highway 287 N</a>	<a href="#">Spring Lake</a> <a href="#">Mansfield</a>	TX	<del>77379</del> <a href="#">76063</a>	<del>925-768-4538</del> <a href="#">817-405-3575</a>
Orange-WNW, LLC	26 Carriage Lane	Troutville	VA	24011	540-354-8653
<a href="#">Dog Days in Paradise</a> <a href="#">Wagging Goods, LLC</a>	1932 Queen Anne Avenue North	Seattle	WA	98109	206-669-2818

**LIST OF FRANCHISEES WHO LEFT THE SYSTEM DURING THE YEAR ENDING DECEMBER ~~31, 2023~~28, 2024 OR WHO DID NOT COMMUNICATE WITH US IN THE 10 WEEKS PRIOR TO THE ISSUANCE DATE**

<a href="#">Franchisee</a> <a href="#">Franchise Entity</a>	City	St	Phone	Comments
<a href="#">Dog Days in Paradise LLC</a>	<a href="#">Seattle</a>	<a href="#">WA</a>	<a href="#">602-758-2919</a>	<a href="#">Transferred ownership</a>
<del>FIRE Holdings</del> <a href="#">USRH-WNW, LLC</a>	<del>14652 Normande Drive</del> <a href="#">Spring Lake</a>	<del>MI</del>	<del>865-368-2699</del>	<del>80542</del> <a href="#">Never opened (4 stores)</a>

**LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT HAD NOT YET OPENED AS OF DECEMBER ~~31, 2023~~28, 2024**

Franchisee	Address	City	St	Zip	Phone
Healthy Pets, LLC	4105 Sky Ranch Drive	Glenwood Springs	CO	81601	970-319-8356
<a href="#">Bi Entity Pending</a>	<a href="#">20525 N Plumwood Drive</a>	<a href="#">Kildeer</a>	<a href="#">IL</a>	<a href="#">60047</a>	<a href="#">224-377-8003</a>
Harley's Home, LLC	8340 Queen Victoria Lane	Tinley Park	IL	60477	708-217-6486
<a href="#">Afzal Lokhandwala, Entity Pending</a>	2027 Mackenzie Place	Wheaton	IL	60187	630-664-6048
Pack Leader, LLC	58734 Swing Beam Court	South Lyon	MI	48178	586-453-1311
<del>Family Foundation Pets, Inc.</del>	<del>3860 Maiden Street</del>	<del>Waterford</del>	<del>MI</del>	<del>48329</del>	<del>586-698-8016</del>
<a href="#">USRH-WNW</a> <a href="#">DSMK Wag 1, LLC – 3 Franchise Agreements</a>	<del>17863 170th Avenue, Suite 104</del> <a href="#">5815 Prospect Lane</a>	<a href="#">Spring Lake</a> <a href="#">Westerville</a>	<del>MI</del> <a href="#">OH</a>	<del>49456</del> <a href="#">43082</a>	<del>865-368-2699</del> <a href="#">212-287-5759</a>
<a href="#">BEO Enterprises, Inc.</a>	<a href="#">401 S 198th Street</a>	<a href="#">Omaha</a>	<a href="#">NE</a>	<a href="#">68022</a>	<a href="#">402-630-7272</a>
<del>cdbell LLC</del>	<del>116 Five Oaks Drive</del>	<del>Greer</del>	<del>SC</del>	<del>29651</del>	<del>864-436-3005</del>
<a href="#">Lori Nobel</a> <a href="#">Violet's Pet Domain, LLC</a>	208 St. James Avenue, Suite B	Goose Creek	SC	29445	843-813-8799
Five Cat Ladies, LLC	6006 Spring Creek Grove Lane	Spring Lake	TX	77379	925-768-4538

Franchisee	Address	City	St	Zip	Phone
<a href="#">Orange-WNW, LLC</a> <a href="#">MAAK Corp.</a>	<a href="#">26 Carriage Lane</a> <a href="#">7907 Sendero Ridge</a>	<a href="#">Troutville</a> <a href="#">Fair Oaks Ranch</a>	<a href="#">VA</a> <a href="#">TX</a>	<a href="#">24011</a> <a href="#">78015</a>	<a href="#">540-354-</a> <a href="#">8653650-930-</a> <a href="#">0450</a>
<a href="#">Sarfani,</a> <a href="#">Entity Pending</a>	<a href="#">22925 Angostura</a>	<a href="#">San Antonio</a>	<a href="#">TX</a>	<a href="#">78261</a>	<a href="#">312-428-5623</a>

**EXHIBIT E**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

~~FINANCIAL STATEMENT~~

~~WNW Franchising, LLC~~

~~Period from August 22, 2023 to December 30, 2023 (Successor),~~

~~Period from January 1, 2023 to August 21, 2023 (Predecessor),~~

~~Year Ended December 31, 2022 (Predecessor)~~

~~With Report of Independent Certified Public Accountants~~

~~WNW Franchising,~~

~~LLC Financial~~

~~Statement~~

~~Period from August 22, 2023 to December 30, 2023 (Successor),  
Period from January 1, 2023 to August 21, 2023 (Predecessor),  
Year Ended December 31,~~

WNW FRANCHISING, LLC

Financial Statements  
as of December 28, 2024 (Successor) and  
December 30, 2023 (Successor), and for the  
fiscal year ended December 28, 2024 (Successor),  
period from August 22, 2023 to December 30, 2023 (Successor),  
period from January 1, 2023 to August 21, 2023 (Predecessor),  
year ended December 31, 2022 (Predecessor), and  
Independent Auditor's Report

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WNW Franchising, LLC  
Debtor-In-Possession  
Financial Statements

As of December 28, 2024 (Successor) and  
December 30, 2023 (Successor), and for the  
fiscal year ended December 28, 2024 (Successor),  
period from August 22, 2023 to December 30, 2023 (Successor),  
period from January 1, 2023 to August 21, 2023 (Predecessor), and  
year ended December 31, 2022 (Predecessor)

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Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

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**Deloitte & Touche LLP**  
1001 Woodward  
Suite 700  
Detroit, MI 48226-1904  
USA

Tel: +1 313 396 3000  
Fax: +1 313 396 3618  
www.deloitte.com

## **INDEPENDENT AUDITOR'S REPORT**

WNW Franchising, LLC  
Livonia, MI

### **Opinion**

We have audited the financial statements of WNW Franchising, LLC (Debtor-in-Possession) (the "Company"), which comprise the balance sheet as of December 28, 2024 (successor), and the related statements of income and equity and cash flows for the fiscal year then ended (successor), and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2024, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Substantial Doubt About the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter Regarding Bankruptcy Proceedings**

As discussed in Note 2 to the financial statements, the Company has filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The accompanying financial statements do not purport to reflect or provide for the consequences of the bankruptcy proceedings. In particular, such financial statements do not purport to show (1) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (2) as to prepetition liabilities, the settlement amounts for allowed claims, or the status and priority thereof; (3) as to stockholder accounts, the effect of any changes that may be made in the capitalization of the Company; or (4) as to operations, the effect of any changes that may be made in its business. Our opinion is not modified with respect to this matter.

### **Predecessor Auditor's Opinion on 2022 and 2023 Financial Statements**

The financial statements of the Company as of December 30, 2023 (successor) and for the periods from August 22, 2023 to December 30, 2023 (successor), January 1, 2023 to August 21, 2023 (predecessor), and February 22, 2022 to December 31, 2022 (predecessor) were audited by other auditors whose report, dated April 5, 2024, expressed an unmodified opinion on those financial statements.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

*Deloitte + Touche LLP*

April 21, 2025

WNW Franchising, LLC  
(Debtor-In-Possession)  
Balance Sheets  
(In Thousands)

	<u>Successor</u> <u>December 28,</u> <u>2024</u>	<u>Successor</u> <u>December 30,</u> <u>2023</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 160	\$ 77
Accounts receivable, net	240	183
Prepaid expenses	46	67
Total current assets	446	327
Property and equipment:		
Furniture, fixtures and equipment	126	135
Less accumulated depreciation	(73)	(19)
Net property and equipment	53	116
Other assets	212	337
Total assets	\$ 711	\$ 780
<b>Liabilities and member's equity</b>		
Current liabilities:		
Accounts payable	\$ 130	\$ 59
Accrued liabilities	90	93
Total current liabilities	220	152
Other liabilities	551	838
Liabilities subject to compromise	64	-
Total liabilities	834	989
Member's Equity	(124)	(210)
Total liabilities and member's equity	\$ 711	\$ 780

*See accompanying notes.*

WNW Franchising, LLC  
(Debtor-In-Possession)  
Statements of Income and Equity  
(In Thousands)

	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>	<u>Predecessor</u>
	Fiscal Year Ended December 28, 2024	Period from August 22, 2023 to December 30, 2023	Period from January 1, 2023 to August 21, 2023	Period from February 22, 2022 to December 31, 2022
Royalties	\$ 698	\$ 241	\$ 385	\$ 613
Franchise fees	45	42	10	1
Advertising and other revenues	469	144	241	225
	<u>1,212</u>	<u>427</u>	<u>636</u>	<u>839</u>
General and administrative expenses	1,567	531	1,178	1,242
Depreciation and amortization	56	19	288	12
Loss on sale or disposal of assets, net	6	-	-	-
Operating income	<u>(417)</u>	<u>(123)</u>	<u>(830)</u>	<u>(415)</u>
Transaction costs	-	-	-	59
Net loss	<u>\$ (417)</u>	<u>\$ (123)</u>	<u>\$ (830)</u>	<u>\$ (474)</u>
<b>Statements of member's equity</b>				
Member's equity, beginning of period	\$ (210)	\$ -	\$ 1,087	\$ 822
Pushdown of Merger Transaction	-	(307)	-	-
Net loss	(417)	(123)	(830)	(474)
Member contribution	593	220	897	739
Member's equity, end of period	<u>\$ (124)</u>	<u>\$ (210)</u>	<u>\$ 1,154</u>	<u>\$ 1,087</u>

See accompanying notes.

WNW Franchising, LLC  
(Debtor-In-Possession)  
Statements of Cash Flows  
(In Thousands)

	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>	<u>Predecessor</u>
	Fiscal Year Ended December 28, 2024	Period from August 22, 2023 to December 30, 2023	Period from January 1, 2023 to August 21, 2023	Period from February 22, 2022 to December 31, 2022
<b>Operating activities:</b>				
Net income	\$ (417)	\$ (123)	\$ (830)	\$ (474)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	56	19	288	12
Loss on sale or disposal of assets, net	6	-	-	-
Changes in:				
Accounts receivable	(57)	(23)	(10)	(139)
Prepaid expenses and other assets	146	1	230	(630)
Accounts payable and accrued liabilities	(154)	6	(369)	1,079
Net cash used in operating activities	(420)	(120)	(691)	(152)
<b>Investing activities:</b>				
Purchase of property	-	(23)	(206)	(1,176)
Acquisition of business, net of cash acquired	-	-	-	(822)
Proceeds from sale of Company-owned stores	-	-	-	589
Net cash used in investing activities	-	(23)	(206)	(1,409)
<b>Financing activities:</b>				
Member contributions	503	220	897	1,561
Net cash provided by financing activities	503	220	897	1,561
Net change in cash and cash equivalents	83	77	-	-
Cash and cash equivalents, beginning of period	77	-	-	-
Cash and cash equivalents, end of period	<u>\$ 160</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental schedule of non-cash financing activities:</b>				
Pushdown of Marger Transaction	\$ -	\$ (307)	\$ -	\$ -

See accompanying notes.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements  
(In Thousands)

**1. Nature of the Business**

WNW Franchising, LLC (“Company”), a wholly-owned subsidiary of PSP Group, LLC (“Parent Company”), is a franchisor of rights to operate retail pet specialty supply and service stores under the Wag N’ Wash name. Under the various franchise agreements, the Company is required to provide assistance to franchisees, including site demographics, pre-opening (e.g., specification of inventory, layout, and equipment), grand opening advertising, training, and ongoing operational assistance.

On January 18, 2022, the Company was formed to acquire the assets of Healthy Pet Partners, LLC D/B/A Wag N’ Wash, Wag N Wash, Inc., and Healthy Pet Partners Trademarks, LLC (“HPP”), a fifteen-store franchise organization, in an all-cash asset purchase transaction (“Equity Transaction”). The Equity Transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations* and the acquisition method of accounting was applied.

On August 21, 2023, Franchise Group, Inc. (“FRG”) completed certain transactions, including being acquired by Freedom VCM, Inc., contemplated by an Agreement and Plan of Merger, dated as of May 10, 2023, pursuant to which Freedom VCM acquired 100% of the equity of FRG and its subsidiaries, including the Company, in an equity transaction valued at approximately \$2,800,000 (the “Merger Transaction”). The transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. Management elected to push down purchase accounting to the Company, see Note 4 for more information.

**Fiscal Year**

The Company utilizes a 52/53-week reporting year ending on the Saturday closest to December 31. Fiscal years 2024 and 2023 were each comprised of 52 weeks and ended on December 28, 2024 and December 30, 2023, respectively. Fiscal year 2022 began with the acquisition on February 22, 2022 and ended on December 31, 2022.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**1. Nature of the Business (continued)**

**Going Concern**

Pursuant to the requirements of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 205-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these financial statements are issued. This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

As described in Note 2, FRG and its subsidiaries, including the Company, filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") on November 3, 2024. The uncertainties associated with the Chapter 11 Cases raise substantial doubt about the Company's ability to continue as a going concern. Our ability to continue as a going concern is contingent upon, among other things, our ability to, subject to the approval by the Bankruptcy Court, implement a plan of reorganization and successfully emerge from bankruptcy as a new company. Most of these steps are outside of our management's control and, as a result, management's plans do not alleviate substantial doubt about the Company's ability to continue as a going concern for one year from the issuance date of the financial statements. The accompanying financial statements have been prepared under the going concern basis of accounting as required by accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not include any adjustments that might be necessary should we be unable to continue as a going concern.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**2. Bankruptcy Proceedings**

**Voluntary Petitions for Bankruptcy**

On November 3, 2024 (the "Petition Date"), FRG and its subsidiaries, including the Company (collectively, the "Debtors"), each filed a voluntary petition to reorganize under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Debtors' Chapter 11 cases (the "Chapter 11 Cases") are being jointly administered under the caption "In re: Franchise Group Inc., et al., 24-12480." The Company continues to operate its business and manage its assets as a debtor-in-possession ("DIP") under bankruptcy court supervision. On November 6 and 7, 2024, the Bankruptcy Court entered orders granting interim approval of certain forms of relief requested by the Debtors, enabling the Debtors to conduct their business activities in the ordinary course, subject to the terms and conditions of such orders, including authorizing the Debtors to pay employee wages and benefits, to pay certain taxes and certain governmental fees and charges, to continue to operate the Debtors' cash management system in the ordinary course, to maintain certain customer programs, and to pay the prepetition claims of certain of the Debtors' vendors deemed critical to the ongoing operations of the business. On December 11, 2024, the Bankruptcy Court entered orders granting such relief on a final basis. For goods and services provided following the Petition Date, the Debtors continue to pay vendors under normal terms.

**Bankruptcy Accounting**

As a result of the Bankruptcy Petitions with the Bankruptcy Court, the Company has applied the provisions of ASC 852, *Reorganization*, in preparing the accompanying financial statements. ASC 852 requires that, for periods including and after the filing of a Chapter 11 petition, the financial statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**2. Bankruptcy Proceedings (continued)**

**Liabilities Subject to Compromise**

The accompanying balance sheet as of December 28, 2024 (Successor) includes amounts classified as liabilities subject to compromise, which represent pre-petition liabilities the Company anticipates will be allowed as claims in the Chapter 11 Cases. These amounts represent the Company's current estimate of known or potential obligations to be resolved in connection with the Chapter 11 Cases and may differ from actual future settlement amounts. The Company will continue to evaluate these liabilities throughout the Chapter 11 process and adjust amounts as necessary. Such adjustments could be material and will be recorded in reorganization items in the accompanying statements of income and equity.

The following table summarizes liabilities subject to compromise:

	<u>Successor</u> <u>December 28,</u> <u>2024</u>
Accounts payable	\$ 37
Accrued liabilities	27
Liabilities subject to compromise	<u>\$ 64</u>

**Automatic Stay**

Subject to certain specific exceptions under the Bankruptcy Code, the commencement of the Chapter 11 Cases automatically stayed most judicial or administrative actions against the Debtors and efforts by creditors to collect on or otherwise exercise rights or remedies with respect to pre-petition claims. Absent an order from the Bankruptcy Court, substantially all of the Debtors' pre-petition liabilities are subject to settlement in accordance with the Bankruptcy Code.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
(In Thousands)

**3. Summary of Significant Accounting Policies**

**Accounting Pronouncements**

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"). Recently issued accounting pronouncements are not expected to have a material impact or are not relevant to the Company's financial statements.

**Revenue Recognition**

*Royalties* – Royalty revenue is based on a percentage of franchisee sales and is earned as the underlying sales at the franchise stores occur. Franchisees are generally invoiced for royalties on a monthly basis and payment generally occurs within ten to twenty days.

*Franchise Fees* – Franchise fee revenue is comprised of fees received from franchisees and is recognized as revenue on a straight-line basis over the term of each franchise store agreement, which is generally twenty years consisting of the initial ten-year franchise agreement and two five-year renewals. Franchise fees for area developments are received from franchisees for the exclusive right to develop franchises within a certain geographic area in accordance with a pre-determined development schedule. Such fees are allocated on a pro rata basis to each material right to open a franchise store and recognized as revenue on a straight-line basis over the term of each franchise store agreement.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**3. Summary of Significant Accounting Policies (continued)**

*Advertising and Other Revenues* – Advertising and other revenues represent amounts charged for advertising, information technology hosting, ecommerce transaction fees, and store setup fees.

- **National Advertising Fund** – The Company collects monthly fees from every store, as permitted by its franchise agreements, to be used for the National Advertising Fund (“NAF”). The NAF is to be used for the development, production, and distribution of national, regional, and/or local advertising. The Company has determined there are no performance obligations associated with the fees received by the NAF that are separate from the royalty payment stream and as a result these fees are presented gross in the Company’s statements of income and equity. The amounts are recognized as revenue monthly upon invoicing and are settled with a related company that provides the required advertising services related to the NAF. During the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company billed to franchised stores and corporate-owned stores \$292, \$109, \$164 and \$200, respectively, in monthly NAF fees. Also, during the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company incurred \$292, \$109, \$164 and \$200, respectively, of advertising charges from entities under common control. Billings to corporate-owned stores and the related advertising charges have been eliminated in these financial statements.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**3. Summary of Significant Accounting Policies (continued)**

- **Technology fees** – The Company collects a monthly technology fee from franchisees for the ongoing costs associated with operating and maintaining the point-of-sale system. Amounts are recognized as revenue on a monthly basis and are settled with a related company that provides the technology services. The Company has determined that it is acting as a principal for the franchisee by purchasing services and providing support. As such, the technology fees are presented gross in the Company's statements of income and equity. During the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company billed to franchisees \$177, \$55, \$93 and \$25, respectively, in technology fees. Also, during the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company incurred \$177, \$55, \$93 and \$7, respectively, of technology charges from entities under common control.
- **Ecommerce transaction fees** – The Company collects a monthly ecommerce fee from franchisees for the ongoing costs associated with operating an ecommerce platform. The amounts are recognized as revenue on a monthly basis and are settled with a related company that provides the ecommerce services. The Company has determined that it is acting as a principal for the franchisee by purchasing services and providing support. As such, the ecommerce fees are presented gross in the Company's statements of income and equity. During the fiscal year ended December 28, 2024 (Successor), the Company billed to franchisees \$5 in ecommerce fees. Also, during the fiscal year ended December 28, 2024 (Successor), the Company incurred \$5 of ecommerce transaction charges from entities under common control. There were no ecommerce transaction fees billed to franchisees during any of the other periods presented.
- **Store set-up fees** – Other revenue also includes recovery of costs incurred by the setup crews of a company affiliated through common ownership. The Company has determined the store setup fee has a stand-alone selling price with service that is distinct from the franchise right. As such, the setup fee is allocated to that service and the Company recognizes the fee as revenue once the service is performed for the franchisee. During the fiscal year ended December 28, 2024 (Successor), the Company billed to franchisees \$50 in store set-up fees. There were no store set-up fees billed to franchisees during any of the other periods presented.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**3. Summary of Significant Accounting Policies (continued)**

**Contract Assets and Liabilities**

Contract assets relate to commissions paid to employees, franchise brokers and referral services to assist in the selling of franchises. These commissions are considered incremental costs in obtaining a customer contract and, as such, are amortized on a straight-line basis over the period of the benefit, which is aligned to the related franchise term. As of December 28, 2024 (Successor) and December 30, 2023 (Successor), the Company recorded contract assets in the amounts of \$223 and \$133, respectively. Such amounts are classified in "Other assets" on the balance sheets.

Contract liabilities relate to the deferral of initial franchise fees, which are paid upon signing a franchise agreement and recognized over the franchise term of twenty years. As of December 28, 2024 (Successor) and December 30, 2023 (Successor), the Company recorded contract liabilities in the amounts of \$579 and \$861, respectively. Such amounts are classified in "Other liabilities" on the balance sheets.

**Advertising Costs**

Advertising costs are expensed as incurred and recorded in general and administrative expenses within the statements of income and equity. Advertising expense for the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor) were \$298, \$90, \$286 and \$145, respectively.

**Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Concentration of Credit Risk**

During the fiscal year ended December 28, 2024 (Successor) there were three franchisees that represented 53% of revenue.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**3. Summary of Significant Accounting Policies (continued)**

**Accounts Receivable**

Accounts receivable include monthly royalties and other amounts due from franchisees and promotional funding due from vendors, less an allowance for credit losses. The Company primarily utilizes historical loss and recovery data, combined with information on current conditions and reasonable and supportable forecasts to develop the estimate of the allowance for credit losses in accordance with ASC 326-20 – *Financial Instruments – Credit Losses*. There was no allowance for credit losses as of December 28, 2024 (Successor) and December 30, 2023 (Successor).

**Property and Equipment**

Furniture, fixtures, and equipment are carried at cost or, if valued in connection with a business combination, the assets are adjusted to fair value. Depreciation of furniture, fixtures, and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets, generally three to ten years. The Company reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. There were no events or changes in circumstances requiring an impairment charge to be recorded for its long-lived assets in the periods presented.

Depreciation expense related to property and equipment was \$56, \$19, \$282 and \$4 for the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the fiscal year ended December 31, 2022 (Predecessor), respectively.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
(In Thousands)

**3. Summary of Significant Accounting Policies (continued)**

**Federal and State Income Taxes**

There is no provision for federal income taxes in the accompanying financial statements.

**Uncertain Tax Positions**

The Company evaluated its tax positions, noting no significant uncertainties. There were no significant penalties or interest incurred for the period presented.

The Company is included in consolidated tax returns that are filed in various state jurisdictions.

**Indefinite-Lived Intangible Assets**

Indefinite-lived intangible assets identified in connection with the Equity Transaction consisted of the trade name of the Wag N' Wash brand used for advertising and operations of the business and was recorded at the estimated fair value. Indefinite-lived intangible assets are reviewed at least annually for impairment at the end of each fiscal year or on an interim basis if indicators of impairment were present. The Company concluded that there was no impairment during the period from January 1, 2023 to August 21, 2023 (Predecessor) and the fiscal year ended December 31, 2022 (Predecessor).

**Definite-Lived Intangible Assets**

ASC 805, *Business Combinations*, requires acquired identifiable intangible assets to be recognized if the intangible asset is either contractual or separable. The Company recorded an intangible asset for in-place franchise agreements in connection with the Equity Transaction. This amount was amortized using the straight-line method over the estimated useful life of the asset.

Definite-lived intangible assets are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment was recorded on definite-lived intangible assets during the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor).

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
(In Thousands)

**3. Summary of Significant Accounting Policies (continued)**

**Franchise Operations**

Franchise stores are not considered variable interest entities and have not been consolidated under the guidance of ASC 810, *Consolidation*. The rollforward of franchise stores for the periods presented is as follows:

Franchise store count, February 22, 2022	15
Closed Stores	<u>(1)</u>
Franchise store count, December 31, 2022	14
New Stores	<u>4</u>
Franchise store count, December 30, 2023	18
New Stores	<u>5</u>
Franchise store count, December 28, 2024	<u>23</u>

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**4. Business Combinations**

**Merger Transaction**

As a result of the Merger Transaction, a non-cash transaction, the acquisition method of accounting was applied, and an allocation of the transaction consideration was pushed down to the Company. The fair value of the consideration transferred at the acquisition date was \$(307).

The table below summarizes the estimates of the fair value of the identifiable assets acquired and liabilities assumed in the Merger Transaction on August 21, 2023. Acquisition and acquisition related costs were borne by Parent Company and not allocated to the Company.

<b>Assets acquired:</b>	
Account receivable	\$ 159
Prepaid expenses	75
Property and equipment	112
Other assets	330
<b>Liabilities assumed:</b>	
Accounts payable	(89)
Accrued expenses	(81)
Other liabilities	(813)
Total	<u>\$ (307)</u>

There was no fair value assigned to goodwill or acquired intangible assets as a result of the Merger Transaction.

**Equity Transaction**

On February 22, 2022, the Company completed its acquisition of HPP. As a result of the Equity Transaction, the acquisition method of accounting was applied. The fair value of the consideration transferred at the date of acquisition was \$812. Immediately following the execution of the acquisition, the company completed an agreement to sell the assets of the five corporate stores acquired to a Wag N Wash Franchisee for \$606 in an all-cash transaction.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**5. Intangible Assets**

There was no fair value assigned to the acquired intangible assets as a result of the Merger Transaction. Amortization expense related to identifiable intangibles associated with the Equity Transaction was \$6 and \$8 for the period from January 1, 2023 to August 21, 2023 (Predecessor) and the fiscal year ended December 31, 2022 (Predecessor), respectively.

**6. Commitments and Contingencies**

The Company is occasionally named as a defendant in lawsuits, primarily related to employment or general liability claims, in the ordinary course of business. There were no active litigation matters for the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the fiscal year ended December 31, 2022 (Predecessor).

**DIP Credit Agreement**

On November 7, 2024, and first amended on December 11, 2024, the Bankruptcy Court entered an order granting approval of FRG's entry into post-petition financing on senior secured, super-priority term loans (the "DIP Credit Agreement"). As part of the Bankruptcy Court's approval, FRG obtained in the DIP Credit Agreement in the aggregate principal amount of up to \$750,000, consisting of \$250,000 in a first-out delayed draw term loan facility and \$500,000 in second-out pre-petition term loan obligations converted into roll-up term loan commitments. The DIP Credit Agreement is subject to a borrowing cap of \$75,000 and is secured by substantially all of the assets of FRG and its subsidiaries, including the Company.

WNW Franchising, LLC  
Debtor-In-Possession  
Notes to Financial Statements (continued)  
*(In Thousands)*

**6. Commitments and Contingencies (continued)**

**Pre-petition ABL Facility**

Prior to the Petition Date, FRG has entered into certain secured term loan arrangements which are secured by the direct and indirect subsidiaries ("Subsidiaries") of FRG. These obligations are secured on a first priority basis by substantially all of the assets of its Subsidiaries and on a second priority basis by credit card receivables, accounts receivable, deposit accounts, security accounts, commodity accounts, inventory and goods (other than equipment) of FRG and its Subsidiaries, including the Company.

Additionally, FRG has entered into a Third Amendment to the Third Amended and Restated Loan and Security Agreement (the "ABL Credit Agreement") which provided for a senior secured revolving credit facility (the "ABL Revolver Agreement") with various lenders. The borrowing base of the ABL Revolver Agreement is determined based upon a percentage of qualified accounts receivable, credit card receivables, and inventory with a maximum commitment of \$400 million. The ABL Revolver Agreement is secured by substantially all of the assets of FRG and its subsidiaries, including the Company.

**7. Related-Party Transactions**

Accounts payable to related parties relates primarily to net cash pushed down by the Parent Company and is forgiven at the time the transaction is recorded. As such, related party payables are contributions to the Parent Company.

There were no related party contracts, agreements or other transactions with management of the Company for the fiscal year ended December 28, 2024 (Successor), the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the fiscal year ended December 31, 2022 (Predecessor).

**8. Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including April 21, 2025, which is the date the accompanying financial statements were available to be issued.

Subsequent to year end, the United States government passed laws to levy tariffs on certain countries that the Parent Company sources products from, which may have an impact on these financial statements. As of the date of this report, we have not completed our analysis of the impact on these financial statements.

2022 (Predecessor)

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

The Member  
WNW Franchising, LLC

**Opinion**

We have audited the financial statements of WNW Franchising, LLC (the "Company"), which comprise the balance sheets as of December 30, 2023 (Successor) and December 31, 2022 (Predecessor), and the related statements of income and equity and cash flows for the period from August 22, 2023 through December 30, 2023 (Successor), from January 1, 2023 through August 21, 2023 (Predecessor) and from February 22, 2022 through December 31, 2022 (Predecessor), and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for the period from August 22, 2023 through December 30, 2023 (Successor), from January 1, 2023 through August 21, 2023 (Predecessor) and from February 22, 2022 through December 31, 2022 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

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

**Responsibilities of management for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

~~In performing an audit in accordance with US GAAS, we:~~

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

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

*Grant Thornton LLP*

Southfield, Michigan  
April 5, 2024

## WNW Franchising, LLC

### Balance Sheets

(In Thousands)

	<u>Successor</u> <u>December 30,</u> <u>2023</u>	<u>Predecessor</u> <u>December 31,</u> <u>2022</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 77	\$ —
Accounts receivable, net	183	150
Prepaid expenses	<u>67</u>	<u>334</u>
Total current assets	327	484
<b>Property and equipment:</b>		
Furniture, fixtures and equipment	135	1,176
Less accumulated depreciation	<u>(19)</u>	<u>(4)</u>
Net property and equipment	116	1,172
<b>Other assets:</b>		
Goodwill	—	327
Intangible assets, net	—	148
Other assets	<u>337</u>	<u>303</u>
Total other assets	<u>337</u>	<u>778</u>
Total assets	<u>\$ 780</u>	<u>\$ 2,434</u>
<b>Liabilities and member's equity</b>		
<b>Current liabilities:</b>		
Accounts payable and book overdraft	\$ 59	\$ 430
Accrued liabilities	<u>93</u>	<u>333</u>
Total current liabilities	152	763
<b>Long-term liabilities:</b>		
Other liabilities	<u>838</u>	<u>584</u>
Total long-term liabilities	838	583
<b>Equity:</b>		
Accounts payable, related parties	—	1,230
Equity	<u>(210)</u>	<u>(142)</u>
Total Equity	<u>(210)</u>	<u>1,088</u>
Total liabilities and member's equity	<u>\$ 780</u>	<u>\$ 2,434</u>

See accompanying notes.

WNW Franchising, LLC

Statement of Income and Equity

*(In Thousands)*

	Successor	Predecessor	
	Period from August 22, 2023 to December 30, 2023	Period from January 1, 2023 to August 21, 2023	Period from February 22, 2022 to December 31, 2022
Royalties	\$ 241	\$ 385	\$ 613
Franchise fees	42	10	1
Advertising sales and other revenues	144	241	225
	<u>427</u>	<u>636</u>	<u>839</u>
General and administrative expenses	531	1,178	1,242
Depreciation and amortization	19	288	12
Operating income	<u>(123)</u>	<u>(830)</u>	<u>(415)</u>
Transaction costs	-	-	59
Net income	<u>\$ (123)</u>	<u>\$ (830)</u>	<u>\$ (474)</u>
<b>Statements of member's equity</b>			
Member's equity, beginning of period	\$ -	\$ 1,087	\$ 822
Pushdown of Merger Transaction	(307)	-	-
Net income	(123)	(830)	(474)
Member contribution	220	897	739
Member's equity, end of period	<u>\$ (210)</u>	<u>\$ 1,154</u>	<u>\$ 1,087</u>

*See accompanying notes.*

## WNW Franchising, LLC

### Statement of Cash Flows (In Thousands)

	Successor	Predecessor	
	Period from August 22, 2023 to December 30, 2023	Period from January 1, 2023 to August 21, 2023	Period from February 22, 2022 to December 31, 2022
<b>Operating activities</b>			
Net income	\$ (123)	\$ (830)	\$ (474)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	19	288	12
Changes in:			
Accounts receivable	(23)	(10)	(139)
Prepaid expenses and other assets	1	230	(630)
Accounts payable and accrued liabilities	6	(369)	1,079
Net cash used in operating activities	(120)	(691)	(152)
<b>Investing activities</b>			
Purchase of property	(23)	(206)	(1,176)
Acquisition of business, net of cash acquired	-	-	(822)
Proceeds from sale of Company-owned stores	-	-	589
Net cash used in investing activities	(23)	(206)	(1,409)
<b>Financing activities</b>			
Member contributions	220	897	1,561
Net cash provided by financing activities	220	897	1,561
Net change in cash and cash equivalents	77	-	-
Cash and cash equivalents, beginning of period	-	-	-
Cash and cash equivalents, end of period	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental schedule of non-cash financing activities</b>			
Pushdown of Merger Transaction	\$ (307)	\$ -	\$ -

See accompanying notes.

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **Notes to Financial Statement**

*(In Thousands)*

December 30, 2023

#### **1. Nature of the Business**

~~On January 18, 2022, WNW Franchising, LLC (“Company”) was formed to acquire the assets of Healthy Pet Partners, LLC D/B/A Wag N’ Wash, Wag N’ Wash, Inc., and Healthy Pet Partners Trademarks, LLC (“HPP”), a fifteen-store franchise organization, in an all-cash asset purchase transaction (“Equity Transaction”). As discussed in Note 3, the transaction was accounted for as a business combination in accordance with ASC 805—*Business Combinations* and the acquisition method of accounting was applied.~~

~~The Company, a wholly owned subsidiary of PSP Group, LLC, is a franchisor of rights to operate retail pet specialty supply and service stores under the Wag N’ Wash name. Under the various franchise agreements, the Company is required to provide assistance to franchisees, including site demographics, pre-opening (e.g., specification of inventory, layout, and equipment), grand opening advertising, training, and ongoing operational assistance.~~

~~On August 21, 2023, Franchise Group, Inc., the parent Company of Pet Supplies Plus, completed certain transactions, including being acquired by Freedom VCM, Inc., contemplated by an Agreement and Plan of Merger, dated as of May 10, 2023, pursuant to which Freedom VCM acquired 100% of the equity of Franchise Group, Inc. and its subsidiaries in an equity transaction valued at approximately \$2,800,000 (the “Merger Transaction”). As discussed in Note 3, the transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. The acquisition method of accounting was applied and an allocation of the transaction consideration was pushed down to the Company.~~

~~The accompanying financial statements of the Company have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern. Since the Equity Transaction in February 2022, the Company has incurred losses and expects to incur additional losses in 2024. As a result of these losses incurred since the Equity Transaction, the Company has placed reliance upon PSP Group, LLC (“Parent Company”) to contribute capital. The Company has received a letter of support from their Parent Company ensuring they have the ability and intent to support their operations. Management determined that this support is sufficient to alleviate any substantial doubt regarding the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.~~

# WNW Franchising, LLC

## Notes to Financial Statement (continued)

*(In Thousands)*

### **1. Nature of the Business, (continued)**

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#### **Fiscal Year**

The Company utilizes a 52/53 week reporting year ending on the Saturday closest to December 31. Fiscal year 2023 comprised of 52 weeks and ended on December 30, 2023. Fiscal year 2022 encompasses the period beginning with acquisition on February 22, 2022 and ended on December 31, 2022.

### **2. Summary of Significant Accounting Policies**

#### **Revenue Recognition**

*Franchise Fees*—Franchise fee revenue is comprised of fees received from franchisees and is recognized as revenue on a straight-line basis over the term of each franchise store agreement, typically 20 years comprised of the initial 10-year franchise agreement and two 5-year renewals. Franchise fees for area developments are received from franchisees for the exclusive right to develop franchises within a certain geographic area in accordance with a pre-determined development schedule. Such fees are allocated on a pro-rata basis to each material right to open a franchise store and recognized as revenue on a straight-line basis over the term of each franchise store agreement.

*Royalties*—Royalty revenue is based on a percentage of franchisee sales and is earned as the underlying sales at the franchise stores occur. Franchisees are generally invoiced for royalties on the first of each calendar month with 10-day payment terms.

*Commission and Brokerage Fees*—The Company utilizes employees, franchise brokers and referral services to assist in the selling of franchises. Commissions are paid to these parties if a franchise agreement is executed. These commissions are considered incremental costs in obtaining a customer contract and are amortized over the period of benefit, which is aligned to the related franchise term.

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **2. Summary of Significant Accounting Policies, (continued)**

~~*Advertising Sales and Other Revenues*~~—Advertising sales and other revenues represent amounts charged for advertising, information technology hosting, and store setup fees. Revenues are recognized when the services have been performed or the advertising and other costs have been incurred by the Company.

- ~~• National Advertising Fund—The Company collects monthly fees from every store, as permitted by its franchise agreements, to be used for the National Advertising Fund (“NAF”). The NAF is to be used for the development, production, and distribution of national, regional, and/or local advertising. The Company has determined there are no performance obligations associated with the contributions received by the NAF and are separate from the royalty payment stream and are presented gross in the Company’s statement of operations. The amounts are recognized as revenue monthly upon invoicing with 10 day payment terms and are transferred to a related company that provides the required advertising services related to the NAF. During the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company billed to franchised stores \$109, \$164 and \$200, respectively, in monthly NAF fees. Also during the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company incurred \$109, \$164 and \$200, respectively, of advertising charges from entities under common control. Billings to corporate owned stores and the related advertising charges have been eliminated in these financial statements.~~
- ~~• Technology fees—The Company collects a monthly technology fee from franchisees for the ongoing costs associated with operating and maintaining the point-of-sale system. Franchisees are generally invoiced for technology fees on the first of each calendar month with 10 day payment terms. Amounts collected are transferred to a related company that provides the technology services. The Company has determined that it is acting as a principal for the franchisee by purchasing services and providing support. As such, the technology fees are presented gross in the Company’s statement of income and equity. During the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company billed to franchisees \$55, \$93 and \$25, respectively, in technology fees. Also during the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), the Company incurred \$55, \$93 and \$7, respectively, of technology charges from entities under common control.~~

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **2. Summary of Significant Accounting Policies, (continued)**

- ~~• Store set up fees—Other revenue also includes recovery of costs incurred by the setup crews of a company affiliated through common ownership. The Company has determined the store setup fee has a stand alone selling price with service that is distinct from the franchise right. As such, the setup fee is allocated to that service and the Company will recognize the fee as revenue once the service is performed for the franchisee. There were no store set up fees billed to franchisees during any of the periods presented.~~

#### *Contract Assets and Liabilities*

~~The Company records contract assets and contract liabilities related to its revenue generating activities.~~

~~Contract assets relate to commissions paid to employees, franchise brokers and referral services to assist in the selling of franchises. These commissions are considered incremental costs in obtaining a customer contract and, as such, are amortized on a straight line basis over the period of the benefit, which is aligned to the related franchise term. As of December 30, 2023 (Successor) and December 31, 2022 (Predecessor), the Company recorded contract assets in the amounts of \$133 and \$35, respectively. Such amounts are classified in “Other assets” on the balance sheet.~~

~~Contract liabilities relate to the deferral of initial franchise fees, which are paid upon signing a franchise agreement and recognized over the franchise term of twenty years. As of December 30, 2023 (Successor) and December 31, 2022 (Predecessor), the Company recorded contract liabilities in the amounts of \$861 and \$594, respectively. Such amounts are classified in “Other liabilities” on the balance sheet.~~

#### **Advertising Costs**

~~Advertising costs are expensed as incurred and recorded as part of general and administrative expenses. Advertising expense for the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor) were \$90, \$286 and \$145, respectively.~~

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **2. Summary of Significant Accounting Policies, (continued)**

##### **~~Cash and Cash Equivalents~~**

~~The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.~~

~~Under the Company's cash management system, funds are transferred on an as-needed basis to pay for clearing checks. A book overdraft balance can exist for the Company's primary disbursement accounts. Overdrafts represent uncleared checks in excess of cash balances in the related bank accounts. There was no book overdraft as of December 30, 2023 (Successor). As of December 31, 2022 (Predecessor), \$347 was included in accounts payable and book overdraft on the accompanying balance sheet.~~

##### **~~Accounts Receivable~~**

~~Accounts receivable include monthly royalties and other amounts due from franchisees and promotional funding due from vendors, less an allowance for credit losses. The Company primarily utilizes historical loss and recovery data, combined with information on current conditions and reasonable and supportable forecasts to develop the estimate of the allowance for credit losses in accordance with ASC 326-20—*Financial Instruments—Credit Losses*. There was no allowance for credit losses as of December 30, 2023 (Successor) and December 31, 2022 (Predecessor).~~

##### **~~Property and Equipment~~**

~~Furniture, fixtures, and equipment are carried at cost or, if valued in connection with a business combination, the assets are adjusted to fair value. Depreciation of furniture, fixtures, and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets, generally three to ten years. The Company reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company has concluded that there were no indicators of impairment for its long-lived assets in the periods presented.~~

~~Depreciation expense related to property and equipment was \$19, \$282 and \$4 for the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), respectively.~~

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **2. Summary of Significant Accounting Policies, (continued)**

##### **Financial Instruments**

~~The Company has certain financial instruments, including cash, accounts receivable, lease receivables, accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate fair value due to their short maturity.~~

##### **Federal and State Income Taxes**

~~For all of the periods presented, the Company is organized as a limited liability company and treated as a partnership and does not pay federal corporate income taxes on taxable income. Instead, the member is responsible for reporting and paying federal taxes on their proportionate share of the Company's taxable income. There is no provision for federal income taxes in the accompanying financial statements. State and local taxes owed by members in jurisdictions that recognize limited liability companies as pass-through entities are paid and accrued as distributions on behalf of the member.~~

##### **Uncertain Tax Positions**

~~The Company evaluated its tax positions, noting no significant uncertainties. There were no significant penalties or interest incurred for the period presented.~~

##### **Goodwill**

~~Goodwill represents the amount of cash paid in excess of the assets and liabilities related to the Equity Transaction described in Note 1. There was no goodwill related to the Merger Transaction. Goodwill is reviewed at least annually for impairment at the end of the year or on an interim basis if indications of impairment were present. Generally, fair value was determined using a multiple of earnings and discounted projected future cash flows and was compared to the carrying value of the reporting unit for purposes of identifying potential impairment. Projected future cash flows were based on management's knowledge of the operating environment and expectations for the future. Goodwill impairment would be recognized for any excess of the carrying value of the Company's goodwill over the implied fair value. The Company concluded that there was no goodwill impairment during the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor).~~

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **2. Summary of Significant Accounting Policies, (continued)**

##### **Definite-Lived Intangible Assets**

~~ASC 805 — *Business Combinations*, requires acquired identifiable intangible assets to be recognized if the intangible asset is either contractual or separable. The Company recorded intangible assets for in-place franchise agreements, trade names and trademarks in connection with the Equity Transaction. The values attributed to each intangible asset were determined with the assistance of an independent valuation specialist. These amounts are amortized using the straight-line method over the estimated useful lives of each asset.~~

~~Definite-lived intangible assets are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment was recorded on definite-lived intangible assets during any of the periods presented.~~

##### **Fair Value Measurements**

~~Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.~~

~~1. In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.~~

~~Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.~~

~~Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.~~

~~In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level of input that is significant to the valuation. The Company's assessment of the significance of inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.~~

## WNW Franchising, LLC

### Notes to Financial Statement (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies, (continued)**

##### **Franchise Operations**

As discussed in Note 1, the franchise store count associated with the Equity Transaction was fifteen on February 22, 2022. Franchise stores are not considered variable interest entities and have not been consolidated under the guidance of ASC 810 — *Consolidation*. The rollforward of franchise stores for the periods presented is as follows:

Franchise store count, February 22, 2022	15
Closed Store	<u>(1)</u>
Franchise store count, December 31, 2022	14
New Stores	<u>4</u>
Franchise store count, December 30, 2023	<u><u>18</u></u>

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### **Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including April 5, 2024, which is the date the accompanying financial statements were available to be issued.

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **3. Business Combination**

##### **Merger Transaction**

As a result of the Merger Transaction discussed in Note 1, the acquisition method of accounting was applied and an allocation of the transaction consideration was pushed down to the Company. The preliminary fair value of the consideration transferred at the acquisition date was \$(307).

The table below summarizes the preliminary estimates of the fair value of the identifiable assets acquired and liabilities assumed in the Merger Transaction on August 21, 2023. The preliminary estimates of the fair value of the identifiable assets acquired and liabilities assumed are subject to revisions, which may result in an adjustment to the preliminary values presented below. As of April 5, 2024, the fair value of certain working capital accounts, leases and PP&E are preliminary estimates and are subject to revisions. The Company expects to complete the purchase price allocation as soon as reasonably possible but not to exceed one year from the date of completion of the Merger Transaction. Acquisition and acquisition related costs were borne by Parent Company and not allocated to the Company.

##### **Assets acquired:**

Account receivable	\$ 159
Prepaid expenses	75
Property and equipment	112
Other assets	330

##### **Liabilities assumed:**

Accounts payable	(89)
Accrued expenses	(81)
Other liabilities	<u>(813)</u>
Total	<u>\$ (307)</u>

There was no fair value assigned to goodwill and acquired intangible assets as a result of the Merger Transaction. The purchase accounting was a non-cash transaction.

##### **Equity Transaction**

On February 22, 2022, the Company completed its acquisition of HPP. The Company accounted for the Equity Transaction as a business combination using the acquisition method of accounting in accordance with ASC 805 *Business Combinations*. The fair value of the consideration transferred at the date of acquisition was \$812.

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **3. Business Combination (continued)**

The following table below summarizes the fair values of the identifiable assets acquired and liabilities assumed in the HPP acquisition as of February 22, 2022.

<b>Assets acquired</b>	
Prepaid expenses	\$ 7
Goodwill	327
Intangible assets	156
Net assets held for sale	589
<b>Liabilities assumed</b>	
Accrued expenses	(267)
Total	<u>\$ 812</u>

Goodwill is calculated as the excess of the purchase price over the fair value of the net assets acquired. The goodwill recognized is attributable to operational synergies in the expected franchise models and growth opportunities.

The Company identified the Wag N Wash trade name as an indefinite-lived intangible asset with a fair value of \$16. The trade name is not subject to amortization but will be evaluated annually for impairment.

Additionally, the Company identified in-place franchise agreements as a definite-lived intangible asset with a fair value of \$140. This intangible asset will be amortized on a straight line basis over a 25-year estimated useful life.

The Equity Transaction includes an Earn Out Opportunity (Earn Out<sup>2</sup>) which could result in up to \$500 in contingent consideration being paid to the sellers. The fair value of the Earn Out liability was estimated to be \$260 as of the date of the opening balance sheet and December 31, 2022, respectively. The contingent consideration of \$260 was paid in full in 2023.

Immediately following the execution of the acquisition, the Company completed an agreement to sell the assets of the five corporate stores acquired to Finnegan Dexter, LLC for \$606 in an all-cash transaction.

## WNW Franchising, LLC

### Notes to Financial Statement (continued)

*(In Thousands)*

#### **4. Intangible Assets and Goodwill**

As discussed in Note 3, there was no fair value assigned to the acquired intangible assets as a result of the Merger Transaction. Intangible assets of the Company as of December 31, 2022 (Predecessor), which are being amortized, are summarized as follows:

	<u>Gross</u> <u>Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Ending</u> <u>Balance</u>	<u>Useful Life</u>
Franchise rights	\$ 140	\$ (8)	\$ 132	15 Years

Amortization expense was \$6 and \$8 for the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor), respectively.

#### **5. Commitments and Contingencies**

The Company is occasionally named as a defendant in lawsuits, primarily related to employment or general liability claims, in the ordinary course of business. There were no active litigation matters for the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor).

The Franchise Group (“FRG”), the parent Company of Pet Supplies Plus, has entered into certain secured term loan arrangements which are secured by the direct and indirect subsidiaries (“Subsidiaries”) of FRG. These obligations are secured on a first priority basis by substantially all of the assets of its’ Subsidiaries and on a second priority basis by credit card receivables, accounts receivable, deposit accounts, security accounts, commodity accounts, inventory and goods (other than equipment) of FRG and its’ Subsidiaries.

Additionally, FRG has entered into a Third Amendment (the “Third ABL Amendment”) to the FRG ABL Revolver Agreement with various lenders. The borrowing base of the ABL Revolver Agreement is determined based upon a percentage of qualified accounts receivable, credit card receivables, and inventory with a maximum commitment of \$400 million. The ABL Revolver Agreement is secured by substantially all of the assets of FRG and its’ subsidiaries.

The Company believes that a default event that would trigger these debt guarantees is remote.

Notes to Financial Statement (continued)

*(In Thousands)*

**5. Commitments and Contingencies (continued)**

*Guarantees*

The Company also remains secondarily liable under various real estate leases that were assigned to franchisees who acquired retail stores from the Company. In the event of failure of an acquirer to pay lease payments, the Company could be obligated to pay the remaining lease payments which extend through 2032 and aggregated \$3,374 as of December 30, 2023. If the Company is required to make payments under these guarantees, the Company could seek to recover those amounts from the acquirer or in some cases their affiliates. The Company believes that payment under these guarantees is remote as of December 30, 2023.

**6. Related Party Transactions**

Accounts payable to related parties relates primarily to net cash pushed down by PSP Group, LLC. Amounts which are expected to be settled are classified as a liability on the balance sheets; other related party payables are classified as a component of equity.

There were no related party contracts, agreements or other transactions with management of the Company for the period from August 22, 2023 to December 30, 2023 (Successor), the period from January 1, 2023 to August 21, 2023 (Predecessor) and the year ended December 31, 2022 (Predecessor).

**EXHIBIT E-2**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**UNAUDITED INTERIM FINANCIAL INFORMATION**

~~WNW's balance sheet as of October 26, 2024, as well as WNW's profit and loss statement for the interim period beginning December 31, 2023, and ending October 26, 2024, have been prepared without an audit. prospective franchisees should be advised that no certified public accountant has audited these figures or expressed their opinion with regard to the content or form.~~

## WNW Franchising, LLC

### Balance Sheets

(In Thousands)

	<u>October 26, 2024</u>	<u>December 30, 2023</u>
	<u>(Unaudited)</u>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 76	\$ 77
Accounts receivable, net	157	183
Prepaid expenses	33	67
Total current assets	<u>266</u>	<u>327</u>
Property and equipment:		
Furniture, fixtures and equipment	126	135
Less accumulated depreciation	(69)	(19)
Net property and equipment	<u>57</u>	<u>116</u>
Other assets:		
Other assets	191	337
Total other assets	<u>191</u>	<u>337</u>
Total assets	<u>\$ 514</u>	<u>\$ 780</u>
<b>Liabilities and member's equity</b>		
Current liabilities:		
Accounts payable	\$ 229	\$ 59
Accrued liabilities	73	93
Total current liabilities	<u>302</u>	<u>152</u>
Long-term liabilities:		
Other liabilities	557	838
Total long-term liabilities	<u>557</u>	<u>838</u>
Equity:		
Accounts payable, related parties	256	-
Equity	(601)	(210)
Total Equity	<u>(345)</u>	<u>(210)</u>
Total liabilities and member's equity	<u>\$ 514</u>	<u>\$ 780</u>

WNW Franchising, LLC

Statements of Income and Equity  
(In Thousands)

	Successor		Predecessor	
	Ten Months Ended October 26, 2024	Period from August 22, 2023 to December 30, 2023	Period from January 1, 2023 to August 21, 2023	Period from February 22, 2022 to December 31, 2022
	(Unaudited)			
Royalties	\$ 562	\$ 241	\$ 385	\$ 613
Franchise fees	35	42	40	4
Advertising sales and other revenues	379	144	241	225
	976	427	636	839
General and administrative expenses	1,308	531	1,178	1,242
Depreciation and amortization	52	19	288	42
Loss on sale or disposal of assets, net	6	—	—	—
Operating loss	(390)	(123)	(830)	(415)
Transaction costs	—	—	—	59
Net loss	\$ (390)	\$ (123)	\$ (830)	\$ (474)
<b>Statements of member's equity</b>				
Member's equity, beginning of period	\$ (210)	\$ —	\$ 1,087	\$ 822
Pushdown of Merger Transaction	—	(307)	—	—
Net loss	(390)	(123)	(830)	(474)
Member contribution	255	220	897	739
Member's equity, end of period	\$ (345)	\$ (210)	\$ 1,154	\$ 1,087

EXHIBIT F  
TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT

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**WNW FRANCHISING, LLC  
DATA SHEET**

Franchisee: \_\_\_\_\_

Guarantors: \_\_\_\_\_

Operating Principal (if applicable): \_\_\_\_\_

Effective Date: \_\_\_\_\_

Approved Location: \_\_\_\_\_

Protected Territory: \_\_\_\_\_

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

Initial Franchise Fee: \_\_\_\_\_

**Notices: Any notice or demand given or made under this Agreement must be served as follows:**

Franchise Notice Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**The terms of this Data Sheet are hereby incorporated into the attached  
Franchise Agreement**

**WNW FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between WNW FRANCHISING, LLC., a Delaware limited liability company, whose address is 17410 College Parkway, Livonia, MI 48152-2369, hereinafter referred to as "**WNW**"; and \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_, hereinafter collectively referred to as "**You**".

**RECITALS**

A. WNW is the owner of a system for the establishment, development, and operation of retail businesses that provide self-service pet bathing, professional pet grooming, and retail sale of select pet supplies, pet accessories, pet bakery, and pet food items in a small format store environment. ("Wag N Wash® Stores" or "Stores").

B. WNW is engaged in the business of granting qualified persons the right to operate a single Store.

C. You wish to enter into an agreement with WNW to obtain the right to operate a Store using WNW's operating system, the characteristics of which include: (a) uniform standards and specifications for self-service pet bathing, professional pet bathing and grooming, and retail sale of pet supplies, pet accessories, pet bakery items, pet food, and related products and services; (b) access to WNW's supplier networks; (c) specifications for a Store's interior and exterior construction, design, and layout; (d) specifications for furniture, fixtures, and equipment; (e) sales techniques; (f) merchandising, marketing, advertising, point of sale (POS), and inventory management systems; and (g) other general procedures for operating and managing a retail Store (the "System").

D. The System is identified by proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, the "Wag N Wash®" mark (the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or will hereafter be, designated as part of the System will be owned exclusively by WNW or its affiliates and will be used by WNW, its affiliates and System franchisees to identify to the public the source of the products and services marketed thereunder. WNW may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

E. You have applied for a franchise and WNW has approved your application in reliance on the representations made therein.

F. You hereby acknowledge that adherence to the terms of this Agreement and WNW's standards and specifications are essential to the operation of Wag N Wash® Stores and the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, you and WNW hereby agree as follows:

**ARTICLE I**  
**GRANT OF LICENSE**

**Section 1.1**      **Grant of License.** WNW hereby grants to you, upon the express terms and conditions contained in this Agreement, and you hereby accept, a non-exclusive license to establish and operate one Wag N Wash® Store under the System and Proprietary Marks, and the right to use the System and Proprietary Marks to operate the Store. WNW has the right to supplement, improve or otherwise modify the System from time to time in its discretion, and you must comply with all changes, which may include, without limitation, the offer and sale of new or different products and services.

**Section 1.2**      **Protected Territory and Reserved Rights.** Except as otherwise provided for in this Agreement, as long as you are in compliance with the terms and conditions hereof, WNW will not establish, nor license any other person the right to establish, another Wag N Wash® Store at any location within the territory granted to you after a location is chosen for your Store and described in the Data Sheet annexed hereto, which is hereby incorporated into the Franchise Agreement (the "Territory"). Your Territory will not be exclusive in terms of marketing rights or clientele. WNW retains all other rights, and may, among other things, on any terms and conditions WNW deems advisable, and without granting you any rights therein:

(a)      Establish, and license others to establish, Wag N Wash® Stores at any location outside the Territory, notwithstanding their proximity to the Territory or your Location (defined below) or their actual or threatened impact on sales at your Wag N Wash® Store;

(b)      Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services, or merchandise, from any location or to any purchaser, through any channel or method of distribution (including, but not limited, to sales made by or through mail order and/or on the Internet), so long as such sales are not conducted from a Wag N Wash® Store operated from a location inside the Territory;

(c)      In the event WNW or its affiliates acquire another chain or system, or WNW or its affiliates are acquired by another chain or system, that operates and/or franchises stores or retail outlets that are the same or similar to Wag N Wash® Stores in that they have a substantially similar concept and/or offer for sale similar products or services, WNW or its affiliates may establish, acquire or operate, or license others to establish and operate, stores or retail outlets under other systems or other marks, which stores or retail outlets may offer or sell products or services that are the same as, or similar to, the products and services offered from the Wag N Wash® Store, and which stores or retail outlets may be located within or outside the Protected Territory, despite these stores' proximity to your Location or their actual or threatened impact on sales at your Wag N Wash® Store; and

(d)      Engage in any other activities not expressly prohibited by this Agreement.

**Section 1.3**      **Advertising and Promotional Materials.** You and WNW acknowledge that advertising and promotional materials created, placed, and/or distributed by WNW, other

franchisees operating under the System, or other entities authorized by WNW, may appear in media distributed in, or may be directed to prospective customers located within, the Protected Territory, including on WNW's website or any related website.

**Section 1.4**            **Sale of Products and Services.** You acknowledge and agree that WNW, in any Wag N Wash® Store operated by it, and each of WNW's franchisees, may sell their products and services to any customer, no matter where that customer resides. Unless otherwise permitted by WNW, you shall offer and sell only products and services previously authorized by WNW, only from your Wag N Wash® Store, only in accordance with the requirements of this Agreement and the procedures set forth in the Manuals, and only to retail customers at or from your Wag N Wash® Store. WNW has implemented an eCommerce program consisting of an online-based in-store (curbside) pickup service and a deliver from store service within a designated radius of each store. Delivery services may be provided as a fee for service by a third-party (subject to local availability) or delivery services may be provided by store personnel. As part of the offering, you acknowledge and agree that WNW reserves the right to require you to participate in this distribution channel which may include a future replenishment or subscription service. When required, you will allow us to set up the required software and other technical functionalities so that your store is able to receive online orders purchased through a website or e-commerce platform we designate. You may incur an increased cost to comply with these required software or hardware changes. These orders will be processed directly through your in-store point of sale system, and these sales will be treated the same as in-store sales for royalty and other fee calculation purposes. You will not offer or sell products or services authorized under this Agreement through any other means, including without limitation, via wholesale distribution or through delivery, satellite locations, temporary locations, the Internet, mail order, or through any electronic media, unless approved in writing by WNW.

**Section 1.5**            **Alternative Channels of Distribution.** You acknowledge and agree that WNW and WNW's affiliates may now or in the future create products and services, offered and sold under the Proprietary Marks or otherwise, and may sell such products or services in such manner and through such channels of distribution as WNW deems appropriate, at WNW's or our affiliate's sole discretion. Alternate channels of distribution may include, but are not limited to, the sale of pet food, pet supplies, and related products or services through the Internet, and other direct mail marketing, and television and telephone marketing, and other retail stores within or outside of your Territory. We do not currently offer or operate any direct-to-customer distribution services other than an internet solution focused on sending traffic and sales to stores, including a pick-up at store and deliver from store service (the "Existing Channels"). In the event we implement any distribution channel in addition to the Existing Channels, we may, but are under no obligation to, share any revenue from direct-to-customer sales through such alternate channels with our franchisees, and we reserve the right to modify any revenue sharing arrangement associated with such alternate channels of distribution at any time; provided, however, that sales through the Existing Channels shall be treated for all purposes as in-store sales in accordance with Section 1.4. You acknowledge that this agreement does not grant you any right to distribute products or services through the alternative channels of distribution described in this Section 1.5.

## **ARTICLE II**

### **INITIAL TERM AND RENEWAL**

**Section 2.1**            **Initial Term.** The term of this Agreement will commence on the date that WNW signs this Agreement and will continue for 10 years, unless sooner terminated as provided in this Agreement.

**Section 2.2**            **Renewal.** You may, at your option, renew this franchise for 2 successive, additional 5-year terms provided you meet all of the conditions below:

(a)        You give WNW written notice of such election to renew not less than 3 months nor more than 9 months, prior to the end of such term;

(b)        You have demonstrated to WNW's satisfaction that you have the right to operate the Store at the Approved Location (defined in Section 3.1 below) for the duration of the renewal term; or, if you are unable to operate the Store at the Approved Location, you have secured a substitute location meeting WNW's then-current standards and specifications;

(c)        You have completed, to WNW's satisfaction, no later than 90 days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating, and remodeling of the Store premises required to bring the Store and all of its equipment into full compliance with WNW's then-current System standards and specifications. In order to facilitate identifying items requiring renovating, updating, and remodeling, Franchisee may be required, at Franchisee's expense, to provide WNW with current architectural drawings and/or layouts for the Store in the form that WNW prescribes. For the avoidance of doubt, all labor and equipment expenses required to complete the required updates for renewal shall be at Franchisee's sole expense. WNW is under no obligation to provide Franchisee with any on-site assistance in connection with remodeling the Store premises. Subject to resource availability, Franchisee may elect to have WNW provide on-site assistance and bill Franchisee for actual labor and expenses incurred;

(d)        You are not in breach of any of the provisions of this Agreement, or any other agreements between you and WNW, WNW's affiliates, or WNW's approved or designated suppliers, and you have substantially completed all such agreements during their respective terms;

(e)        You have satisfied all monetary obligations towards WNW, WNW's affiliates, and WNW's major suppliers and vendors;

(f)        You execute WNW's then-current form of Franchise Agreement, the terms of which may vary materially from the terms of this Agreement, provided that the size of your protected Territory will not change;

(g)        You pay WNW a renewal fee of \$2,500;

(h)        You satisfy WNW's then-current training requirements, if any, for renewing franchisees at your expense; and

(i)        You sign a general release in the form WNW prescribes, which will not be inconsistent with any applicable state regulations relating to renewals.

Provided that you meet the conditions enumerated in (a) through (i) above, the option for an additional 5-year renewal term following the 2 successive 5-year renewal terms shall not be unreasonably withheld.

### ARTICLE III

#### **SITE SELECTION, BUILD OUT, AND OPENING**

**Section 3.1** **Site Selection**. You must enter into the Site Selection Addendum attached as Exhibit 1 hereto, which will identify the [initial](#) territory within which you must find a location and govern the site selection process. You must use WNW's designated real estate representative to assist you in searching for your site. [You may ultimately move forward with a location located outside of this initial territory at WNW's sole discretion.](#) You must submit a site submittal form to WNW in the format and including the information WNW specifies, and must thereafter obtain WNW's acceptance for a site. Within 15 business days after receipt of the site submittal report, WNW will provide you with WNW's written notice of acceptance or non-acceptance of the site.

**Section 3.2** **Lease Review and Required Provisions**. For your accepted site, you must submit the lease ("Lease") for review and acceptance prior to execution. WNW will condition its acceptance of any proposed Lease on, among other things, the Lease containing a use clause that is satisfactory to WNW, and on you and your landlord's execution of a Collateral Assignment of Lease attached as Exhibit 2 to this Agreement which grants WNW the unconditional right, but not the obligation, to assume and/or assign the Lease upon (a) your default under the lease, or (b) the termination, transfer, or expiration of this Agreement. You must deliver an executed copy of the Lease and Collateral Assignment of Lease to WNW within 15 days of execution of the Lease. The term of your Lease together with renewal options, if any, must be not less than a ten-year initial term plus two five-year renewal terms. Any subsequent amendments or modifications to the accepted Lease must be approved in writing by WNW prior to execution. You must sign a Lease for an Approved Location within 12 months of signing this Agreement. [In the event that you, or an entity under majority control by you, owns the real estate for your accepted site, WNW reserves the right to require documentation that delineates WNW's rights upon the termination, transfer or expiration of this Agreement.](#)

**Section 3.3** **Approved Location of Wag N Wash® Store**. You must operate the Store only at the location WNW accepts in writing, which will be identified in the Data Sheet attached to this Franchise Agreement (the "Approved Location"). The Approved Location must be used solely to operate a Store, and not for any other purpose. **WNW'S APPROVAL OF A LOCATION DOES NOT CONSTITUTE A REPRESENTATION, WARRANTY OR GUARANTEE OF THE COMMERCIAL VALUE OF YOUR LOCATION OR YOUR FINANCIAL SUCCESS IF YOU CHOOSE TO OPERATE A WAG N WASH® STORE AT THAT LOCATION.** As provided below, you may not relocate the Store without WNW's prior written consent.

**Section 3.4** **Store Appearance and Construction**. The Store will conform to WNW's standards and specifications for the appearance, layout, and design of a Wag N Wash® Store. You are solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that the plans meet with applicable ordinances, building codes, permit requirements, and any other applicable local, state, or federal law; provided, however, that you must use one of WNW's approved architects for your construction drawings. WNW will provide current prototypical drawings. When soliciting bids for the buildout of your Store, WNW's approved general contractor must be one of the bidders. All construction bids must be sent to WNW for WNW's review. WNW must approve

all contractors, architects, and plans before you begin construction/build-out. WNW must approve all subsequent, material changes to any plans and drawings before such changes are implemented, either during initial construction or any remodels, updates, or reflows.

**Section 3.5**            **Opening.** You must open the Store for business no later than 7 months after you sign a Lease for an Approved Location. If you have entered into a multi-unit agreement, you must comply with the provisions of the multi-unit agreement regarding opening time frames.

**Section 3.6**            **Relocation.** You may not relocate the Store without WNW's prior written consent. If WNW grants you permission to relocate or if WNW determines not more than 18 months nor less than 12 months prior to the end of any term of your Lease that the commercial characteristics of your Approved Location no longer meet WNW's criteria for a Wag N Wash® Store, then you must find another location for your Store within your Territory and must comply with the site acceptance procedures set forth in Section 3.1, 3.2 and 3.3 above. In such a circumstance, you must obtain WNW's express written consent to relocation, procure a site acceptable to WNW at least 90 days prior to closing operations at your current Approved Location, and open for business at the new Approved Location within 30 days of closing business at your existing Approved Location. You are responsible for paying Royalty and other fees due under this Agreement during any transitional period. If you relocate your Store without WNW's prior written consent, WNW shall have the right to immediately terminate this Agreement.

## **ARTICLE IV** **FEES**

**Section 4.1**            **Initial Franchise Fee.** In consideration of the franchise granted to you, you must pay WNW a lump sum initial franchise fee of \$49,900, in full, when you sign this Agreement. The initial fee is deemed fully earned and non-refundable in consideration of administrative and other expenses WNW incurs in granting you the franchise, and for WNW's lost or deferred opportunity to franchise to others. If you are an existing franchisee, we will reduce the Initial Franchise Fee to \$35,000 for the second and any subsequent Stores you open.

**Section 4.2**            **Royalty.** You must pay a royalty fee on the 10<sup>th</sup> of each calendar month equal to (a) 2% of "Gross Sales" generated during the immediately preceding calendar month for the first 12 full or partial months of operation; (b) 3% of "Gross Sales" generated during the immediately preceding calendar month for months 13-24 of operation and (b) 4% of "Gross Sales" generated during the immediately preceding calendar month for all subsequent months of operation (the "Royalty"). "Gross Sales" includes all revenue you generate from all business conducted at or from your Store during the preceding reporting period, including amounts received from the sale pet food, pet supplies, pet grooming and bathing services, revenues from business interruption insurance, and revenue derived from the sale of any other products or services, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, whether delivered on site, at the customer location, or via the Internet, and whether collected or uncollected. "Gross Sales" does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged, and you pay such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits, and allowances given to customers in good faith pursuant to WNW's standard procedures for issuing such refunds. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided to you by a

vendor, supplier or customer will be valued at the full retail value of the goods or services provided to you.

**Section 4.3**      **Required Advertising Contribution.** You must actively promote and advertise your Wag N Wash® Store within your Territory. Stores in the first 12 months of operation will contribute a fixed dollar amount of (a) \$3,350 per month in Local Marketing Spend (the “LMS”) as directed by WNW and administered by a third-party System Supplier and (b) \$1,000 to the National Advertising Fund (the “NAF”) which WNW has established for the common benefit of System franchisees. The NAF is further described in Section 7.20. For all subsequent months after the first 12 months of operation, the required monthly advertising contribution shall be the lesser of 3.5% of Gross Sales or \$8,333.00 (“the Advertising Contribution Monthly Cap”) with (a) 2/3 of that amount directed to the LMS, as directed by WNW and administered by a third-party vendor and (b) 1/3 of that amount to the NAF. The NAF contribution shall be collected in the same manner of payment as the Royalty, as described in Section 4.6 below. The LMS contribution is remitted monthly to the third-party vendor managing the local advertising programs. Because the media buy is typically for several months, the monthly LMS contribution will be calculated on a quarterly basis using a lookback to previous sales. A per Store maximum annual total contribution (LMS and NAF) of \$100,000 applies to the required advertising contribution (the “Advertising Contribution Annual Cap”).

**Section 4.4**      **Grand Opening Advertising.** In addition to the Advertising Requirement set forth in Section 4.3 above, we will collect \$20,000, or you will pay \$20,000 to the Grand Opening event management company we designate, for the grand opening advertising requirement for your first Store and use those funds to implement an advertising/promotional program for the initial launch of your Store on your behalf based on our knowledge and experience in marketing this type of business. We will spend the amount we determine necessary for the grand opening advertisement and will refund any unspent amounts to you within 90 days after the grand opening of your Store. We generally collect the grand opening advertising requirement on the 10th day of the month in which Store set-up begins.

**Section 4.5**      **Gross Sales Reports.** Gross Sales are those sales reported through the WNW POS System. Currently, WNW requires that you submit Gross Sales Reports electronically via the WNW Point of Sale (POS) system. WNW may change the form, content or reporting period for the Gross Sales Report at any time upon written notice.

**Section 4.6**      **Manner of Payment.** Presently, the Royalty is collected on the 10<sup>th</sup> of each calendar month via an electronic funds transfer program (the “EFT Program”) under which WNW automatically deducts the Royalty and any other amounts owed to WNW under this Agreement, or any other agreement between you and WNW from your bank account. National Advertising Fund contributions are also collected on the 10<sup>th</sup> of each calendar month via the EFT Program. The Royalty is collected for the previous calendar month’s Gross Sales, and the National Advertising Fund contribution represents your contribution for the calendar month in which it is collected. You must deposit all revenues from the operation of your Store into one bank account within 1 business day after receipt, including cash, checks, and credit card receipts. Prior to opening, you must provide WNW with your bank name, routing number, and account number, and sign and give to WNW and your bank all documents, including Exhibit 3 to this Agreement, necessary to effectuate the EFT Program and WNW’s ability to withdraw funds from such bank account via electronic funds transfer. You must immediately notify WNW of any change in your banking relationship, including changes in account numbers. If WNW chooses to collect the

Royalty via EFT, WNW will inform you of the amount to be swept from your account at least 1 day beforehand. WNW reserves the right to require you to pay any fees due under this agreement by such other means and at such periods as WNW may specify from time to time, including any payments made to WNW's affiliates.

**Section 4.7**            **Insufficient Funds and Late Payments.** If the funds in your bank account are insufficient to cover any amounts due under this Agreement or otherwise due to WNW or WNW's affiliates on the date such funds are due, or if you make any late payments or underpay amounts due to WNW or WNW's affiliates, in addition to the overdue amount WNW and its affiliates have the right to debit interest at the lesser of 1.5% per month or the highest interest rate permissible under law, from the date payments are due until they are paid in full. If an EFT is not honored by your bank for any reason, you will be responsible for that payment and any service charge. Nothing contained in this Section will prevent WNW from exercising, in WNW's sole judgment, any other rights or remedies available to WNW under this Agreement.

**Section 4.8**            **WNW's Right to Offset.** WNW will be entitled to withhold all or any part of any payment otherwise payable to you, including, but not limited to, vendor scanbacks as an offset against any amount(s) you may owe WNW or any of WNW's affiliates under this Agreement or any related agreements and you shall be deemed to have consented to such reduction.

**Section 4.9**            **Taxes on Payments.** In the event any taxing authority, wherever located, imposes any future tax, levy, or assessment on any payment you make to WNW, you must, in addition to all payments due to WNW, pay such tax, levy or assessment.

**Section 4.10**          **Technology Fee.** You must pay WNW or WNW's designated vendor(s) a fee (which is currently collected monthly by WNW) associated with required technology used in the operation of your Store. Such payment shall be made in the manner prescribed by WNW or the designated vendor(s), as applicable, and currently the fee must be paid as described in Section 4.6 of this Agreement. WNW reserves the right to change the manner of payment or the amount of the fee described in this Section, or to impose additional fees, as changes are made to the System's hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency. There is no requirement for WNW to provide an audit of the Technology Fee.

**Section 4.11**          **Set Up Fee.** In addition to the fees set forth above, you are required to pay WNW's Store set up fee, which is currently \$15,000, in full, prior to opening your Store, in consideration for WNW's on-site advisory role in connection with setting up the Store premises. We will provide additional personnel, at franchisee request, subject to the availability of our set up team personnel. If this occurs, we will charge our then-current additional set up team member fee, which is presently \$2,500 per week, for each additional set up team member. For the avoidance of doubt, the set up fee does not include any labor expense for the physical set-up of the store. The set up fee referenced in this Section 4.10 applies to the initial store opening only. On-site assistance related to remodels is addressed in Section 2.2.

## **ARTICLE V**

### **REPORTS, RECORDS, RIGHT OF ACCESS AND AUDIT**

**Section 5.1**            **Financial Reports.** You must maintain for at least 5 fiscal years from their preparation complete financial records for the operation of the Store in accordance with generally

accepted accounting principles and must provide WNW, at WNW's request, with (i) a report including, without limitation, Advertising Requirement expenditures, and any other additional information which WNW deems necessary to properly evaluate your performance; (ii) a monthly balance sheet and profit and loss statement, in a format specified by WNW, prepared in accordance with WNW's standard chart of accounts, within 14 days after the end of each calendar month; (iii) annual financial reports and operating statements in the form WNW specifies, prepared by a certified public accountant or state licensed public accountant, within 120 days after the close of each of your fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which your Store is operated, within 30 days after their timely completion; and (v) such other reports as WNW may from time to time require, in the form and at the time WNW prescribes. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, WNW, at WNW's discretion, may specify the form in which the business records must be maintained and provide a uniform set of business record keeping forms for you to use. WNW will have full access at any time to all of your data, systems, and related information by means of direct access, whether in person or electronically. WNW reserves the right to modify, change, or amend the financial reporting requirements at any time.

**Section 5.2**            **Customer Reporting.** Franchisee must report customer data into WNW's designated customer management program (the "CRM") within the time frames specified in the operations manual. All customer data constitute WNW's trade secrets and Confidential Information (as such term is defined herein).

**Section 5.3**            **Access and Audit.** WNW has the right to enter upon, inspect, and audit all aspects of your business including, but not limited to, all books, records, facilities, equipment, materials and services and any other matters relating to your obligations under this Agreement or to the use of the Wag N Wash® trade name(s) or trademarks or the Wag N Wash® System. WNW need not give notice prior to such access and audit, but such access and audit must be made during your normal business hours. WNW will not unreasonably interfere with the business activities of your Wag N Wash® Store while conducting the audit. You agree to cooperate fully with WNW in providing access to your records and facilities and in the conduct of any audit. Late fees, a surcharge and audit costs may be payable on unreported fees as set forth in Section 4.7 above and Section 5.4 below.

**Section 5.4**            **Audit Fee and Surcharge.** In the event that an audit of your operations reveals that you have understated your Gross Sales by 2% or more or failed to make your required advertising expenditures, or if you fail to submit the reports required to be made to WNW under Section 5.1 within the time allocated for such reports, you must pay to WNW a surcharge of 25% of the amount of the Royalty on the unreported revenue, in addition to the Royalty and other required fees due to WNW. In the event that an audit discloses that you have understated your Gross Sales by 2% or more, you must also reimburse WNW for the cost of the audit.

## **ARTICLE VI** **DUTIES OF WNW**

**Section 6.1**            **Site Acceptance.** WNW will review and grant or withhold its acceptance of the location selected by you for your Wag N Wash® Store, in the manner required by Article III of this Agreement. WNW's ACCEPTANCE OF A LOCATION DOES NOT CONSTITUTE A REPRESENTATION, WARRANTY OR GUARANTEE OF THE COMMERCIAL VALUE OF YOUR

LOCATION OR YOUR FINANCIAL SUCCESS IF YOU CHOOSE TO OPERATE A WAG N WASH® STORE AT THAT LOCATION.

**Section 6.2**      **Equipment and Merchandise Selection.** WNW will provide you with current prototypical drawings for the layout of your Store. WNW will also provide you with specifications for and provide you with a list of approved and designated suppliers from which you agree to purchase the equipment, inventory, goods, and supplies necessary for the start-up and ongoing operations of your Store.

**Section 6.3**      **Review of Plans and Specifications; Equipment and Merchandising Layouts.** WNW will review and approve the plans and specifications for the construction of and all improvements to your Wag N Wash® Store. WNW will assist you in preparing and must approve all equipment and merchandising layouts for your Wag N Wash® Store. You must use one of WNW's approved architects for your construction drawings.

**Section 6.4**      **Training Programs.** WNW will conduct a pre-opening training program, as described in Article X. WNW may, in WNW's sole discretion, hold refresher and ongoing training courses. WNW may require you and your management personnel to attend training at the location WNW designates. All expenses, including you and your personnel's transportation, meal, and lodging expenses to attend such training will be your sole responsibility. WNW may also provide training programs for employees and managers to complete over its intranet system at your expense.

**Section 6.5**      **Confidential Operating Manual.** WNW will make available to you WNW's proprietary and confidential Operations Manual and any other manual WNW may now or hereafter designate for use in operating a Store (collectively the "Operations Manual"). You must operate the Store in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual must remain confidential and WNW's exclusive property. You agree that you will not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. An electronic copy of the Operations Manual will be made available electronically via your owner login, which we may amend periodically. If there is a dispute relating to the contents of the Operations Manual, the master copy, which WNW maintains at WNW's corporate headquarters, will control. WNW reserves the right to disclose updates to the Operations Manual via electronic means, including over any intranet or extranet system established in connection with the System.

**Section 6.6**      **Pricing Policy.** WNW will, upon request, provide you with information for your consideration in establishing prices for the products and services advertised, sold and offered for sale in your Wag N Wash® Store. The final decision as to all such matters of pricing is made solely by you.

**Section 6.7**      **Development of Standards.** WNW will develop standards, techniques, policies, regulations and procedures regarding the operation of Stores, which may include standards, techniques, regulations or procedures for the sale of the products or services offered by you; guidance on the selection, supervision and training of all personnel; sales, advertising and promotional techniques, programs and procedures; standards and specifications for the appearance of your Store; policies or procedures relating to manufacturer's coupons or other rebates or discounts offered by manufacturers; payment, credit, accounting and financial reporting

policies and procedures; standards and specifications for the purchase and maintenance of equipment and fixtures; merchandising of items held by you for resale; hours and manner of operations; and/or trademark and signage usage.

**Section 6.8**            **Grand Opening Advertising.** Prior to opening, WNW will collect the Grand Opening advertising fee from you, as described in Section 4.4 above, and implement a grand opening marketing and promotional program on your behalf, as WNW determines in its sole discretion. WNW will refund to you any unspent amounts within ninety (90) days following your grand opening.

**Section 6.9**            **Ongoing Advertising.** You must obtain WNW's approval of any advertising materials prepared by you, or at your direction, prior to the production or use of those advertising materials.

**Section 6.10**          **Annual Conference.** WNW may, in WNW's discretion, hold an annual conference at the location WNW designates. WNW will determine the topics and agenda for such a conference, including updating franchisees on new developments in the system, exchanging information with System franchisees, and recognizing franchisees' achievements. WNW may require you and your managers to attend the annual conference, for up to 3 days per year, and to pay WNW's then-current registration fee. All expenses, including you and your employee's travel, meal, and lodging expenses associated with training will be your responsibility.

**Section 6.11**          **Ongoing Assistance.** WNW will provide you with continuing consultation and advice as WNW deems necessary and appropriate regarding the management and operation of the Store. WNW, through its employees, will provide such assistance as it deems appropriate via telephone, electronic, or web-based communication. If you require and request additional on-site assistance from WNW, subject to the availability of WNW's personnel, WNW will provide you with such assistance at WNW's then current rates.

**Section 6.12**          **WNW's Ability to Withhold Services.** If you fail to pay any sums due WNW or its affiliates under this Agreement or under any other Agreement between you and WNW or its affiliates, WNW can withhold any supervision, assistance or service provided to you under any provision of this Agreement.

**Section 6.13**          **Delegation.** WNW has the right to outsource the provision of any service to be performed by WNW under this Agreement to an approved or designated vendor.

## **ARTICLE VII** **YOUR DUTIES**

**Section 7.1**            **Site Selection, Buildout, and Opening.** You must comply with the site selection, buildout, and opening procedures set forth in Article III of the Franchise Agreement. We reserve the right to require you to use WNW's designated real estate representative to assist you in searching for your site. The Store must be constructed and/or improved by you in compliance with WNW's standards for decor, signage and merchandising. WNW must approve all construction, remodeling plans, specifications, interior and exterior layouts and site plans prior to the beginning of any construction work on your Wag N Wash® Store. [You must stay in contact with WNW throughout the site selection, buildout, and opening process. You are expected to](#)

attend all calls/meetings with WNW during the site selection, buildout, and opening process and you must advise WNW of any change to your contact information to facilitate the same.

**Section 7.2**      **Signs.** You must purchase or lease signs for your Wag N Wash® Store which display WNW's Proprietary Marks. All signage must meet WNW's specifications as to quality and quantity and all signs must be approved by WNW, and by all applicable regulatory authorities, prior to their installation. You must also display all of the franchising brochures and other marketing materials WNW designates at your Approved Location in the manner WNW specifies.

**Section 7.3**      **Purchasing Requirements.**

(a)      **Compliance with Standards.** You acknowledge and agree that your obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Store and to maintain uniformity throughout the System. You must adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same (including, without limitation, standards and specifications for the offer and sale of pet food, pet supplies, pet grooming and bathing services, and other products and services offered through your Store, as well as standards for inventory, merchandise and displays, equipment, fixtures, and signage). You must use signs, furnishings, supplies, fixtures, equipment and inventory that comply with WNW's then-current standards and specifications, which WNW establishes from time to time. WNW has the right to change WNW's standards and specifications in WNW's discretion. You acknowledge that you may incur increased costs to comply with such changes at your expense.

(b)      **Designated and Approved Suppliers.** Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of WNW's trade dress, you agree to purchase pet supplies, accessories, grooming products, and other inventory items, as well as certain signs, furnishings, supplies, fixtures, computer hardware and software, and other equipment from WNW or from its approved and designated suppliers as WNW will specify in the Operations Manual or otherwise in writing from time to time. You acknowledge that WNW, WNW's affiliates, and/or a third party may be one of several, or the only, approved supplier of any item. You further acknowledge and agree that WNW and/or WNW's affiliates have the right to realize a profit on any items that WNW, WNW's affiliates or WNW's approved suppliers supply to you. If you fail to use WNW's approved or designated suppliers for any goods or services, and subsequently wish to use WNW's approved or designated supplier for the item, you must pay a \$500 fee per product or service to reimburse WNW for WNW's administrative costs in managing WNW's supplier networks. WNW will not charge the \$500 alternative supplier fee if you use an unapproved supplier for approved items solely because WNW's approved and designated suppliers do not have the item in stock. Additionally, if you purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier, WNW has the right to charge you a penalty fee of \$500 for each occurrence, in addition to issuing you a default notice under the Franchise Agreement.

(c)      **Supplier Approval.** In the event you wish to purchase any unapproved item and/or acquire approved items from an unapproved supplier, you must provide WNW the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At WNW's request, you must provide WNW with a sample of the item you wish to purchase for testing purposes. If WNW

incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse WNW for WNW's reasonable testing costs, regardless of whether WNW subsequently approves the item or supplier. WNW may base its approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself (such as the quality of products, standards of service, the supplier's reputation in the marketplace, and the supplier's pricing), but also other factors such as the uniformity, efficiency and quality of operation WNW deems necessary or desirable in its system as a whole, the confidentiality of WNW's standards and specifications, and WNW's ability to earn revenue from your purchases of goods and services. WNW has no obligation to approve any particular product, services, or source. WNW and its affiliates have the right to receive payments from suppliers because of their dealings with you and other franchisees and to use all amounts WNW receives without restriction (unless instructed otherwise by the supplier) for any purposes WNW deems appropriate. WNW may require you to purchase any previously unapproved product or service from its approved or designated supplier. Nothing herein will require WNW to approve an unreasonable number of suppliers for a given item, which approval might, in WNW's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. WNW may revoke WNW's approval of particular products or suppliers when WNW determines, in WNW's sole discretion, that such products or suppliers no longer meet WNW's standards. Upon receipt of written notice of revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of Your Store and not for any competitive business purpose.

(d) System Suppliers. WNW may establish business relationships, from time to time, with suppliers who may produce, among other things, certain pet food, other supplies, furnishings, fixtures, equipment and inventory according to WNW's proprietary standards and specifications, or private label goods which WNW has authorized and prescribed for sale by System franchisees ("System Suppliers"). You recognize that such products are essential to the operation of the Store and to the System generally. You further recognize that your failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, you agree to pay System Suppliers as and when due. System Suppliers, including affiliate companies (for example, PSP Distribution) may assess fees and charges related to their services, including, without limitation, shipping, handling, delivery, and fuel surcharges.

**Section 7.4 Authorized Products and Services.** You will offer for sale all products and services which WNW prescribes, including seasonal items, and only those products and services which WNW prescribes. You may not offer any other products for sale, rent, or lease without having received WNW's prior written authorization. You will at all times maintain sufficient amounts and types of inventory to meet consumer demand. You must offer and sell all private label products that WNW may now or in the future designate for sale by System franchisees. Such items may include private label pet food, pet supplies, toys, grooming products, accessories, and other inventory items and merchandise under the Proprietary Marks or any other marks WNW may designate. You must offer deliver from store services to neighbors within a prescribed distance of your Store. Deliver from store services may be made by you/your employees or, subject to local availability, by a WNW approved third-party courier. Additionally, if you offer any unauthorized or discontinued products or services at or from your Store, WNW has the right to

charge you a penalty fee of \$500 for each unapproved item, in addition to issuing you a default notice under the Franchise Agreement.

## **Section 7.5            Operations.**

(a)     You must operate your Store for at least those months, hours and days that WNW specifies in the Operations Manual.

(b)     You must maintain the Store in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws or regulations relating to the offer and sale of pet food and supplies, and pet care services, and the Operations Manual. You and your employees must give prompt, courteous, and efficient service to the public and otherwise operate the Store to preserve, maintain and enhance the reputation and goodwill of the System.

(c)     In order to ensure that all products and services offered by you meet WNW's high quality standards, and in order to protect the goodwill associated with WNW's System and Proprietary Marks, all products and services must be offered in the manner set forth in the Operations Manual, and must be sold only at retail to customers in conformity with WNW's marketing plan and concept. You acknowledge that such methods are integral to the System and failure to strictly adhere to such standards and specifications will be detrimental to the System and Proprietary Marks and will constitute a material default of this Agreement.

(d)     You must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Store in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of your Store during working hours must dress in conformance with WNW's standards, must present a neat and clean appearance in conformance with WNW's reasonable standards and must render competent, efficient service to the customers of the Store.

(e)     You agree to operate the Store in accordance with the Operations Manual. You must train and adequately instruct your employees prior to opening in accordance with the Operations Manual, and must continue such training and instruction for so long as the employee remains with the Store. WNW has the right to require your employees to engage in mandatory training over the Internet periodically. The Operations Manual will set forth the practices, procedures and methods to be utilized in operating a Store and WNW may require you to conform your practices to national programs, which WNW may now or in the future design and promulgate as part of WNW's System.

(f)     You (or at least one of your principals if you are a corporation or partnership) must devote your personal full-time attention and best efforts to the management and operation of the Store. You may, however, delegate the day-to-day operation of your Store to a manager ("Key Manager"). Your Key Manager must successfully complete WNW's initial training program prior to assuming the management and operation of the Store. Your Store must, at all times, be staffed with at least 1 individual who has successfully completed WNW's initial training program as set forth in Article X. In the event that you operate more than one Store, you must have a properly trained Key Manager who has completed WNW's training program at each location. You will keep WNW informed at all times of the identity of any employee acting as Key

Manager of a Store. In the event that a Key Manager resigns or is otherwise terminated from your Store, the replacement must be trained pursuant to WNW's then-current standards. The new Key Manager must successfully complete training within 30 days of hiring. WNW reserves the right, without the obligation, to train the new Key Manager directly. Any Key Manager(s) must devote full time and best efforts to the day-to-day operation and management of the Store and cannot engage in any other business activity without WNW's prior written consent. Even if you choose to delegate the day-to-day operation of your Store to a Key Manager, you remain personally responsible for the operation of your Store(s).

(g) You must at all times maintain such working capital as may be reasonably necessary to enable you to properly and fully carry out and perform all of your duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

(h) You must at all times maintain sufficient levels of inventory to adequately meet consumer demand, which must not fall below the amounts designated by WNW (at cost) at any time. [You must use the tools provided in the Operations Manual consistently to maintain an accurate perpetual inventory at all times. Should you fail to maintain inventory accuracy, WNW reserves the right to require you to have a third party conduct a physical inventory count at your expense.](#)

(i) In the event that you, the franchisee under this Agreement, are multiple individuals or an entity with multiple owners or principals, then you will be required to designate one of such individuals as the primary point of contact for day-to-day operational issues ("Operating Principal"). The Operating Principal shall be set forth in the Data Sheet, and you expressly agree and acknowledge that the Operating Principal is authorized to communicate with WNW regarding the day-to-day operations of your Store, that WNW may rely on said communications, and that you shall be bound by anything that is communicated by the Operating Principal to WNW or any of its affiliates.

**Section 7.6**            **Site Evaluation.** You agree that, in order to maintain the high quality and uniform standards associated with the System and to protect the goodwill and reputation associated with the System and Proprietary Marks, you will permit WNW to inspect your Store, confer with you and your employees and customers, check inventory levels and operating methods, and perform any additional onsite inspections which WNW deems necessary to protect the standards of quality and uniformity of the System and gauge your performance under this Agreement at any time during regular business hours without notice. It is your obligation to make changes to your operational procedures based on any inspection by WNW.

**Section 7.7**            **Computer Software and Hardware.**

(a) You must use only the computer software programs ("Software") which WNW has developed or may develop and/or designated for use for the System, and must lease or purchase such computer hardware as may be necessary for the efficient operation of the Software, including without limitation, a point of sale system and a payment card reader. You may also be required to buy or lease network equipment and groom room computer equipment from WNW or an approved supplier. There may be additional installation charges for this equipment. Your Store must operate on the software designated by WNW, and you must lease the related computer hardware WNW designates by entering into WNW's prescribed form of

sublease agreement. In addition to any fees payable pursuant to this sublease agreement, you must pay a separate technology fee covering licensing fees, software, cloud-based subscriptions, and support which is assessed monthly. For the avoidance of doubt, the monthly technology fee does not include grooming scheduling software or 3rd party courier deliver from store fees. At all times, you must comply with all of WNW's standards and specifications applicable to your computer system, including those related to hardware, Software, applications, data network, and Internet connection minimum bandwidth capabilities. WNW has the right to require you to update or upgrade computer hardware components, Software, and/or cloud-based subscriptions as WNW deems necessary from time to time, with no limitations as to the number or cost of such updates or upgrades. This includes taking all steps, including but not limited to those related to visibility and management of your Store network, that are necessary to ensure that your Store is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. While WNW does not presently do so, WNW has the right to require you to enter into a separate maintenance agreement for any required computer hardware and/or Software. WNW reserves the right to require you to install a "systems backup solution" which backs up critical data in your computer system using an off-premises storage scheme. With respect to the required hardware and Software, WNW will be responsible for the maintenance and upgrading of the computer hardware and Software, but you will still be responsible for any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded. WNW reserves the right to change systems, hardware, or procurement (leasing or buying) requirements at any time.

(b) WNW has, through a third party vendor, custom-configured the system designated by WNW, a software program for conducting accounting, inventory and point-of-sale functions and/or related activities ("Proprietary Software Program"). You agree to use the Proprietary Software Program and the computer hardware required to implement the Proprietary Software Program into your Store, and to comply with all specifications and standards prescribed by WNW regarding the Proprietary Software Program as provided from time to time in the Operations Manual, at your expense. WNW's computer software and hardware requirements, including all standards and specifications related to Proprietary Software Programs are WNW's proprietary and Confidential Information

(c) WNW currently requires that you use a POS System, with which WNW maintains the costs and retail prices of the items offered for sale from your Wag N Wash® Store in such POS System (if you use the retail prices suggested by WNW). WNW will add new items, delete discontinued items and make price changes as necessary to the database in your POS System. WNW will make the necessary adjustments to the database in your POS System for the cost and retail prices of the items that are being promoted by all WNW Stores during a given promotional period and WNW will cause those items to revert to their customary costs and retail prices at the end of that promotional period. However, the pricing in your Store is your decision. Individual Store-specific pricing maintenance is solely your responsibility, and you acknowledge that there is additional effort and risk associated with maintaining your own pricing. WNW will have access to the data described above. You hereby authorize WNW to accept the sales the POS system reports as true and correct. You must pay any fees related to the POS System that are imposed by WNW.

**Section 7.8**            **Internet and Website.** You must obtain and maintain adequate hardware and software in order to access the Internet at the minimum bit speed WNW requires.

(a) WNW has established a website, [www.wagnwash.com](http://www.wagnwash.com), that provides information about the System and products and services sold under the System. WNW may use System Advertising Fund contributions to pay or reimburse itself for costs incurred in connection with the development, maintenance and update of its website. WNW will be the web master, either directly or through a third party, and will have sole discretion and control over a website and any new websites it may or in the future create relating to the System (including timing, design, contents and continuation).

(b) WNW may design and provide a web page for the promotion of your Store on any website it may now or in the future create. WNW will be the web master, either directly or through a third party, and will have absolute discretion and control over such a web page. WNW may require you to prepare all or a portion of the page for your Store, at your expense, using the template WNW provides. All information on the website must be approved by WNW prior to posting, pursuant to Section 7.19 below. You are prohibited from maintaining an individual website related to the Store, or establishing a URL incorporating any variation of the “Wag N Wash®” name or the Proprietary Marks. You cannot violate WNW’s privacy policies or user terms posted on its website. WNW may use part of the System Advertising Fund contributions to pay or reimburse itself for the costs associated with the development, maintenance, update, and operations of the website.

(c) You are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Store, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter, TikTok, and YouTube, that uses any variation of the Marks or references the System, without obtaining WNW’s prior written approval, which may be withheld or withdrawn at any point in WNW’s sole discretion. You must also provide WNW administrative rights and access to any social media or digital sites or applications.

(d) WNW has the right to modify the provisions of this Section 7.8 relating to Internet websites as WNW deems necessary or appropriate in the best interest of the System.

(e) You acknowledge that WNW and/or its affiliates are the lawful, rightful and sole owner of the Internet domain name [www.wagnwash.com](http://www.wagnwash.com) or any other website WNW may now or in the future create in connection with the System, and you unconditionally disclaim any ownership interest in such domain names and any other domain names or URLs colorably similar thereto. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by WNW or its affiliate or any abbreviation, acronym, phonetic variation or visual variation of those words. WNW has the right to structure and utilize its website in any manner, including but not limited to developing standards and procedures related to e-commerce, and determining whether Internet sales will be deemed sales by WNW or a third party, or by a particular franchisee Store.

**Section 7.9 Computer Network, Intranet or Extranet Participation.** You must participate in any System-wide computer network, intranet system or extranet system that WNW implements and may be required by WNW to use such a network to, among other things: (i) submit reports to WNW; (ii) view and print updates to or portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with WNW and other System franchisees; (v) complete training; and (vi) facilitate any buy online, pick up in store, deliver from

store, or ship from store program. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that WNW includes in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Use of remote-control software for malicious or destructive purposes is strictly prohibited. Any attempt to negate or circumvent WNW information security controls, policies and procedures (for example, disabling virus protection or tunneling a protocol through a firewall) is strictly prohibited. Introduction of malicious programs into the network or server (for example, viruses, worms, Trojan horses, email bombs, etc.) is strictly prohibited.

**Section 7.10**      **Personal Conduct.** You agree to refrain from committing any act or pursuing any course of conduct that tends to bring WNW's System or Proprietary Marks into disrepute.

**Section 7.11**      **Best Efforts.** You must use your best efforts to promote and increase the demand for the products and services offered by your Wag N Wash® Store. All of your advertising and promotional efforts must be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice that may be injurious to the Store or the goodwill associated with the Proprietary Marks and System.

**Section 7.12**      **Telephone.** You must obtain a new telephone number and telephone listing at your expense, to be listed under the Wag N Wash® name and not under your corporate, partnership, or individual name, to be used exclusively in connection with your operation of the Store and not for personal use. Upon the expiration, transfer or termination of this Agreement for any reason, you must terminate your use of the telephone number(s) and listing(s) used in connection with the operation of the Store and assign them to WNW or WNW's designee. You must answer the telephone in the manner WNW specifies in the Operations Manual. You agree to assign all telephone numbers, fax numbers, and other numbers or listings associated with the Store to WNW, including all Yahoo, Google, Craigslist, and related listings by signing the assignment of telephone numbers attached as Exhibit 4 to this Agreement.

**Section 7.13**      **Payment of Debts.** You are solely responsible for: (a) selecting, retaining and paying your employees; (b) paying all invoices for goods and services used in connection with operating the Store; and (c) determining whether, and on what terms, to obtain any financing or credit which you deem advisable or necessary to establish and operate the Store. You agree to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. You agree to indemnify WNW in the event that WNW is held responsible for debts owed by you if WNW elects to pay any of your obligations in order to preserve the relationship between System Suppliers and System franchisees. You agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from your operation of the Store. You agree to indemnify WNW in the event that WNW is held responsible for these taxes.

**Section 7.14**      **Compliance with Applicable Laws.** You must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Store (including, without limitation, all government regulations relating to pet care and pet safety, occupational hazards and health (including but not limited to OSHA), dispensing of perishable items, consumer protection, biometric information privacy, trade regulation, worker's

compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act (“ADA”) regarding the construction, design and operation of the Store). You will have sole authority and control over the day-to-day operations of your Store and your employees and/or independent contractors. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will you or your employees be deemed to be employees of WNW or WNW’s affiliates.

**Section 7.15**      **Trade Secrets and Confidential Information.** You must maintain the confidentiality of all Confidential Information as set forth in Article VIII below.

**Section 7.16**      **Image.** You acknowledge that WNW has developed the System to offer and sell products which will distinguish the Wag N Wash® Store from other stores which offer similar products valued at different prices and with less attention paid to product quality and customer service. You agree to offer products and services and to operate the Store in such a manner that emulates and enhances the image WNW intends for the System. You further acknowledge and agree that each aspect of the System is important not only to you but also to WNW and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity, and increase the demand for the products sold and services rendered by System franchisees. You agree to comply with the standards, specifications and requirements WNW sets forth in order to uniformly convey the distinctive image of a Wag N Wash® Store. You will, in the operation of the Store, use only those inventory items and merchandise, signage, displays, shelving, paper, labels, forms and other products and services imprinted with the Proprietary Marks and colors as prescribed from time to time by WNW.

**Section 7.17**      **Pending Actions.** You must notify WNW, in writing, within 5 days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of the Store.

**Section 7.18**      **Standard Maintenance, System Conformity, and Remodeling.** You agree to repair, refinish, repaint, replace, and/or otherwise redo the Store, the signs, the furnishings, fixtures, decor, and any other tangible part or property of the Store at your sole expense at such times as WNW may direct. WNW has the right to direct you to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchises of the type WNW and WNW’s franchisees are opening at the time of such direction, as determined by WNW in its sole discretion. You must remodel your location to WNW’s then-current standards at such times as directed by WNW, which will generally be upon the conclusion of the initial term and each renewal term of this Agreement.

**Section 7.19**      **Local Advertising.** You recognize the value of advertising and promoting your Store, and the importance of standardizing advertising and promotional programs to enhance the goodwill and public image of your Store and the System. Accordingly, you must actively advertise the Store primarily in your Territory. You must place or display at the Approved Location (interior and exterior) only the signs, emblems, lettering, logos and displays and advertising materials WNW approves in writing from time to time. You must submit to WNW samples of all

sales, promotional, and advertising materials you wish to use, including, but not limited to, print, radio and television advertising, signage, supplies and packaging, at least 15 business days prior to publication or use. Such submission will not affect your right to determine the prices at which you sell products and services at the Store. WNW will inform you of its approval or disapproval of any advertising materials within 10 business days of receipt. You cannot use any advertising or promotional materials that have not been pre-approved by WNW. You must use any required local advertising materials designated by WNW. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks WNW establishes from time to time. WNW may require you to discontinue use of any advertising or marketing materials at any time at your expense.

**Section 7.20**      **National Advertising Fund.** WNW has established a National Advertising Fund (the "Fund") for the common benefit of System franchisees. The mechanism for contribution to the NAF is described in Section 4.3 above. WNW has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged.

(a) WNW will use Fund contributions, in WNW's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs, which promote, in WNW's sole judgment, the services offered by System franchisees. WNW has the sole right to determine contributions to and expenditures from the Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that WNW will make a good faith effort to expend Fund contributions in the general best interests of the System on a national or regional basis. WNW may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine, Internet, and newspaper, and social and digital media advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of developing customer loyalty programs; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website, including expenses associated with any buy online, pick up in store, deliver from store, or ship from store programs; and personnel and other departmental costs for advertising that WNW internally administers or prepares. Nevertheless, you acknowledge that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While WNW does not anticipate that any part of the Fund contributions will be used for advertising which is principally a solicitation for franchisees, WNW reserves the right to use the Fund for public relations or recognition of the Wag N Wash® brand. While WNW does not anticipate that any part of Fund contributions will be used for advertising which is principally a solicitation for franchisees, WNW reserves the right to use the Fund for public relations or recognition of WNW's brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

(b) WNW may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System established minimum standards for such Surveys.

(c) WNW has the right to reimburse itself from the Fund contributions

for such reasonable costs and overhead, if any, as WNW may incur in activities reasonably related to the direction and implementation of the Fund.

(d) WNW will prepare on an annual basis, and will make available to you within 180 days of the end of the fiscal year, a statement of expenditures for the Fund. The Fund is not required to be independently audited.

**Section 7.21**      **Regional Advertising and Promotional Cooperative.** WNW will have the right, in WNW's discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Store. If a Cooperative is established applicable to the Store, you must participate in the Cooperative. Cooperative contributions will be credited towards the Advertising Requirement. Cooperative contributions will not exceed the Advertising Requirement unless a majority of the Cooperative votes to increase that requirement. The following provisions will apply to each Cooperative:

(a) Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by WNW;

(b) Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to WNW's approval, standardized advertising materials for use by the members in local advertising;

(c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without WNW's prior approval. All such plans and materials must be submitted to WNW in accordance with Section 7.19;

(d) Cooperative activities will be determined by a majority vote of the member franchisees in the Cooperative. All Cooperative contributions will be credited against the Advertising Requirement. The Cooperative may, by the majority vote of its members, require a Cooperative contribution in excess of the Advertising Requirement; and

(e) Each member franchisee must submit to the Cooperative, no later than the 10<sup>th</sup> of each calendar month, for the preceding calendar month, its respective contribution as provided in this Agreement together with such other statements or reports as WNW may require or as may be required by the Cooperative with WNW's approval.

WNW may grant to you an exemption from participating in a Cooperative at its sole discretion, upon your written request stating reasons supporting such exemption. WNW's decision concerning such request for exemption will be final.

## **ARTICLE VIII** **CONFIDENTIAL INFORMATION**

**Section 8.1**      **Nondisclosure.** During the term of this Agreement, you will receive information which WNW considers its trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, trade secrets, advertising

strategies, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, sales promotion aids, business forms, merchandising procedures, accounting procedures, marketing reports, inventory systems, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Store which may be communicated to you or of which you may be apprised by virtue of your operation of the Store. You also acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer purchasing histories, (iv) rates charged to customers; and (v) CRM reports (subsections (i)-(v) collectively "Customer Lists") also constitute WNW's trade secrets and Confidential Information. You may divulge Confidential Information only to those of your employees as must have access to it in order to operate the Store. All information, knowledge, know-how, techniques, and other data which WNW designates as confidential will be deemed Confidential Information for purposes of this Agreement. You further agree to abide by any policies regarding to customer privacy that WNW may establish from time to time.

**Section 8.2**            **Employees.** All managers must execute covenants that they will maintain the confidentiality of the information they receive in connection with their employment by you at the Store premises. Such covenants will be in a form satisfactory to WNW and substantially similar to the Non-Compete and Confidentiality Agreement attached as Exhibit 5 to the Franchise Agreement, and such covenants must be executed prior to or at WNW's initial training program described in Section 10.1 of this Agreement. Such covenants must include, without limitation, specific identification of WNW as a third party beneficiary of such covenants with independent rights to enforce them.

**Section 8.3**            **New Concepts.** If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Store, you will promptly notify WNW and provide WNW with all of the information necessary to implement the improvement, without any compensation. Any such concept, process or improvement will become WNW's sole property and WNW will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your principals and agents hereby assign to WNW any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. You and your principals and agents agree to assist WNW in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide WNW with all necessary documentations for obtaining and enforcing such rights. You and your principals and agents hereby irrevocably designate and appoint WNW as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 8.3 are found to be invalid or otherwise unenforceable, you and you principals and agents hereby grant to WNW a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein.

## **ARTICLE IX** **PROPRIETARY MARKS**

**Section 9.1**            **Designation of WNW's Proprietary Marks.**

(a) You must use only the Proprietary Marks which WNW designates, and must use them only in the manner WNW authorizes and permits;

(b) You must use the Proprietary Marks only for the operation of the Store, and only at the Approved Location and in advertising for the Store.

(c) You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products that WNW has not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. Your corporate name and all fictitious names under which you propose to do business must be approved by WNW in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Wag N Wash®". You must promptly register at the office of the county in which your Store is located, or such other public office as provided for by the laws of the state in which your Store is located, as doing business under such assumed business name.

(d) You must identify yourself as the owner of the Store (in the manner WNW prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as WNW may designate in writing at the Store premises.

(e) Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of WNW's rights.

(f) You will not use the Proprietary Marks to incur any obligation or indebtedness on behalf of WNW or its affiliates.

(g) You will execute all documents WNW deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

(h) You must promptly notify WNW of any suspected unauthorized use of the Proprietary Marks, the Proprietary Software, the Operations Manual, or any other proprietary materials WNW may now or hereafter designate for use in connection with the System (collectively the "Proprietary Materials"), and any challenge to the validity of, WNW's ownership of, WNW's right to use and to license others to use, or your right to use, the Proprietary Marks and Proprietary Materials. You acknowledge that WNW has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks or Proprietary Materials, including any settlement thereof. WNW has the right, but not the obligation, to take action against uses by others that may constitute infringement of the WNW's rights to the Proprietary Marks or Proprietary Material.

(i) WNW will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If WNW, in WNW's sole discretion, determines that you have used the Proprietary Marks in accordance with this Agreement, WNW will bear the cost of such defense, including the cost of any judgment or settlement. If WNW, in WNW's sole

discretion, determines that you have not used the Proprietary Marks in accordance with this Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you will execute all documents and do such acts as may, in WNW's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, WNW agrees to reimburse you for your out of pocket costs incurred in performing such acts.

**Section 9.2**            **Ownership of the Marks and Other Acknowledgements.** You expressly understand and acknowledge that:

(a)        WNW or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and WNW has the right to use, and license others to use, the Proprietary Marks;

(b)        The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

(c)        During the term of this Agreement and after its expiration or termination, you will not directly or indirectly contest the validity of, or WNW's ownership of, or right to use and to license others to use, the Proprietary Marks or any Proprietary Materials;

(d)        Your use of the Proprietary Marks and Proprietary Materials does not give you any ownership interest or other interest in or to the Proprietary Marks and Proprietary Materials;

(e)        Any and all goodwill arising from your use of the Proprietary Marks, Proprietary Materials, or System will inure solely and exclusively to WNW's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System, the Proprietary Marks, or any other Proprietary Materials;

(f)        Except as specified in Section 1 hereof, the license of the Proprietary Marks granted to you hereunder is nonexclusive and WNW retains the right, among others, (i) to use the Proprietary Marks, Proprietary Materials, and System itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks, Materials, and System; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to you; and

(g)        WNW has the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks upon written notice from WNW within the time frames set forth by WNW at your sole cost and expense, and must promptly begin using such additional, modified, or substituted Proprietary Marks.

## **ARTICLE X** **TRAINING**

**Section 10.1**            **Initial Training Program.** Two (2) trainees, at least ONE OF WHOM MUST BE A PRINCIPAL OF THE FRANCHISE ENTITY, must attend WNW's initial training program at the same time. If you have a Key Manager as described in Section 7.5(f), they must attend and complete the required training. If Franchisee elects to have a 3<sup>rd</sup> person attend the initial training, the cost of such training is at Franchisee's expense at the current daily rate specified in section 10.2 below. The required training lasts no less than 80 hours and will consist of on the job training in inventory management, sales and customer relationships, managing the POS system, and store maintenance, amongst other items. Franchisees with no experience in retail or in the pet industry, may require up to 160 hours of training. All training will be held at a dedicated training location. All trainees you designate must attend the initial training program at the same time. All training related expenses, including each trainees' transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. Additionally, if you choose to enroll in optional training for pet grooming or other services through WNW's designated third party provider, you will be required to pay the then-current tuition fee. Two (2) trainees at least ONE OF WHOM MUST BE A PRINCIPAL OF THE FRANCHISE ENTITY, must attend and complete WNW's initial training program to WNW's satisfaction at least 30 days prior to the opening of your Store. Should you or any party you designate to complete training fail to complete the initial training program to WNW's satisfaction, the respective person may repeat the course, or in the case of a designee, you may send a replacement (the "Replacement Personnel") to the next available initial training program. WNW may charge for such Replacement Personnel attending an initial training program. WNW has the right to terminate the Franchise Agreement if you fail to complete training or any of your designated trainees fails to complete WNW's training program to WNW's satisfaction within the time frames WNW prescribes.

**Section 10.2**            **Employee Training.** You must train your other employees. At your request, WNW will train additional management personnel at WNW's then current fee, which is presently \$300 per day. All training related expenses for any additional trainees you designate, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. WNW will provide you with training materials to use in training your employees, and will also require certain management personnel to successfully complete WNW's online training program. Updated training materials will be provided to you by WNW upon written request. All training materials provided to you by WNW, will at all times remain WNW's property, and you agrees not to challenge WNW's or WNW's affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

**Section 10.3**            **Additional Training.** To assist you in operating the Store pursuant to WNW's standards and specifications, as they may be amended from time to time, WNW may offer additional training programs and/or refresher courses and may require you and/or your employees' attendance at these programs, at the current rate, which is presently \$300 per day. You are responsible for your expenses, as well as those of your Key Manager and other employees, including transportation to and from the training site and lodging, meals, and salaries during such training. WNW will also require your employees to complete Internet training to WNW's satisfaction periodically.

## **ARTICLE XI** **NON-COMPETITION**

You acknowledge that as a participant in WNW's System, you and your employees and principals will receive proprietary and confidential information and materials, trade secrets, and access to the unique methods, procedures and techniques for operating a Store that WNW has developed. Therefore, to protect WNW, the System, and other System franchisees, you agree as follows:

**Section 11.1                    Restrictions on Competition.**

(a) During the term of this Agreement, neither you nor your owners, officers, directors, principals, Key Managers nor any member of your immediate family or the immediate family of your owners, officers, directors, principals, and Key Managers who work at the business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that derives 20% or more of its revenues from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized by WNW for sale by System franchisees; provided, however, that this Section does not apply to your operation of any other Store under WNW's System, nor does it apply to your operation of a Pet Supplies Plus® store under PSP's System;

(2) Solicit the Store's customers or contact any of WNW's suppliers or vendors for any competitive business purpose; or

(b) For a period of 2 years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you nor your owners, officers, directors, principals, Key Managers, nor any member of your immediate family or the immediate family of your owners, officers, directors, principals, and Key Managers who work at the business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(1) Enter into any business competing in whole or in part with WNW by granting franchises or licenses for businesses which derive 20% or more of their revenues from the sale of pet food, toys, accessories, supplies, grooming products, pet bathing or grooming services, or other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;

(2) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that derives 20% or more of its revenue from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized by WNW for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed: (i) at the Approved Location premises; (ii) within the Territory; or (iii) within a 5-mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by WNW as of the date of expiration or termination of this Agreement; or

(3) Solicit the Store's customers or contact any of WNW's

suppliers or vendors for any competitive business purpose.

**Section 11.2**      **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 11 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Section 11 by you, any of your principals, or any member of the immediate family of you or your principals, WNW will be entitled to an injunction restraining such person(s) from any such actual or threatened breach. You acknowledge that the covenants contained herein are necessary to protect the goodwill of the Store, other Wag N Wash® franchisees, and the Wag N Wash® System. You further acknowledge that covenants contained in this Section 11 are necessary to protect WNW's procedures and know-how transmitted during the term of this Agreement. You agree that in the event of the actual or threatened breach of this Section 11, WNW's harm will be irreparable and that WNW has no adequate remedy at law to prevent such harm. You acknowledge and agree on your behalf and on behalf of the persons who are liable under this Section 11 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 11 in no way prevent any such person from earning a living. You further acknowledge and agree that the time limitation of this Section 11 will be tolled during any default under this Section.

**Section 11.3**      **Employees.** You will ensure that your principals, employees and members of their immediate families who have access to WNW's Confidential Information, including all of your owners, officers, and Key Managers, will sign and comply with the Confidentiality and Non-Compete Agreement attached as Exhibit 5 hereto, or as WNW, in WNW's sole discretion, otherwise prescribe. You must provide WNW with a copy of each executed agreement.

**Section 11.4**      **No Defense.** You hereby agree that the existence of any claim you may have against WNW, whether or not arising from this Agreement, will not constitute a defense to WNW's enforcement of the covenants contained in this Section 11. You agree to pay all costs and expenses (including reasonable attorney's fees), which WNW incurs in connection with the enforcement of this Section 11.

**Section 11.5**      **Conclusive Presumption.** If you or any of the shareholders, officers, directors or partners of any entity established by you to operate your Wag N Wash® Store, engages in the operation of a competing business in violation of Section 11, it will be conclusively presumed that such person(s) or entity is using WNW's trade secrets in such business.

## **ARTICLE XII** **TRANSFERABILITY OF INTERESTS**

**Section 12.1**      **WNW's Right to Transfer.** This Agreement inures to the benefit of WNW and to its successors and assigns. WNW has the right to sell, transfer, assign, and/or encumber all or any part of WNW's assets and interest in, and rights and obligations under, this Agreement in WNW's sole discretion, without obtaining your consent.

**Section 12.2**      **Your Right to Transfer.** You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that WNW has entered into this Agreement in reliance on your personal attributes and financial capacity. You will not, without

WNW's prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in this Agreement, nor offer, permit or suffer the same. You agree that any attempted or completed sale, assignment, transfer, or other act referred to in this Section 12.2 without the prior written consent of WNW will be null and void and will constitute a material breach, which is good cause for immediate termination of this Agreement, without prior notice or opportunity to cure that material breach. WNW has established a Resale Assistance Program for existing system franchisees interested in transferring ownership of their location(s). If WNW determines in its sole discretion that your Store is eligible to participate in the Resale Assistance Program, detailed information on this optional program will be provided upon written request.

**Section 12.3**        **Definition of Transfer.** For purposes of this Agreement, each of the following will be deemed a transfer of this Agreement:

(a) Any sale, assignment, transfer or other conveyance by you, with or without consideration, of any right or interest granted to you by this Agreement;

(b) Any pledge, encumbrance or the granting of any security interest in any right or interest granted to you by this Agreement without the prior written consent of WNW;

(c) Any sale of the assets of the Store outside of the ordinary course of business;

(d) Any sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance or security interest in this Agreement which results in disposition of all or any portion of your interest herein; or

(e) If you form a corporation, partnership, limited liability company, unincorporated association or similar entity to operate your Wag N Wash® Store upon the terms and conditions set forth in Section 12.6 of this Agreement, the terms of this Section 12.3 will be deemed to apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, membership interest, partnership interest, or other ownership interest in a franchisee entity.

**Section 12.4**        **Conditions of WNW's Consent to Transfer.** If you wish to engage in any transfer described in Section 12.3, you, the prospective Transferor, must give written notice of the proposed transfer to WNW not less than 30 days prior to the anticipated effective date, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the transfer and any other information that WNW may reasonably require. A copy of any agreements relating to the proposed transfer must accompany the notice. For clarity, all agreements relating to the proposed transfer must be submitted by the prospective Transferor; WNW shall not be obligated to review agreements related to a proposed transfer if said agreements are submitted by the prospective Transferee. As further explained in Section 12.7 below, WNW has 30 days after receipt of your written notice in which to exercise its Right of First Refusal. After reviewing your written notice, WNW will decide whether to grant its consent to such transfer, which consent will not be unreasonably withheld. It may, however, take up to an additional 30 days following consent to the transfer to effectuate the transfer. WNW will condition its approval of the transfer upon the fulfillment of the following conditions:

(a) The proposed transferee must follow the same application procedures as a new Franchisee and must: (i) meet and satisfy the WNW's then current educational, managerial and business standards; (ii) possess a good moral character, business reputation and credit rating; (iii) have the aptitude and ability to conduct the business to be transferred; (iv) have adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee cannot be in the same business as WNW either as licensor, independent operator or licensee of any other Store business or chain which is similar in nature or in competition with WNW, except that the transferee may be an existing franchisee of WNW.

(b) WNW has not exercised the right of first refusal pursuant to Section 12.7 hereof.

(c) All of your accrued monetary obligations to WNW and its subsidiaries, affiliates, and approved and designated vendors are paid in full.

(d) You have cured all existing defaults under this Agreement, or any other agreement between you and WNW, WNW's affiliates, and WNW's designated and approved suppliers and vendors, within the period permitted for cure and have substantially complied with all such agreements during their respective terms.

(e) You must comply with the post termination obligations contained in this Agreement, including but not limited to complying with Articles VIII and XI, as well as Section 15.1 of this Agreement.

(f) A transfer fee of \$5,000 must be paid in full to WNW to cover WNW's administrative and other expenses in connection with the transfer. No initial franchise fee will be charged by WNW in connection with such transfer. provided that the transferee is an existing system franchisee. In the event the transferee is not an existing WNW franchisee, additional training and onboarding fees shall be charged to the transferee by WNW in connection with such transfer.

(g) The transferee must satisfactorily complete WNW's training program at the transferee's expense within the time frame WNW sets forth.

(h) The proposed transferee must execute WNW's then current form of Franchise Agreement for the remaining unexpired term of this Franchise Agreement.

(i) You provide WNW with a copy of the executed purchase agreement, which must include the transferee's assumption of an agreement to faithfully perform all of your obligations under this Agreement.

(j) The proposed transferee must agree that within 90 days of the transfer the Approved Location will meet WNW's current design criteria for Wag N Wash® Stores, including signage, furniture, fixtures and equipment, interior and exterior decor, cleanliness and layout.

(k) You and your principals (if you are a partnership, corporation, or limited liability company), and the transferee (if it has had any relationship with WNW and/or WNW's affiliates), must execute a general release under seal, in a form satisfactory to WNW, of any and all claims against WNW and WNW's affiliates and officers, directors, shareholders, and employees, in their corporate and individual capacities, provided that this release will not be inconsistent with any applicable state statute regulating franchising.

(l) The transferee must obtain, within the time limits set by WNW, and maintain thereafter all permits and licenses required for the operation of the Store.

(m) To the extent required by the terms of any leases or other agreements, all required consents are obtained.

(n) The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

(o) The purchase price and the terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Store and performance under its franchise agreement.

(p) In any event, WNW may withhold or condition its consent to any transfer as WNW deems appropriate based on the circumstances of the transfer or otherwise.

(q) You must request that WNW provide the prospective transferee with WNW's current form of disclosure document and WNW will not be liable for any representations not included in the disclosure document.

(r) WNW will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning the Store as you have supplied to WNW hereunder.

## **Section 12.5      Transfer on Death or Incapacity.**

(a) In the event of your death, disability or incapacitation (or the death, disability or incapacitation of your partners, shareholders, members, or personal guarantors), your legal representative, or your partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Store as franchisee under this Agreement if: (i) within 45 days from the date of death, disability or incapacity (the "45 day period"), such person has obtained WNW's prior written approval and has executed WNW's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to WNW and WNW's affiliates; and (ii) such person successfully completes WNW's training program (which WNW will provide at WNW's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to WNW.

(b) WNW is under no obligation to operate the Store, or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-day period. If necessary, you (or your legal representative, as applicable) will appoint a previously approved

acting interim manager to operate the Store during the 45-day period. In the event of your death, disability, absence or otherwise, WNW may (but is not required to) operate your Store on your behalf and at your expense for such period of time (and under such terms and conditions) as WNW determines, including paying out the assets and/or revenues of the Store to cover any or all past, current and/or future obligations of the Store (including any amounts owed to WNW and/or any affiliate) in such priorities as WNW determines from time-to-time in WNW's absolute discretion. WNW may pay itself a reasonable amount to reimburse for its management services and other costs. WNW may obtain approval of a court or mediator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of your Store. You (and/or your estate) will indemnify WNW against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of your Store.

**Section 12.6**      **Transfer to a Controlled Entity.** You may assign or transfer your interest in this Agreement to a corporation, limited liability company or general or limited partnership formed by you for such purpose (a "Controlled Entity"), without according WNW the Right of First Refusal required under Section 12.7 of this Agreement, provided that you meet the other transfer conditions set forth in this Agreement and provided that:

(a)      You, at all times, own and control not less than 51% percent of the voting power of the Controlled Entity.

(b)      The Controlled Entity conducts no business other than the operation of a Wag N Wash® Store.

(c)      All owners of the Controlled Entity possess good moral character.

(d)      Any shareholder, general partner or member of a Controlled Entity designated by WNW, must agree to be personally liable under this Agreement.

(e)      In connection with any assignment any shareholder designated by WNW and each general partner of any partnership must execute WNW's then current Assignment and Assumption Agreement.

**Section 12.7**      **WNW's Right of First Refusal.** If you have received and desire to accept a signed, bona fide offer from any third party to purchase any interest in any legal entity you create to operate the franchise (including any partnership, limited liability company or corporation), the Store or your interest in this Agreement, you must notify WNW in writing of each such offer. The notice must include a signed copy of the offer. WNW will have the right and option, exercisable within 30 days after WNW's receipt of the written notice, to give notice to you, in writing, that WNW intends to purchase the interest in the Store or your interest in this Agreement on the same terms and conditions offered by the third party. If the third party offers property, WNW will be entitled to offer cash or cash equivalents equal to the fair market value of the property. If WNW exercises its option the closing of the transaction will be within 60 days from WNW's dispatch of the notice of the exercise of its option. If WNW does not exercise its option but has not consented to the proposed transfer as required by Section 12.4 and the terms of the offer from the third party go unaccepted, or if the offer from the third party is materially altered, or if the transaction is not consummated and closed within 6 months with the same third party, this right of first refusal will again pertain and WNW must, in each instance, be notified in writing of terms of the offer and will

again have 30 days from the date of its receipt of the notice, to notify you that it intends to purchase on such modified terms. If WNW fails to exercise this option, the terms of this Section 12.7 will govern any subsequent transfer.

**Section 12.8**      **Consent Not Waiver of Claims.** WNW's consent to a transfer of the Franchise granted hereunder does not constitute a waiver of any claims it may have against you, nor will WNW's consent to a transfer be deemed a waiver of WNW's right to demand exact compliance with any of the terms of this franchise by the transferee Franchisee.

### **ARTICLE XIII** **TERMINATION**

**Section 13.1**      **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

(a)      **Voluntary Bankruptcy.** If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Store.

(b)      **Involuntary Bankruptcy.** If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Store without your consent, and the appointment is not vacated within 60 days.

(c)      **Unauthorized Transfer.** You purport to sell, transfer or otherwise dispose of any entity you create to operate the Store or any interest in the Store in violation of Section 12 hereof.

**Section 13.2**      **Termination With Notice and Without Opportunity to Cure.** WNW has the right to terminate this Agreement upon notice without providing you with an opportunity to cure for any of the following breaches or defaults:

(a)      **Criminal Acts.** If you or any of your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of your Store.

(b)      **Fraud.** If you or any of your principals commit any fraud or misrepresentation in the operation of your Store.

(c)      **Misrepresentation.** If you or any of your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation.

(d)      **Failure to Complete Training.** If you fail to complete initial training set forth in Section 10.1 to WNW's satisfaction.

(e) Repeated Breaches. If WNW sends you 2 or more written notices to cure pursuant to Sections 13.3 and/or 13.4 hereof in any 12-month period.

(f) Breach of Other Agreements. If you or any of your principals materially breach any other agreement with WNW or any of WNW's affiliates or your landlord, or threaten any material breach of any such agreement, including any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

(g) Misuse of the Proprietary Marks or Confidential Information. If you or any of your principals materially violate any provisions hereof pertaining to the Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

(h) Violation of Health Code. If you violate any health, safety or sanitation law, ordinance or regulation or operate the Store in a manner that presents a health or safety hazard to customers, or the general public.

(i) Violation of In-term Restrictive Covenant. If you violate the in term restrictive covenant set forth in Section 11.1(a).

(j) Liens. If a levy of writ of attachment or execution, or any other lien, is placed against you, any partnership, limited liability company, or corporation you create to operate the Store, or any of your principals or any of their assets which is not released or bonded against within 30 days.

(k) Insolvency. If you or any of your principals guarantying your obligations under this Agreement become insolvent.

(l) Abandonment. If you voluntarily or otherwise abandon the Store. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operating the Store in accordance with the terms of this Agreement and will apply in any event if you fail to operate the Store as a Wag N Wash® System Store for a period of 2 or more consecutive days without WNW's prior written approval.

(m) Proprietary Software. You misuse or make unauthorized use of any Proprietary Software WNW develops for use in connection with the System.

(n) Insurance. You fail to maintain insurance or repay WNW for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 15.2.

(o) Government Regulations. You fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Store.

(p) Government Action. Any government action is taken against you you that results in any obligation upon WNW which in WNW's sole judgment is uneconomical, not in the best interests of WNW, or would result in WNW having an unintended relationship or obligation.

(q) Anti-Terrorist Activities. You fail to comply with the provisions of Section 17.14 below.

(r) Personal Use of Store Property. If you take employee taxes, FICA, insurance revenue or benefits, or any other assets of the Store for personal use.

(s) Insufficient Funds. If there are insufficient funds in your bank account to cover a check or EFT payment to WNW 3 or more times within any 12-month period.

(t) Under-reporting of Gross Sales. If any audit reveals that you have understated your Gross Sales by more than 2% or failed to meet your required advertising expenditures, or if you have failed to submit timely financial reports for any 2 reporting periods within any 12-month period, as described in Section 5.1.

(u) Relocation. If you relocate your Store without WNW's prior written consent, as described in Section 3.5.

**Section 13.3 Termination With 15 Days' Notice and Opportunity to Cure.** WNW has the right to terminate this Agreement if you fail to cure any of the following defaults within fifteen (15) days after receiving written notice from WNW:

(a) Nonpayment. If you fail to pay as and when due any sums owed to WNW, any of WNW's affiliates, or any of WNW's system suppliers or vendors.

(b) Endorsement of Checks. You fail to immediately endorse and deliver to WNW any payments due to WNW from any third parties that are erroneously made to you.

(c) Failure to Maintain Sufficient Inventory Level. If you fail to maintain inventory in such amounts designated by WNW, at cost, or otherwise fail to maintain sufficient levels of inventory to meet consumer demand.

(d) Failure to Enter into Lease or Failure to Open. If you fail to enter into a Lease that WNW approves for the Approved Location within 12 months from the date you execute this Agreement, or if you fail to commence operations of your Store within 7 months from the date you enter into a Lease for the Approved Location.

(e) Interruption of Service. If you fail to maintain the prescribed months, days or hours of operation at the Store.

(f) Failure to Personally Supervise Store Operations or Employ Adequate Personnel. If you fail to personally supervise day-to-day operation of the Store or fail to employ a sufficient number of qualified, competent personnel as WNW requires from time to time.

(g) Quality Control. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

(h) Other Conduct Reflecting Adversely on System. You conduct yourself or the Store in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

(i) Licenses and Permits. You fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Store.

(j) Banking Changes. You fail to notify WNW of any change in your banking relationships, including changes to your banking institutions or account numbers, or if you siphon any portion of the Gross Sales of your Store into a bank account not approved of by WNW or which is not accessible to WNW via EFT.

(k) Unauthorized Products or Services. If you offer any unauthorized or discontinued products or services at or from the Store.

(l) Unapproved Purchases. You order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier.

(m) Failure to Communicate with Us During Site Selection, Buildout, and Opening. If you fail to communicate with WNW for a period of ten (10) consecutive weeks or longer at any point from execution of this Agreement until the store opens for business.

**Section 13.4** Termination Upon 30 Days' Notice to Cure. WNW has the right to terminate this Agreement if you fail to perform or comply with any one or more of the terms or conditions of this Agreement, the Operations Manual, or any other agreements between you and WNW or WNW's affiliates, and you fail to cure such default within thirty (30) days after receiving written notice from WNW.

**Section 13.5** Step In Rights. In addition to WNW's right to terminate this Agreement, and not in lieu of such right, or any other rights, WNW may have against you, upon a failure to cure any default within the applicable time period (if any), WNW has the right, but not the obligation, to enter the Store premises and exercise complete authority with respect to the operation of the Store until such time as WNW determines, in WNW's sole discretion that the default has been cured, and you are otherwise in compliance with this Agreement. In the event WNW exercises the rights described in this Section 13.5, you must reimburse WNW for all reasonable costs and overhead, if any, incurred in connection with its operation of your Store including, without limitation, costs of personnel for supervising and staffing the Store and their travel and lodging accommodations. If WNW undertakes to operate the Store pursuant to this Section, you agree to indemnify and hold WNW (and WNW's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of WNW's operation of the Store.

**Section 13.6** Non-Waiver. WNW's delay in exercising or failing to exercise any right or remedy under this Agreement or WNW's acceptance of any late or partial payment due hereunder will not constitute a waiver of any of WNW's rights or remedies against you.

**Section 13.7**      **Effect of Termination.** Upon termination of this Agreement, regardless of the cause, or upon expiration and nonrenewal or transfer of this Agreement, you must, at your expense, comply with all of the following:

- (a) Immediately cease operations under this Agreement;
- (b) Immediately pay WNW and its affiliates, and approved and designated suppliers all monies owed;
- (c) Immediately discontinue use of the Proprietary Marks;
- (d) Immediately return all Proprietary Materials and Confidential Information loaned to you, and immediately and permanently cease the use of such information and materials;
- (e) Immediately cease using all telephone numbers, websites (if any), and listings used in connection with the operation of the Store, and direct all telephone agencies and listing companies to transfer all numbers and listings to WNW or its designee pursuant to the conditional Assignment of Telephone Numbers attached hereto as Exhibit 4 or, if WNW directs, to disconnect the numbers within 15 calendar days of termination or expiration of this Agreement;
- (f) If WNW exercises its rights pursuant to the Collateral Assignment of Lease attached as Exhibit 2 to this Agreement, arrange for the transfer of the Lease to WNW within 15 calendar days of the termination or expiration of this Agreement and vacate the premises;
- (g) Immediately surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are a part of the trade dress of the System immediately, as WNW directs, no later than 5 calendar days after the termination or expiration of this Agreement;
- (h) Immediately cease to hold yourself out as a WNW franchisee;
- (i) Take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark WNW licensed to you and furnish WNW with satisfactory evidence of your compliance with this obligation within 15 calendar days after the termination, expiration or transfer of this Agreement;
- (j) Permit WNW to make a final inspection of your financial records, books, and other accounting records within 1 month of the effective date of termination, expiration, or transfer;
- (k) Comply with all of the provisions of this Agreement that survive, expressly or impliedly, the Term, including your covenants to maintain the confidentiality of the Confidential Information, covenant against competition, and your indemnity obligations, all of which will survive the transfer, termination or expiration of this Agreement;

(l) Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with WNW or the System; and

(m) Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 13.7.

**Section 13.8**      **WNW's Option to Purchase.** Upon the termination or expiration of this Agreement, WNW or any party WNW designates will also have the option, but not the obligation, to purchase any personal property used in connection with operation of your Store by providing you with written notice of WNW's election within 10 calendar days after such termination or expiration and paying you the book value for such personal property within 60 calendar days of such notice. For purposes of this paragraph, "book value" means the amount you actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a 10-year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Notwithstanding the foregoing, to the extent that WNW exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price will be net of the the remaining amounts due under the lease agreement or financing arrangement, including prepayment penalties. WNW will be entitled to offset the purchase price by amounts you owe to WNW and any payments necessary to acquire clear title to property or for any other debt. If WNW exercises WNW's option to purchase, pending the closing of such purchase, WNW has the right to appoint a manager to maintain the operation of the Store, or WNW may require you to close the Store during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing. WNW has the unrestricted right to assign this option to purchase the Store. WNW will be entitled to all customary warranties and representations in connection with WNW's purchase of your property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. WNW may exclude from the personal property purchased under Section 13.8 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Store's operation or that WNW has not approved as meeting standards for the Store.

**Section 13.9**      **Damages, Costs, and Expenses.** In the event of termination for any default by you, you will promptly pay WNW for all damages, costs and expenses, including reasonable attorneys' fees, incurred by WNW as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in favor of WNW against any and all of your personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Store.

**Section 13.10**      **Savings Clause.** To the extent that it is determined by any court or any other tribunal having jurisdiction over the subject matter of this Agreement that any provision of this Agreement provides for notice less than that required by applicable law, or provides for termination, cancellation or non-renewal other than in accordance with applicable law, such provision, to the extent that it is determined by such court or other tribunal to be not in accordance with applicable law, will be deemed to be modified to the extent that such court or other tribunal determines to be necessary to bring such provision into accordance with applicable law.

## ARTICLE XIV

## **INDEPENDENT CONTRACTOR**

**Section 14.1**      **Relationship of Parties.** This Agreement does not create a fiduciary relationship between WNW and you. You are an independent contractor responsible for full control over the internal management and daily operation of your Store, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. You may not act or represent yourself, directly or by implication, as WNW or its affiliates' agent, partner, employee or joint venture partner, and you may not incur any obligation on WNW's behalf or in WNW's name. All stationery, business cards and contractual agreements entered into by you must contain your corporate or fictitious name and a conspicuously displayed notice in the place WNW designates, that you operate your Store as an independently owned and operated Wag N Wash® Store and that you independently own and operate the Store as a System franchisee. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on WNW or its affiliates' behalf, or to incur any debt or other obligation in WNW or its affiliates' name; and WNW will in no event assume liability for, or be deemed liable hereunder as a result of any such action; nor will WNW be liable by reason of any of your acts or omissions in operating the Store or for any claim or judgment arising therefrom against you or us. Neither this Agreement nor WNW's course of conduct is intended, nor may anything in this Agreement (nor WNW's course of conduct) be construed to state or imply that WNW is the employer of your employees and/or independent contractors.

## **ARTICLE XV** **INSURANCE AND INDEMNITY**

**Section 15.1**      **Indemnification.** You and your principals agree to indemnify, defend and hold WNW, WNW's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Store, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Store premises, the sale of any products or services, and your advertising; (b) the misuse of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or your Store in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of WNW, the System, or System franchisees or developers, by you or by any of your principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to WNW. WNW will have the right to defend any such claim against it in the manner WNW deems appropriate or desirable in WNW's sole discretion. Such an undertaking by WNW will, in no manner or form, diminish your and each of your principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**Section 15.2**      **Insurance.**

(a) You must acquire and maintain, throughout the term of this Agreement, and at your own expense the amounts and types of insurance WNW prescribes. All insurance policies must be issued by an insurance company with a rating of A-VI or better as reported in the most recent edition of A.M. Best's Insurance Reports. WNW's acceptance of an insurance carrier does not constitute WNW's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You agree to carry such additional insurance as may be required under the Lease or applicable laws and regulations. All insurance policies must:

(1) Name any party WNW may designate as additional insureds and provide that the coverage afforded applies separately to each insured against whom claim is brought as though a separate policy had been issued to each insured;

(2) Provide coverage which includes:

(i) Broad form comprehensive general liability coverage, products liability coverage, and broad form contractual liability coverage on an occurrence basis with combined liability limits of not less than \$1,000,000.00, which insurance must have a deductible or self-insured retention of not more than \$10,000.00;

(ii) Automobile liability insurance, including coverage of vehicles not owned by you, but used by your employees in connection with your Wag N Wash® Store with liability limits of not less than \$1,000,000.00, which insurance must have a deductible or self-insured retention of not more than \$1,000.00;

(iii) Workers' Compensation insurance as well as any other insurance, in such amounts, as may be required by statute or rule in the jurisdiction in which your Wag N Wash® Store is located;

(iv) Business interruption and extra expense insurance on an actual loss basis, and building, fixture, business and personal property insurance on a replacement cost basis; and

(v) All insurance designated by WNW with respect to the equipment sublease agreement.

(3) Contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnitees;

(4) Extend to and provide indemnity for all obligations assumed by you hereunder and all other items for which you are required to indemnify WNW under any provision of this Agreement;

(5) Provide, by endorsement, that WNW is entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy;

(6) Contain a waiver of subrogation provision in WNW's favor.

(b) You will not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend said policy without WNW's written consent.

(c) As proof of such insurance, a certificate of insurance must be submitted by you for WNW's approval prior to the date that you commence the leasehold improvements on your Wag N Wash® Store. You will deliver a complete copy of your then prevailing policy of insurance within 30 days following the delivery of the certificate of insurance. At least 30 days prior to the expiration of any insurance policy delivered by you to WNW, you will deliver to WNW a Certificate of Insurance for the 12 month period commencing with the date of expiration of the last insurance policy delivered by you to WNW; and 30 days following the delivery of any such Certificate of Insurance you will deliver to WNW a complete copy of your then prevailing policy of insurance.

(d) At any time during the initial term of this Franchise Agreement WNW may require you to increase the limits of the insurance described in (a)(2)(i) or (a)(2)(ii) of this Section 15.2 but in no event will you be required to increase the limits of such insurance to more than \$3,000,000.00.

(e) If you fail to comply with the minimum insurance requirements set forth herein, WNW has the right to obtain such insurance and keep the same in force and effect, and you must pay WNW, on demand, the premium cost thereof and an administrative fee equal to 18% of the cost of insurance.

## **ARTICLE XVI**

### **DISPUTE RESOLUTION**

**Section 16.1**      **Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Michigan (without reference to its conflict of laws principles).

**Section 16.2**      **Internal Dispute Resolution.** You must first bring any claim or dispute between you and WNW to WNW's Board of Directors or Chief Executive Officer, after providing notice as set forth in Section 16.6 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

**Section 16.3**      **Mediation.** At WNW's option, all claims or disputes between you and WNW or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between you and WNW or its affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth in Section 16.2 above, must be submitted first to non-binding mediation, in Oakland County, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against WNW or its affiliates with respect to any such claim or dispute, you must submit a notice to WNW, which specifies, in detail, the precise nature and grounds of such claim or dispute. WNW will have a period of 30 days following receipt of such notice within which to notify you whether WNW or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against WNW or its affiliates with respect to any such claim or dispute in any court unless WNW fails to exercise

its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by WNW. WNW's rights to mediation, as set forth herein, may be specifically enforced by WNW. Each party will bear its own cost of mediation and you and WNW will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

(a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 16.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, Proprietary Materials, Proprietary Software, or in any Confidential Information;

(2) Any claims pertaining to or arising out of any warranty issue;

(3) Any of the restrictive covenants contained in this Agreement; or

(4) Any claims to collect past due amounts owed to WNW or its affiliates.

**Section 16.4**      **Selection of Venue.** Nothing contained in this Agreement will prevent WNW from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect WNW's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in or near Oakland County, Michigan and the jurisdiction and venue of the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from WNW's headquarters in Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Michigan set forth above. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and WNW or its affiliates or employees may not be consolidated with any other proceeding between WNW and any other person or entity.

**Section 16.5**      **Third Party Beneficiaries.** WNW's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 16, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by you.

**Section 16.6**      **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify WNW within 30 days after you are aware or reasonably should be aware of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

**Section 16.7**      **No Right to Offset.** You are prohibited from withholding all or any part of any payment to WNW or any of its affiliates on the grounds of WNW's alleged nonperformance or as an offset against any amount WNW or any of WNW's affiliates allegedly may owe you under this Agreement or any related agreements.

**Section 16.8**      **Injunctive Relief.** Nothing in this Agreement will prevent WNW from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause WNW loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

**Section 16.9**      **Limitation of Action.** You further agree that no cause of action arising out of or under this Agreement may be maintained by you against WNW unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against WNW hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by WNW, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**Section 16.10**      **Waiver of Punitive Damages.** You hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against WNW arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that, in the event of a dispute, your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**Section 16.11**      **Jury Trial Waiver.** **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM WNW OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

## **ARTICLE XVII** **MISCELLANEOUS**

**Section 17.1**      **Joint and Several Liability.** Each person who executes this Agreement as a franchisee is jointly and severally liable to WNW for the performance of all of the terms, covenants and obligations imposed upon you under this Agreement. You are jointly and severally

liable for all sums due to WNW or any of its subsidiaries or affiliated companies under this Agreement, or under any other agreement between you and WNW or its subsidiaries and affiliated companies.

**Section 17.2**        **Waiver.** No delay or omission to exercise a right, power or remedy accruing to one party upon the other party's breach or default of any provision of this Agreement will impair any such right, power or remedy of such party, and no such delay or omission will be construed to be a waiver of any such breach or default, or an acquiescence therein, or in any similar breach or default, nor will any waiver of any single breach or default be deemed a waiver of any other breach or default. Any waiver, permit, consent or approval of any kind or character on the part of WNW of any breach or default under this Franchise Agreement, or any waiver on the part of WNW of any provision or condition of this Franchise Agreement must be in writing, and will be effective only to the extent specifically allowed by such writing.

**Section 17.3**        **Attorneys' Fees.** If you are in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and WNW or WNW's affiliates, and WNW engages an attorney to enforce WNW's rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses WNW incurs. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claims in such an action are denied or the action is dismissed, WNW is entitled to recover WNW's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

**Section 17.4**        **Notices.** Any notice or demand given or made under this Agreement must be served as follows:

(a)        If given to WNW, it must be sent by certified mail, registered mail, or overnight delivery addressed to:

WNW Franchising, LLC  
17410 College Parkway  
Livonia, MI 48152-2369

or at such other address as WNW may designate by notice given as required by this Section. Notice may also be given to WNW via email provided, however, that transmission of a notice via email does not relieve the sender of the obligation to provide notice via certified mail, registered mail, or overnight delivery;

(b)        If given to you, it must be sent by certified mail, registered mail, or overnight delivery addressed to either the Approved Location or the Franchise Notice Address set forth in the Data Sheet attached to this Agreement. Notice may also be given to you via email to your entity's assigned System email address, provided, however, that transmission of a notice via email does not relieve the sender of the obligation to provide notice via certified mail, registered mail, or overnight delivery; and

(c)        Any notice that complies with this Section 17.4 will be deemed to be received by the recipient on the first date that the United States Post Office or such express courier first attempted delivery of the notice.

**Section 17.5**        **Entire Agreement; Modifications.** This Agreement and all of its exhibits constitutes the entire Agreement between you and WNW with respect to the subject matter of this Agreement. This Agreement supersedes all previous written and oral agreements or understandings between you and WNW. This Agreement cannot be amended or modified other than by an instrument, in writing, signed by both you and WNW, except as otherwise may have been specifically provided for herein. Nothing in this Agreement or in any related agreement is intended to disclaim WNW's representations made in the franchise disclosure document.

**Section 17.6**        **Severability.** Each section, part, term or provision of this Agreement is severable, and if, for any reason, any section, part, term or provision of this Agreement is deemed to be invalid and contrary to, or in conflict with, any existing or future law, decision, ruling or regulation of a court or agency having valid jurisdiction, that will not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind you and WNW, and the invalid sections, parts, terms or provisions will not be a part of this Agreement.

**Section 17.7**        **Uniformity.** You acknowledge that some present franchisees of WNW may operate under different forms of Franchise Agreements and, consequently, that WNW's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

**Section 17.8**        **Numbers and Genders.** Any gender references in this Agreement include the masculine, feminine and neuter. Any numeric reference also includes the singular or plural, as the case may be.

**Section 17.9**        **No Election of Remedies.** No right or remedy conferred upon or reserved to WNW or you by this Agreement is exclusive of any other right or remedy allowed under this Agreement or by law. Nothing in this Agreement bars WNW's right to obtain injunctive relief against threatened conduct that may cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

**Section 17.10**       **Captions.** The Article and Section headings herein are for convenience only and do not affect the construction of the terms of this Agreement.

**Section 17.11**       **Time of the Essence.** TIME IS OF THE ESSENCE IN THIS AGREEMENT.

**Section 17.12**       **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will constitute a duplicate original.

**Section 17.13**       **Binding Upon Successors.** This Agreement is binding upon and inures to the benefit of the heirs, personal representatives, and the permitted successors and assigns of you and WNW except to the extent explicitly provided to the contrary in this Agreement. Nothing in this Agreement is intended to confer any rights or benefits on anybody other than the parties to this Agreement and their permitted successors and assigns.

**Section 17.14**       **Compliance with Anti-Terrorist Laws.** You certify that neither you nor your owners, principals, employees or anyone associated with you is listed in the Annex to

Executive Order 13224. You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you or your owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224 as amended or superseded. You agree to comply with and/or assist WNW to the fullest extent possible in WNW's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 15.1 of this Agreement also pertain to your obligations under this Section 17.14. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you or your owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with WNW or WNW's affiliates in accordance with the terms of Section 13.2(s) of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

**Section 17.15**      **Guaranty**. If you are a corporation, all shareholders of your outstanding shares and their spouses (or if you are a partnership, all partners and their spouses, or if you are a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of your monetary obligations under this Agreement, and any other agreement between you and WNW and/or WNW's affiliates, as if each were an original party to this or any other agreement in their individual capacity. All such personal guarantors further agree to be bound by the restrictions of your activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in their individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit 6.

**Section 17.16**      **Force Majeure**. Neither you, WNW, nor WNW's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if the breach is not the fault or within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, epidemics, pandemics, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period as the parties agree in writing, or will excuse performance, in whole, or in part, as WNW deems reasonable.

**Section 17.17**      **No Personal Liability**. You agree that fulfillment of any and all of WNW's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be WNW's sole responsibility and none of WNW's agents,

representatives, nor any individuals associated with WNW shall be personally liable to you for any reason. This is an important part of this Agreement. You acknowledge that nothing you believe you have been told by WNW or its representatives will be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**Section 17.18**      **Acknowledgments and Representations.** Each person and or/entity who executes this Franchise Agreement represents and warrants that you have the full authority to sign and execute this agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE.]

**“WNW”: WNW FRANCHISING, LLC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

**FRANCHISEE:**

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT 1  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
SITE SELECTION ADDENDUM**

WNW Franchising, LLC (“WNW”) and \_\_\_\_\_ (“Franchisee”), have this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, entered into a Franchise Agreement for the operation of a retail store offering self-service pet bathing, professional pet bathing and grooming, and retail sale of pet supplies, pet accessories, pet bakery items, pet food, and related products and services, under the Wag N Wash® name and mark (the “Store”) and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Franchisee must obtain a site, at Franchisee’s expense, for the business franchised under the Franchise Agreement (the “Store”), which site WNW will approve as hereinafter provided. The site must be within the following territory: \_\_\_\_\_ (the “Site Selection Territory”).

Franchisee will have an exclusive right to locate a Store within the Site Selection Territory for a period of six (6) months after executing this Exhibit 1 to the Franchise Agreement. Franchisee’s exclusive rights may be renewed, in WNW’s sole discretion, for an additional six (6) months, either within the same geographical boundaries of the Site Selection Territory or within a different territory designated by WNW.

2. Prior to Franchisee’s acquisition by lease or purchase of a site for the Store, Franchisee must submit to WNW, in the form WNW specifies, a completed site submission form (substantially in the form of the sample attached to this Exhibit), such other information or materials as WNW may reasonably require, and a letter of intent or other evidence satisfactory to WNW which confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 2, to WNW for WNW’s approval within six (6) months after execution of this Site Selection Addendum. WNW will notify Franchisee of its acceptance or non-acceptance of the proposed site as a location for the Store within 15 business days after the site submission, which acceptance will be granted by WNW in its sole discretion. No proposed site will be deemed accepted unless WNW has expressly approved it in writing.

3. If Franchisee will be occupying the Store premises under a lease, Franchisee must, prior to the execution of the lease, submit the lease to WNW for WNW’s written approval. WNW’s approval of the lease will be conditioned upon Franchisee’s execution of a form of Collateral Assignment of Lease satisfactory to WNW and the inclusion of the following terms and conditions:

- The term of your Lease together with renewal options, if any, must be not less than a ten-year initial term plus two five-year renewal terms;
- That the lessor consents to Franchisee’s use of such Proprietary Marks and initial signage as WNW may prescribe for the Store;
- Unless lessor obtains WNW’s consent to a sublicense or other shared space arrangement, the entire premises may only be used for the operation of the Store pursuant to WNW’s standards and specifications;

- That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights without WNW's prior written consent;
- That the lessor provide to WNW copies of any and all notices of default given to Franchisee under the lease;
- That WNW has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease;
- That WNW (or WNW's designee) has the option, upon default, expiration, or termination of the Franchise Agreement or lease, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

4. Franchisee must furnish WNW with a copy of any executed lease within 10 days after execution thereof.

5. After WNW has accepted a site for the Store in writing and Franchisee has acquired the site pursuant to Paragraph 3 hereof, the site will constitute the Approved Location referred to in Article III of the Franchise Agreement and referenced on the data sheet to the Franchise Agreement.

6. Franchisee hereby acknowledges and agrees that WNW's acceptance of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Store or for any other purpose. WNW's acceptance of the site indicates only that WNW believes the site complies with acceptable minimum criteria established by WNW solely for WNW's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to WNW's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from WNW's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond WNW's control. WNW will not be responsible for the failure of a site accepted by WNW to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Store at the site is based on Franchisee's own independent investigation of the suitability of the site.

7.. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[THE NEXT PAGE IS THE SIGNATURE PAGE.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

**“WNW”: WNW FRANCHISING, LLC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

**FRANCHISEE:**

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

**SAMPLE SITE SUBMISSION FORM**

**Franchise Site Submission Guidelines**

**To submit your potential site to for acceptance, please complete the information below and return to the Real Estate Department along with all of the required collateral material.**

1. 1-2 paragraphs of color commentary on the site and the deal including:
  - a. Why you like the site and why you feel the site will be a good location for a Wag N Wash store
  - b. How you plan on financing the deal (bank/self-funded)
  - c. What your break-even is on the deal and what your working capital expectations are
2. Evidence of Financing (for example, acceptance letter, description of funds, etc.)
3. Pro-Forma and break-even analysis
4. Macro and Micro Aerial Photos for each site with traffic counts, competition and other retailers noted
5. Large map (per each market) identifying: Grocery store locations, existing WNW stores, potential sites and competition, mass merchant stores
6. Site Plan with space identified. Should show position in center, ingress/egress, co-tenants and any dedicated customer parking spots
7. Façade and Pylon photos with space taken identified
8. Photos showing the front and rear of space, indicating how and where delivery will occur
9. Demographics (population, median household income, age, etc. in 1, 3, and 5-mile rings around proposed site)
10. Shopping Center Flyer
11. Lease Outline Drawing of the space showing dimensions or approved store layout in CADD format for store layout
12. **If As-Is:** Construction budget checklist/budget from contractor
13. Final/Most Recent Letter of Intent (LOI)

By submitting this site to Wag N Wash, I am asking WNW Franchising, LLC to accept this site a potential location for a Wag N Wash store pursuant to the franchise agreement that I have signed. WNW'S ACCEPTANCE OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, WARRANTY OR GUARANTEE OF THE COMMERCIAL VALUE OF THE SITE OR OF YOUR FINANCIAL SUCCESS IF YOU CHOOSE TO OPERATE A WAG N WASH® STORE AT THAT SITE.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

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

<b><u>SITE DETAILS:</u></b>	
Plaza/Shopping Center Name:	
Address (street name and number):	
Intersection:	
Amount of space available (sq. ft.):	
Broker Name & Phone Number:	
Master Broker Name (if Applicable):	
Landlord Name:	
Landlord Contact:	
Anticipated Delivery Date:	
<b><u>Franchisee Name/Company Name:</u></b>	
Company/LLC:	
First Name:	
Last Name:	
Street Address:	
City, State, Zip	
Telephone No.:	
Mobile No.:	
Email:	

**EXHIBIT 2  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("Franchisee") hereby assigns and transfers to WNW Franchising, LLC ("Franchisor"), all of Franchisee's right, title and interest as tenant in, to and under the lease, attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as \_\_\_\_\_ ("Store Site"). This Assignment is for collateral purposes only and except as specified herein, Franchisor has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Franchisor takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Franchisee thereunder.

Franchisee represents and warrants to Franchisor that it has full power and authority to so assign the Lease and its interest therein and that Franchisee has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Store Site demised thereby. Upon a default by Franchisee under the Lease or under the franchise agreement between Franchisor and Franchisee governing the Wag N Wash Store located at the Store Site (the "Franchise Agreement"), or in the event of a default by Franchisee under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Franchisor has the right and is hereby empowered to take possession of the Store Site, expel Franchisee therefrom, and, in such event, Franchisee will have no further right, title or interest in the Lease. Franchisee hereby authorizes the landlord under the Lease (the "Landlord") to disclose to Franchisor, upon its request, sales and other information furnished to the Landlord by Franchisee.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement and any renewals thereto, Franchisee agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that the option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisor does not otherwise agree in writing, and upon failure of Franchisee to so elect to extend or renew the Lease as aforesaid, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Franchisee for the purpose of effecting such extension or renewal.

**FRANCHISEE:**

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**CONSENT AND AGREEMENT OF LANDLORD**

The undersigned Landlord under the aforescribed Lease hereby:

(a) Agrees to notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, by providing notice to the following address:

WNW Franchising, LLC  
Attn: Franchise Administration  
17410 College Parkway  
Livonia, MI 48152-2369

(b) Agrees that Franchisor has the right, but must not be obligated, to cure any default by Franchisee under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Franchisor takes possession of the Store Site and confirms to Landlord the assumption of the Lease by Franchisor as tenant thereunder, Landlord must recognize Franchisor as tenant under the Lease;

(d) Agrees that Franchisor may further assign the Lease to another Wag N Wash franchisee or to Franchisor's affiliate, provided such party agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Landlord, and upon such assignment Franchisor will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

LANDLORD: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT 3  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

Bank Name : \_\_\_\_\_

ABA# : \_\_\_\_\_

Acct. No. : \_\_\_\_\_

Acct. Name : \_\_\_\_\_

Effective as of the date of the signature below, **[Franchisee Name]** (“Franchisee”) hereby authorizes WNW Franchising, LLC and PSP Distribution, LLC (“Companies”) or the designee of WNW Franchising, LLC or PSP Distribution, LLC, to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Companies under the Franchise Agreement for the Wag N Wash® franchised Store located at **[insert franchise location here]**: (1) all Royalty Fees; (2) all National Advertising Fund contributions; and (3) all other fees and payments either (a) due to the Companies, or (b) payable by WNW to third party vendors or suppliers on behalf of Franchisee. WNW’s authorization hereunder shall be the maximum extent permitted under the Franchise Agreement. Such withdrawals will occur on a monthly basis, or on such other schedule as the Companies will specify in writing. The Companies are also authorized to deposit funds into the above-referenced account, electronically or otherwise, though they are not required to do so and can provide funds to the franchisee through other means of payment. This authorization will remain in full force and effect until terminated in writing by the Companies. Upon request, Franchisee will provide Companies, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:**

FRANCHISEE

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**EXHIBIT 4  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
CONDITIONAL ASSIGNMENT  
OF TELEPHONE NUMBERS AND LISTINGS**

The undersigned \_\_\_\_\_, doing business at \_\_\_\_\_ ("Assignor"), in exchange for valuable consideration provided by WNW Franchising, LLC ("Assignee"), the receipt of which is hereby acknowledged hereby:

1. Conditionally assigns to Assignee all current and future telephone numbers, cell phone numbers, fax numbers, and all listings including, but not limited to telephone book, Google, Yahoo, Craigslist and other online listings utilized by Assignor in the operation of its Store at Assignor's above-referenced address.

2. This conditional agreement will become effective automatically upon termination, transfer, expiration, or nonrenewal of Assignor's franchise agreement for any reason.

3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts owed for the use of the telephone number(s) and listings. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company and/or listings providers to effectuate this agreement, and agrees to fully cooperate with the telephone company or listing provider and Assignee in effectuating this assignment.

4. Assignor hereby appoints Assignee as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the foregoing.

**ASSIGNOR:**

By: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

**WNW Franchising, LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT 5**  
**TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**  
*(for managers and principals of the franchisee)*

In consideration of my being a [insert here position of employee] of [insert here name of franchisee entity] (the "Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from WNW Franchising, LLC (the "Company") to establish and operate a Wag N Wash® Store (the "Store" or "Store") and the right to use in the operation of the Store the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized \_\_\_\_\_ and \_\_\_\_\_ approved \_\_\_\_\_ location: \_\_\_\_\_ (the "Store Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, copyrighted materials, and other methods, techniques and know-how concerning the of operation of the Store (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As [insert here position of employee] of the Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual for system franchisees (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [insert here position of employee] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive

20% or more of their revenues from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized by the Company for sale by its franchisees; provided, however, that this Section will not apply to my operation of any other Store under the Company's System; or (b) solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of 2 years after my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenue, from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed: (i) at the Approved Location premises; (ii) within the Franchisee's territory; or (iii) within a five (5) mile of the radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(b) Solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement will be construed under the laws of the State of Michigan (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT 6  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
PERSONAL GUARANTY**

**ARTICLE I  
PERSONAL GUARANTY**

The undersigned persons (individually and collectively “you”) hereby represent to WNW Franchising, LLC (“Franchisor”) that you are all of the shareholders of the franchisee, or all of the general partners of the franchisee, or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of \_\_\_\_\_ (“Franchisee”). In consideration of the grant by Franchisor to the Franchisee of a franchise pursuant to the franchise agreement to which Personal Guaranty is attached (the “Franchise Agreement”), each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness to WNW or its affiliates of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement.

**ARTICLE II  
CONFIDENTIALITY**

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information (“Confidential Information”). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, trade secrets, advertising strategies, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, sales promotion aids, business forms, merchandising procedures, accounting procedures, marketing reports, inventory systems, copyrighted materials, and other methods, techniques and know-how concerning the of operation of the Store which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and your role as a Guarantor of the Franchise Agreement. You also acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer purchasing histories, (iv) rates charged to customers (subsections (i)-(iv) collectively “Customer Lists”), and (v) sources of suppliers, also constitute WNW’s trade secrets and confidential proprietary information.

**ARTICLE III  
COVENANTS AGAINST COMPETITION**

**Section 3.1**            **During the Term of the Franchise Agreement.**    During the term of the

Franchise Agreement, neither your, nor your principals, officers, directors, nor any members of your family or the family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which licenses or operates businesses that derive 20% or more of their revenues from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized by WNW for sale by System Franchisees; provided, however, that this Section does not apply to the said parties' operation of a Store under WNW's System, nor does it apply to the said parties' operation of a Pet Supplies Plus® store under PSP's System; or

b) Divert or attempt to divert any business or customer of the Store 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 or the System.

**Section 3.2** **After the Term of the Franchise Agreement.** For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither you, nor your principals, officers, directors, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Enter into any business competing in whole or in part with WNW granting franchises or licenses for businesses which derive 20% or more of their revenues from the sale of pet food, toys, accessories, supplies, grooming products, pet bathing or grooming services, or other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;

b) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses others the right to operate businesses which derive 20% or more of their revenue from the sale of pet food, pet supplies, pet grooming and bathing services, and any other products or services offered or authorized by WNW for sale by System Franchisees at the time the Franchise Agreement is terminated or otherwise expires and is not renewed, (i) at the Store premises; (ii) within the Territory; or (iii) within a 5-mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement; provided, however, that this Section does not apply to the said parties' operation of a Store under WNW's System, nor does it apply to the said parties' operation of a Pet Supplies Plus® store under PSP's System; or

c) Divert or attempt to divert any business or customer of the Store 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 or the System.

**Section 3.3** **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their

immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Guaranty.

## **ARTICLE IV DISPUTE RESOLUTION**

**Section 4.1**            **Acknowledgment.** You acknowledge that this Guaranty is not a Franchise Agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

**Section 4.2**            **Governing Law.** This Guaranty will be deemed to have been made in and governed by the laws of the state of Michigan (without reference to its conflict of laws principals).

**Section 4.3**            **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chairman of the Board or Chief Executive Officer. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.

**Section 4.4**            **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation, in Oakland County, Michigan, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at WNW's option will survive the termination or expiration of the Franchise Agreement. There will be no class action mediation.

a)        The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, Proprietary Materials, Proprietary Software, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued;

(3) Any of the restrictive covenants contained in this agreement;

or

(4) Any claims to collect past due amounts owed to WNW or its affiliates.

**Section 4.5 Third Party Beneficiaries.** WNW's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

**Section 4.6 Injunctive Relief.** Nothing contained in this Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

**Section 4.7 Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree submit to the jurisdiction and venue of any court of general jurisdiction in or near Oakland County, Michigan and the jurisdiction and venue of the United States District Court for the Eastern District of Michigan. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and WNW or its affiliates or employees may not be consolidated with any other proceeding between WNW and any other person or entity.

**Section 4.8 Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

**Section 4.9 Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against WNW arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**Section 4.10 Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before

the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

**Section 4.11 Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

**Section 4.12 Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

**Section 4.13 Severability.** The parties agree that if any provisions of this Guaranty may be construed in two (2) ways, one (1) of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

**Section 4.14 Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

**Section 4.15 Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

**Section 4.16 No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.

**PERSONAL GUARANTORS**

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**SPOUSES**

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EXHIBIT G  
TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT

MULTI-UNIT AGREEMENT

## MULTI-UNIT AGREEMENT

THIS AGREEMENT is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ by and between WNW FRANCHISING, LLC, a Delaware limited liability company, whose address is 17410 College Parkway, Livonia, MI 48152-2369, hereinafter referred to as "WNW"; and \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_, hereinafter collectively referred to as "You".

### BACKGROUND

A. Contemporaneous with the execution of this Agreement, you and WNW have entered into WNW's current form of single-unit franchise agreement (the "First Franchise Agreement") for the right to establish and operate a single Wag N Wash® franchised business (the "First Franchised Business").

B. WNW offers qualified franchisees the right and option to open and operate additional "Wag N Wash" franchised businesses (collectively, the "Additional Franchised Businesses") during the time periods set forth below and subject to the terms and conditions of this Agreement.

C. You wish to purchase an option to establish and operate \_\_\_ Additional Franchised Business(es) under the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### AGREEMENT

#### ARTICLE I GRANT OF OPTION AND OPENING DEADLINES

**Section 1.1 Grant.** Upon the execution of this Agreement, you will pay WNW a multi-unit fee equal to: (i) \$49,900 for the obligation and right to operate the first Franchised Business under this Agreement; plus (ii) \$35,000 for the obligation and right to operate each additional Franchised Business under this Agreement for a total of \$\_\_\_\_\_ (the "Multi-Unit Fee"). The Multi-Unit Fee will include the initial franchise fee set forth in Section 4.1 of the First Franchise Agreement and is deemed fully earned upon payment and is nonrefundable under any circumstances. The Franchised Businesses must be located in the exclusive development area set forth in Exhibit 1 to this Agreement ("Development Area"). The Development Area granted under this Section 1.1 is exclusive, which means WNW will not establish, or license others to establish, Wag N Wash® franchised businesses at any location in the Development Area during the term of this Agreement (refer to Section 3.2 below); provided, further, you will be provided an exclusive territory under each Franchise Agreement you sign as set forth therein.

**Section 1.2 Eligibility.** You must purchase this option and execute this Agreement contemporaneously with your execution of the First Franchise Agreement.

**Section 1.3 Opening Deadlines.** You must open and commence operations of the Additional Franchised Businesses in accordance with the following schedule ("Development Schedule"):

Time Period ("Development Period")	Number of Franchise Agreements to be Executed During the Development Period	Number of Stores to be Open During Development Period	Cumulative Number of Stores Open by End of Development Period
Date: _____ (Within ___ Months of this Agreement)	1	1	1
Date: _____ (Within ___ Months of this Agreement)	1	1	2
Date: _____ (Within ___ Months of this Agreement)	1	1	3

## ARTICLE II EXERCISE OF OPTION

**Section 2.1 Conditions in Order to Exercise Option.** In order to open each Additional Franchised Business, you must satisfy all of the following conditions, upon the exercise of each option:

(a) Execute WNW's then-current form of franchise agreement for that Additional Franchised Business (each, an "Additional Franchise Agreement");

(b) You must not default under this Agreement, or any other agreement with WNW, including any other franchise agreements, and must have fully and faithfully performed all of your material obligations under any such agreements throughout their respective terms;

(c) Neither this Agreement, the First Franchise Agreement, nor any other agreement WNW has entered into with you has been terminated by WNW;

(d) You have timely paid any fees or other monies due to WNW as and when due under the terms of the First Franchise Agreement or any other agreement with WNW, including interest or principal due under any note payable to WNW;

(e) There has been no change in the effective control of you (by way of change in share ownership, membership or partnership interest, or otherwise) without WNW's written consent; and

(f) Your personnel have successfully completed WNW's training programs.

### **ARTICLE III ASSIGNMENT, TERM AND TERMINATION**

**Section 3.1 Assignment.** Your rights under this Agreement are personal to you and you may not sell, transfer, or assign any right granted herein without WNW's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in the First Franchise Agreement. WNW has the right to assign this Agreement in whole or in part in its sole discretion.

**Section 3.2 Term.** This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by WNW, will expire on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule, or upon execution of the lease for the final Franchised Business under this Agreement, whichever occurs sooner.

**Section 3.3 Termination.** WNW will have the right, at its option, to terminate this Agreement and all rights granted to you hereunder, without affording you any opportunity to cure such default, effective upon written notice to you, upon the occurrence of any of the following events: (i) if you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (ii) if you fail to meet any of the Opening Deadlines set forth in Section 1.3 of this Agreement and fail to cure such default within 30 days of receiving notice thereof; or (iii) if the First Franchise Agreement or any Additional Franchise Agreement that is entered into under this Agreement is terminated or subject to termination by WNW, pursuant to the terms of that Franchise Agreement.

### **ARTICLE IV CHOICE OF LAW AND DISPUTE RESOLUTION**

**Section 4.1 Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Michigan (without reference to its conflict of laws principles).

**Section 4.2 Internal Dispute Resolution.** You must first bring any claim or dispute between you and WNW to WNW's Board of Directors or Chief Executive Officer after providing notice as set forth in Section 4.6 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

**Section 4.3 Mediation.** At WNW's option, all claims or disputes between WNW and you or your affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between WNW and you or your affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 4.2 above, must be submitted first to non-binding mediation, in Oakland County, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against WNW or its affiliates with respect to any such claim or dispute, you must submit a notice to WNW, which specifies, in detail, the precise nature and grounds of such claim or dispute. WNW will have a period of 30 days following receipt of such notice within which to notify you as to whether WNW or its affiliates elects to exercise its option to submit such claim or dispute to

mediation. You may not commence any action against WNW or its affiliates with respect to any such claim or dispute in any court unless WNW fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated as the result of a written declaration of either: (i) the mediator(s) that further mediation efforts are not worthwhile; or (ii) WNW. WNW's rights to mediation, as set forth herein, may be specifically enforced by WNW. Each party will bear its own costs of mediation and you and WNW will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

**Section 4.4 Injunctive Relief, Selection of Venue and Class Action Waiver.** Nothing contained in this Agreement will prevent WNW from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect WNW's interests. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in or near Oakland County, Michigan and the jurisdiction and venue of the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from WNW's headquarters in Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Michigan set forth above. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and WNW or its affiliates or employees may not be consolidated with any other proceeding between WNW and any other person or entity.

**Section 4.5 Third Party Beneficiaries.** WNW's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provisions set forth in this Section 4, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by you.

**Section 4.6 Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify WNW within 30 days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

**Section 4.7 No Right to Offset.** You are prohibited from withholding all or any part of any payment to WNW or any of its affiliates on the grounds of WNW's alleged nonperformance or as an offset against any amount WNW or any of WNW's affiliates allegedly may owe you under this Agreement or any related agreements.

**Section 4.8 Limitation of Action.** You further agree that no cause of action arising out of or under this Agreement may be maintained by you against WNW unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of the facts or circumstances reasonably indicating that you may have a claim against WNW hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by WNW, including, without limitation, rescission of this Agreement, in any mediation, judicial,

or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**Section 4.9 Waiver of Punitive Damages.** Except as provided for in Section 4.9 of this Agreement, you hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against WNW arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**Section 4.10 Jury Trial Waiver.** **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, FRANCHISES DEVELOPED PURSUANT TO THIS AGREEMENT AND/OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES, AND/OR YOUR PURCHASE OF GOODS OR SERVICES FROM WNW OR WNW'S AFFILIATES.**

## ARTICLE V MISCELLANEOUS

**Section 5.1 Time of the Essence.** Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

**Section 5.2 Acknowledgment.** You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use WNW's Proprietary Marks or its System.

**Section 5.3 Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered via certified mail, registered mail, or overnight delivery, to the addresses set forth above (which may be changed by written notice). Notice may also be given via email (if to WNW to [legal@petsuppliesplus.com](mailto:legal@petsuppliesplus.com); if to Franchisee, to the entity's assigned [@WNWfranchise.com](mailto:@WNWfranchise.com) system email address) provided, however, that transmission of a notice via email does not relieve the sender of the obligation to provide notice via certified mail, registered mail, or overnight delivery.

**Section 5.4 No Third Party Rights.** Except as expressly provided to the contrary in this Agreement or the First Franchise Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, WNW, and such of WNW's respective successors and assigns as may be contemplated (and, as to you, permitted) by the First Franchise Agreement, any rights or remedies under or by reason of this Agreement.

**Section 5.6 Payment of Legal Fees.** You agree to pay WNW all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that WNW incurs after the termination or expiration of the Additional Franchised Businesses granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement; and/or (b) successfully defending a claim that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this

Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

**Section 5.7 Nonwaiver.** No delay, waiver, omission, or forbearance on WNW's part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute a waiver of WNW's right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If WNW accepts late payments from you or any payments due, that will not be deemed to be WNW's waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement.

**Section 5.8 Severability.** Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable. If for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

**Section 5.9 Construction of Language.** Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

**Section 5.10 Successors.** References to "WNW" or "you" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 3.1 of this Agreement.

**Section 5.11 Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at WNW's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as WNW may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint WNW as your attorney-in-fact to execute any and all documents on your behalf, reasonably necessary to effectuate the transactions contemplated herein.

**Section 5.12 No Right to Offset.** You may not withhold all or any part of any payment to WNW or any of its affiliates on the grounds of the alleged nonperformance of WNW or any of its affiliates or as an offset against any amount WNW or any of its affiliates may owe or allegedly owe you under this Agreement or any related agreements.

**Section 5.13 State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which your First Franchised Business is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to you.

**Section 5.14 Entire Agreement.** This Agreement contains the entire agreement between the parties concerning the purchase and operation of the Additional Franchised Businesses; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Except for those changes that WNW is permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. WNW reserves the right to change WNW’s policies, procedures, standards, specifications or manuals at WNW’s discretion. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s) or the First Franchise Agreement, the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations WNW made to you in the Franchise Disclosure Document that WNW provided to you.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

**“WNW”:**  
**WNW FRANCHISING, LLC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

**“YOU”:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT 1**  
**DEVELOPMENT AREA**

**EXHIBIT H**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**  
**STATE SPECIFIC DISCLOSURES- ADDENDUM AND AGREEMENT AMENDMENTS**

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

For franchises and franchisees/developers subject to the California Franchise Investment Law, Cal. Corp. Code § 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document (“FDD”):

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

Neither we nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in that association or exchange.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, and non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

THE FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT REQUIRE APPLICATION OF THE LAW OF MICHIGAN AND A FORUM OF MICHIGAN. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement requires the parties to resolve their disputes through non-binding mediation and, if necessary, litigation. The mediation and litigation will occur in Oakland County, Michigan, and you must reimburse us our costs if we prevail in any litigation

proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Regarding our website, [www.wagnwash.com](http://www.wagnwash.com), please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

Item 5 of the FDD is amended to include: The Department has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development agreement is deferred until that unit is open.

Item 6 of the FDD is amended to disclose that the highest interest rate allowed in California is 10%.

The earnings claims figures found in Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your WNW franchise. Franchisees or former franchisees, listed in the FDD, may be one source of this information.

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

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

This Amendment shall pertain to franchises sold in the State of Illinois and shall be for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

Illinois law governs the Franchise Agreement and Multi-Unit Agreement.

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

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

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

The franchisor must defer the initial franchise and development fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and Franchisee/developers subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement.

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

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

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

The franchisor must defer the initial franchise and development fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

**EXHIBIT 5  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
FOR ILLINOIS**

**ILLINOIS FRANCHISEES:** Section 6 and Section 7 below contain a covenant not to compete. Under the Illinois Freedom to Work Act, this must be disclosed to a prospective employee in writing no later than 14 calendar days before the employee starts employment. Depending on the employee's compensation, this agreement may not be enforceable at the time of the employment offer. The Franchisee must specifically (i) advise the employee, in writing, to consult with an attorney before entering into the covenant, and (ii) provide the employee with a copy of the covenant at least 14 calendar days before the employee starts employment or provide the employee with at least 14 calendar days to review the covenant prior to requiring it to be signed. Employees may waive the remainder of the 14 days' notice period by voluntarily signing the covenant before the expiration of the 14-day period.

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT  
(for managers and principals of the franchisee)**

In consideration of my being a **[insert here position of employee]** of **[insert here name of franchisee entity]** (the "Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from WNW Franchising, LLC (the "Company") to establish and operate a Wag N Wash® Store (the "Store" or "Store") and the right to use in the operation of the Store the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the "Store Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, copyrighted materials, and other methods, techniques and know-how concerning the of operation of the Store (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As **[insert here position of employee]** of the Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual for system franchisees (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ **[insert here position of employee]** of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenues from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized by the Company for sale by its franchisees; provided, however, that this Section will not apply to my operation of any other Store under the Company's System; or (b) solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of 2 years after my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(c) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenue, from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed: (i) at the Approved Location premises; (ii) within the Franchisee's territory; or (iii) within a five (5) mile of the radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(d) Solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause

the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement will be construed under the laws of the State of Michigan (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF INDIANA**

This Amendment shall pertain to franchises sold in the State of Indiana and shall be for the purpose of complying with Indiana statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement and Multi-Unit Agreement to the contrary, the Agreements shall be amended as follows:

1. Section 1.1 of the Franchise Agreement entitled “Grant of License” and Section 1.1 of the Multi-Unit Agreement entitled “Grant of Rights” are supplemented by the following provision:

Ind. Code §§ 23-2-2.7-1(2) and 23-2-2.7-2 (6) prohibit any provision in a Franchise Agreement allowing a franchisor to establish, and prohibit a franchisor from establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee/developer within the Territory granted the franchisee/developer by the Franchise Agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee/developer within a reasonable area. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

2. Sections 2.2(i) and 2.4(k) of the Franchise Agreement are supplemented by the following provision:

To the extent you are required to execute a release in favor of WNW Franchising, LLC, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1 (5).

3. Ind. Code § 23-2-2.7-1(10) prohibits any provision in the Franchise Agreement and Multi-Unit Agreement which limit litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Franchise Agreement or Multi-Unit Agreement conflicts with Indiana Code § 23-2-2.7-1 (10), Indiana law will control.

4. Section 15.1 of the Franchise Agreement entitled “Indemnification” are supplemented by the following provision:

; provided, however, such indemnification obligations shall exclude liability caused by your proper reliance on or use of procedures or materials provided by WNW Franchising, LLC or caused by WNW Franchising, LLC’s negligence.

5. Section 3 of the Franchise Agreement is amended by deleting all references to “immediate family members.”

6. Section 3 of the Franchise Agreement regarding covenants of non-competition are supplemented by the following provision:

Notwithstanding the above, the covenant not to compete is limited to your non-exclusive area under this Agreement.

7. Section 12.5 of the Franchise Agreement entitled “Transfer on Death or Incapacity” is supplemented by the following provision:

Ind. Code § 23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee/developer the opportunity to participate in the ownership of the franchise under a valid Franchise Agreement for a reasonable time after the death of the franchisee/developer, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise.

Further, the term “6 months” shall replace any shorter term in the respective provisions of these Agreements.

8. Section 16.1 of the Franchise Agreement and Section 4.1 of the Multi-Unit Agreement entitled “Choice of Law” are supplemented by the following provision:

However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be governed by the Indiana Franchise Disclosure Law Ind. Code § 23-2-2.5 and the Indiana Deceptive Franchise Practices Law Ind. Code § 23-2-2.7.

9. Sections 16.1 of the Franchise Agreement, Section 4.1 of the Multi-Unit Agreement entitled “Choice of Law, as well as Section 16.4 of the Franchise Agreement and Section 4.4 of the Multi-Unit Agreement entitled “Injunctive Relief” are all supplemented by the following provision:

Indiana franchisee/developer are allowed access to Indiana courts. Any provision which designates jurisdiction or venue or requires the franchisee/developer to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

10. Section 16.9 of the Franchise Agreement and Section 4.8 of the Multi-Unit Agreement entitled “Limitation of Action” is supplemented by the following provision:

Ind. Code § 23-2-2.7-1 (1) and 23-2-2.5-30 impose different time limitations or litigation brought for breach of the Agreement or violation of Indiana law in connection with the Agreement. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

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Franchisee/Developer (Initials/Date)

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WNW Franchising, LLC (Initials/Date)

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF INDIANA**

For franchises and franchisees/developer subject to the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document (“FDD”)

Item 8. Item 8 of the FDD is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1(4) prohibits provisions in a Franchise Agreement subject to the Law which allow the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee/developer does business, on account of, or in relation to, the transaction between the franchisee/developer and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee/developer. To the extent that any provision of the Franchise Agreement conflicts with Indiana Law, Indiana Law will control.

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-2(6) makes it unlawful for any franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee/developer does business, on account of, or in relation to, the transaction between the franchisee/developer and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee/developer. To the extent that any of WNW Franchising, LLC’s business practices conflicts with Indiana Law, Indiana Law will control.

Item 12. Item 12 of the FDD is amended to include the following disclosure:

Ind. Code § 23-2-2.7-1(2) prohibits any provision in the Agreement which allows WNW Franchising, LLC to establish a franchisor-owned outlet engaged in a substantially identical business to that of the Franchised Business within the Territory. Ind. Code § 23-2-2.7-2(4) prohibits any franchisor who has entered into any Franchise Agreement with a franchisee/developer who is either a resident of Indiana or a nonresident operating a franchise in Indiana from establishing a franchisor-owned outlet engaged in a substantially identical business to that of the Franchised Business within the Territory. To the extent that any provision of the Agreement or WNW Franchising, LLC’s business practices conflict with Indiana law, Indiana law will control. This provision is not applicable where DMAs are granted.

Item 17. Item 17 of the FDD is amended to include the following disclosure:

To the extent you are required to execute a release in favor of WNW Franchising, LLC, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1.

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee/developer the opportunity to participate in the ownership of the franchise under a valid Franchise Agreement for a reasonable time after the death of the franchisee/developer, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise. To the extent that the Franchise Agreement requires a surviving spouse, heirs or an estate representative to assume liability under the Franchise Agreement and to complete training, the Franchise Agreement has been amended in accordance with Indiana Law to provide that all such conditions must be met within 6 months of the franchisee/developer's date of death.

Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

The choice of law provision contained in the Franchise Agreement should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, the Franchise Agreement shall be governed by the Indiana Franchise Disclosure Law IC § 23-2-2.5 and the Indiana Deceptive Franchise Practices Law IC § 23-2-2.7, under Ind. Code §23-2-2.7.

Indiana franchisees/developers are allowed access to Indiana courts. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee/developer to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

The post term covenant not to compete is limited to your non-exclusive area under the Franchise Agreement pursuant to Ind. Code §23-2-2.7-1(9).

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD Ann. Code art. 56, Sections 345-365D, the parties to the attached WNW Franchising, LLC Franchise Agreement or Multi-Unit Agreement agree as follows:

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. The Franchise Agreement shall be supplemented by addition of the following:

Any acknowledgements or representations of the franchisee and/or developer which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor will they act as a release, estoppels, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.
7. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date first above written.

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisee/developers subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document:

Item 5

Franchise Agreement

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

Multi-Unit Agreement

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

Item 17.

The Franchise Agreement and Multi-Unit Agreement provide that WNW Franchising, LLC may terminate these Agreements, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Any general release signed as a condition to renewal, sale, assignment, or transfer of these Agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

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

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

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

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement or Multi-Unit Agreement to the contrary, the Agreements shall be amended as follows:

1. Minnesota law provides franchisee/developer with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee/developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement.
2. WNW Franchising, LLC will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.
3. Sections 16.1 and 16.4 of the Franchise Agreement and Sections 4.1 and 4.3 of the Multi-Unit Agreement shall be supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, this Paragraph shall not in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.
4. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit WNW Franchising, LLC from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
5. To the extent you are required to execute a general release in favor of WNW Franchising, LLC, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.
1. Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement or Multi-Unit Agreement imposes a different limitations period, the provision of the Act shall control.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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Franchisee/Developer Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA**

For franchises and franchisees/developers subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document.

**Item 13**

WNW Franchising, LLC will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

**Item 17**

Minnesota law provides franchisee/developers with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee/developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement or Multi-Unit Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§ 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit WNW Franchising, LLC from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of WNW Franchising, LLC, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

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

**WNW FRANCHISING, LLC  
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

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**STATEMENT REQUIRED BY THE STATE OF NEW YORK**

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE/DEVELOPER TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

**ADDENDUM TO THE WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of Article 33 of the General Business Law of the State of New York, the parties to the WNW Franchising, LLC Franchise Agreement and Multi-Unit Agreement agree as follows:

1. Sections 2.2(i) and 12.4(k) of the Franchise Agreement will be supplemented by adding the following language at the end of the Section:

provided, however, that all rights enjoyed by Franchisee/developer and any causes of action arising in franchisee/developer's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;

2. Section 16.1 of the Franchise Agreement and Section 4.1 of the Multi-Unit Agreement shall be supplemented by the addition of the following language at the end of the Section:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon franchisee/developer by the provisions of Article 33 of the General Business Law of the State of New York.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement and Multi-Unit Agreement in duplicate on the date indicated below.

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC'S  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

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

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

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

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

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

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

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

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

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

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

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

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

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees/developers subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document.

1. Item 5 is amended as follows:

After examination of the financial statements of franchisor by the North Dakota Securities Department, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fee will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

2. Item 17 is amended by the addition of the following language to the original language that appears therein:

- (a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

- (b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

- (c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- (d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- (e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- (f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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Franchisee/Developer Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees/developers subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Agreement and Multi-Unit Agreement.

1. Payment of Initial Franchise Fee. After examination of the financial statements of franchisor by the North Dakota Securities Department, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fee will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

2. Section 11.1 of the Franchise Agreement is hereby amended to add the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 16 of the Franchise Agreement and Article 4 of the Multi-Unit Agreement are hereby amended to add the following language:

(a) Any provision requiring a franchisee/developer to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's/developer's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's/developer's place of business.

(b) Any provision which designates jurisdiction or venue or requires the franchisee/developer to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

(c) Any provision requiring that the Franchise Agreement and/or Multi-Unit Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement and Multi-Unit Agreement are to be construed according to the laws of North Dakota.

4. Section 16.9 of the Franchise Agreement and Section 4.8 of the Multi-Unit Agreement are hereby amended to provide that the statute of limitations under North Dakota law will apply.

5. Section 16.10 of the Franchise Agreement and Section 4.9 of the Multi-Unit Agreement are hereby amended to provide that any provision requiring a franchisee/developer to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

6. Section 16.11 of the Franchise Agreement and Section 4.10 of the Multi-Unit

Agreement are hereby amended to provide that any provision requiring a franchisee/developer to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

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Franchisee/Developer Initials/Date

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Franchisor's Initials/Date

**EXHIBIT 5  
TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT  
FOR OREGON**

**OREGON FRANCHISEES:** Section 6 and Section 7 below contain a covenant not to compete. Under the Oregon law the employer must inform the employee of this requirement in a written employment offer letter received by the employee at least two weeks before the first day of work , or the non-compete covenant must be entered into upon a subsequent bona fide advancement of the employee. Depending on the employee's compensation, this agreement may not be enforceable at the time of the employment offer.

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT  
(for managers and principals of the franchisee)**

In consideration of my being a **[insert here position of employee]** of **[insert here name of franchisee entity]** (the "Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from WNW Franchising, LLC (the "Company") to establish and operate a Wag N Wash® Store (the "Store" or "Store") and the right to use in the operation of the Store the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the "Store Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Store (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As **[insert here position of employee]** of the Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual for system franchisees (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use

the Confidential Information only in connection with my duties as \_\_\_\_\_ **[insert here position of employee]** of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenues from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized by the Company for sale by its franchisees; provided, however, that this Section will not apply to my operation of any other Store under the Company's System; or (b) solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of 12 months after my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(e) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenue, from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed: (i) at the Approved Location premises; (ii) within the Franchisee's territory; or (iii) within a five (5) mile of the radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(f) Solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against

me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement will be construed under the laws of the State of Michigan (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchises and franchisees/developers subject to the Rhode Island Franchise Investment Protection Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Franchise Disclosure Document.

Item 17(v) of the Franchise Disclosure Document is hereby amended as follows:

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

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

This Amendment shall pertain to franchises sold in the State of Rhode Island and shall be for the purpose of complying with Rhode Island statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement and Multi-Unit Agreement to the contrary, the Agreements shall be amended as follows:

Pursuant to §19-28.1-14 of the Rhode Island Franchise Investment, any provision in the Franchise Agreement/Multi-Unit Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

Neither WNW Franchising, LLC, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Michigan.

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for WNW Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

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

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$513,320 to \$1,317,900. This amount exceeds the franchisor's stockholder's equity as of December 30, 2023, which is negative \$210,000.

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

**ADDENDUM TO PSPWNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE MULTI-UNIT  
AREEMENT, AND ALL RELATED AGREEMENTS  
REQUIRED BY THE STATE OF WASHINGTON**

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

- 1. Conflict of Laws.** In the event of a ~~conflict~~conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~Chapter~~chapter 19.100 RCW will prevail.

~~Item 5: After examination of the financial statements of franchisor by the Washington Department of Financial Institutions, Securities Division, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fees will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement. In addition, the Securities Division has required that the deferral of the Multi-Unit Fee will be pro-rated, such that the franchisee will pay the franchisor the fee proportionally upon the opening of each unit franchise.~~

- 2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor, including in the areas of termination and renewal of your franchise. -There may also be court decisions ~~which may that~~ supersede the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including the areas of termination those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

**Site of Arbitration, Mediation, and** ~~renewal of your franchise.~~

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

- 4. General Release.** A release or waiver of rights ~~executed by ain the franchise agreement or related agreements purporting to bind the~~ franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any ~~rulerules~~ or ~~orderorders~~ thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable., in accordance with RCW 19.100.220(2). In~~

addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- 6. Transfer Fees.** Transfer fees are collectable **only** to the extent that they ~~reflect~~**reflect** the franchisor's reasonable estimated or actual costs in effecting a transfer.
- 7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
- 8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
- 9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
- 10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
- 11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
- 12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
- 13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding
- 14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for ~~inflation~~**inflation**). In addition, a noncompetition covenant is void and unenforceable against an independent

contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for ~~inflation~~inflation). As a result, any ~~provisions~~provision contained in the franchise agreement or elsewhere that ~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

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

~~The undersigned does hereby acknowledge receipt of this addendum.~~

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Franchisee/Developer Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO PSP FRANCHISING, LLC  
FRANCHISE AGREEMENT OR MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF WASHINGTON**

~~ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:~~

~~After examination of the financial statements of franchisor by the Washington Department of Financial Institutions, Securities Division, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fees will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement. In addition, the Securities Division has required that the deferral of the Multi-Unit Fee will be pro-rated, such that the franchisee will pay the franchisor the fee proportionally upon the opening of each unit franchise.~~

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

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

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

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

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

~~Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when~~

~~annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

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

~~Section 15.1 of the Franchise Agreement is amended to state as follows: "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability or fraud."~~

~~The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.~~

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

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

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

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Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee/Developer Initials/Date

Franchisor's Initials/Date Representative

**EXHIBIT 5**  
**TO THE WNW FRANCHISING, LLC FRANCHISE AGREEMENT**  
**FOR WASHINGTON STATE**

WASHINGTON STATE FRANCHISEES: The terms of the non-competition covenant in Section 6 and Section 7 below must be disclosed to a prospective employee in writing no later than the time of the acceptance of the employment offer. Depending on the employee's compensation, this agreement may not be enforceable at the time of the employment offer. The Franchisee must specifically disclose (a) whether the non-competition covenant in Section 6 and Section 7 below is currently enforceable on the date this agreement is executed, and (b) if it is not currently enforceable, that the non-competition covenant in Section 6 and Section 7 below may be enforceable against the employee at a later date due to changes in the employee's compensation.

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**  
*(for managers and principals of the franchisee)*

In consideration of my being a [insert here position of employee] of [insert here name of franchisee entity] (the "Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from WNW Franchising, LLC (the "Company") to establish and operate a Pet Supplies Plus® Store (the "Store" or "Store") and the right to use in the operation of the Store the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the "Store Premises").

The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, copyrighted materials, and other methods, techniques and know-how concerning the of operation of the Store (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.
3. As [insert here position of employee] of the Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual for system franchisees (the "Manual") and other general assistance during the term of this Agreement.
4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold

in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [insert here position of employee] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenues from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized by the Company for sale by its franchisees; provided, however, that this Section will not apply to my operation of any other Store under the Company's System; or (b) solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of 18 months after my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(g) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which derive 20% or more of their revenue, from the sale of pet food, pet supplies, pets, pet grooming and bathing services, and any other products or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed: (i) at the Approved Location premises; (ii) within the Franchisee's territory; or (iii) within a five (5) mile of the radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(h) Solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge

and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement will be construed under the laws of the State of Michigan (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE AGREEMENT OR MULTI-UNIT AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement or Multi-Unit Agreement to be contrary, the Agreements shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and franchisee/developer inconsistent with the Law.

\_\_\_\_\_  
Franchisee/Developer Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO WNW FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WISCONSIN**

For franchises and franchisees/developers subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the WNW Franchising, LLC Wisconsin Franchise Disclosure Document.

**Item 17.**

For Wisconsin franchisee/developers, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and franchisee/developer inconsistent with the Law.

**EXHIBIT I**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**  
**SAMPLE ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT**

## **ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT**

**THIS ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT** (“Assignment”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20 \_\_\_, by and between: (i) WNW Franchising, LLC, a Delaware limited liability company with an address at 17410 College Parkway, Livonia, MI 48152-2369 (“WNW”); (ii) \_\_\_\_\_, an individual with an address at \_\_\_\_\_ (“Assignor”); and (iii) \_\_\_\_\_ a \_\_\_\_\_ with an address at \_\_\_\_\_ (“Assignee”).

### **BACKGROUND**

A. WNW is the national franchisor of retail stores offering a wide variety of pet food, pet supplies, pets (including small animals, birds, reptiles, and fish, but not dogs or cats), pet grooming and bathing services, and related products and services under the Wag N Wash® mark (each, a “Store”).

B. On or around \_\_\_\_\_, Assignor entered into a franchise agreement with WNW (the “Franchise Agreement”), under which Assignor obtained the right and undertook the obligation to operate a Store at \_\_\_\_\_ (the “Franchised Business”).

C. Assignor desires to assign all of its rights, title, interest and obligations under the Franchise Agreement and Franchised Business to Assignee, pursuant to and in accordance with the provisions of the Franchise Agreement.

D. WNW is willing to consent to the assignment of the Franchise Agreement from Assignor to Assignee, subject to the terms and conditions of this Assignment.

### **AGREEMENT**

In consideration of the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. **Background and Definitions.** The parties hereby incorporate by reference all provisions, including definitions, set forth in the Background of this Assignment as if fully set forth herein. The parties further agree and acknowledge that all capitalized terms in this Assignment that are not specifically defined herein will be afforded the meaning they are afforded in the Franchise Agreement. All words in this Assignment refer to whatever number or gender the context requires.

2. **Assignment and Assumption; WNW Consent.** Subject to the provisions of this Assignment, Assignor hereby assigns and transfers over to Assignee all of Assignor’s rights, obligations, title and interest in and to the Franchise Agreement, effective as of the date of this Assignment. Assignee hereby assumes all of Assignor’s rights, obligations, assignments, commitments, duties and liabilities under the Franchise Agreement, and Assignee agrees to be bound by and observe and faithfully perform all of the obligations, assignments, commitments and duties of the “Franchisee” under the Franchise Agreement with the same force and effect as if the Franchise Agreement were originally written with Assignee as said “Franchisee.” WNW hereby consents to the foregoing assignment, subject to the provisions set forth in this

Assignment.

3. **Personal Guaranty.** Assignee agrees to be bound, along with Assignor, by and to all of the terms and conditions of the Franchise Agreement as if Assignee had originally executed the Personal Guaranty contemporaneous with the execution of the Franchise Agreement. Assignee acknowledges that he has read and understands the terms of the Personal Guaranty and has had an opportunity to review the Personal Guaranty with counsel or other business advisors.

4. **Release.** Upon the execution of this Assignment, Assignor for himself and all persons and entities claiming by, through or under him, hereby release, acquit, and forever discharge WNW and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, franchisees, licensees, successors and assigns (the “WNW Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys’ fees, actions or causes of action whatsoever, whether known or unknown, which Assignor, by itself or on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had, or might claim to have against the WNW Releasees through the date of this Assignment, including, but not limited to, those arising out of or related to: (i) the offer, sale, operation and transfer of the Franchise Agreement (and Franchised Business); (ii) the parties’ respective rights or obligations under the Franchise Agreement; and (iii) any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. Assignor warrants and represents that he has not assigned or otherwise transferred any claim or cause of action released by this Assignment. Assignor covenants and warrants that he will not sue, nor assist or cooperate with any third party in any third-party action against, any WNW Releasee arising out of or related to the claims released under this Section.

5. **Representation.** Assignor and Assignee represent and warrant: (i) that Assignor and Assignee have obtained the necessary permission and authority to complete the assignment contemplated herein, whether through Assignor or otherwise; and (ii) Assignor and Assignee are otherwise in compliance with the requirements set forth in Section 12.6 of the Franchise Agreement regarding transfer to a controlled entity.

6. **Successors and Assigns.** This Assignment shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns (if and as permitted by WNW).

7. **Acknowledgement.** Each party acknowledges that the terms of this Assignment have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Assignment is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Assignment.

8. **Binding Effect.** This Assignment shall be binding and inure to the benefit of the parties and their respective heirs, successors and assigns.

9. **Entire Agreement.** The Franchise Agreement and this Assignment shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Assignment, the terms of this Assignment will control.

10. **Attorneys' Fees and Costs.** In the event that it becomes necessary for WNW to retain the services of legal counsel to enforce the terms of this Assignment against any other party hereto, WNW shall be entitled to recover all costs and expenses, including reasonable attorneys' fees and expert/investigative fees, incurred in enforcing the terms of this Assignment from the breaching party(ies) hereunder.

11. **Choice of Law, Jurisdiction and Venue.** The parties agree and acknowledge that the choice of law, dispute resolution and venue provisions of the Franchise Agreement will also apply to all disputes, claims or causes of action arising out of, or related to, this Assignment.

12. **Authority.** The persons executing this Assignment on behalf of Assignor and Assignee acknowledge their authority to do so.

13. **Counterparts.** This Assignment may be signed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto were upon the same instrument. This Assignment shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**IN WITNESS WHEREOF**, the undersigned have affixed their signatures hereto as of the day and date first above written.

**WNW FRANCHISING, LLC**

**ASSIGNOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ASSIGNEE**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**EXHIBIT J**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**CONVERSION ADDENDUM**

**CONVERSION ADDENDUM TO WNW FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

This Conversion Addendum to the WNW Franchising, LLC Franchise Agreement (the "Addendum") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between WNW Franchising, LLC, a Delaware limited liability company, whose address is 17410 College Parkway, Livonia, MI 48152-2369, hereinafter referred to as "WNW"; and \_\_\_\_\_, a \_\_\_\_\_ with a business address at \_\_\_\_\_ (the "Franchisee").

**BACKGROUND**

A. Contemporaneously with the execution of this Addendum, Franchisee entered into WNW's standard form of franchise agreement (the "Franchise Agreement"), for the right to establish and operate a single Wag N Wash® franchised business (the "Franchised Business") within the Protected Territory as defined on the Data Sheet to the Franchise Agreement (the "Territory").

B. Prior to, and at the time of, Franchisee's execution of the Franchise Agreement, Franchisee has owned and operated, and continues to own and operate, an independent pet store (the "Existing Business") located at \_\_\_\_\_ (the "Premises").

C. Franchisee wishes to convert its Existing Business into a Franchised Business that operates utilizing WNW's Proprietary Marks and System in accordance with the terms of the Franchise Agreement and WNW's standards and specifications, which WNW may set forth and modify from time to time in WNW's Operations Manual and otherwise in writing.

D. Prior to entering into the Franchise Agreement, WNW has inspected the Premises and otherwise audited the operations and certain financial information of the Existing Business to ensure that the Existing Business meets WNW's then-current minimum criteria to convert an existing pet supplies store into a Franchised Business that operates under WNW's Proprietary Marks and System (collectively, the "Conversion Criteria").

E. Based on the foregoing inspection and audit, as well as Franchisee's representation and warranty that the Existing Business meets the Conversion Criteria, WNW has determined that the Existing Business does meet the Conversion Criteria and is willing to permit Franchisee to convert its Existing Business into a Franchised Business.

F. In light of the foregoing, the parties now wish to amend and/or supplement certain provisions of the Franchise Agreement to capture deal points that the parties mutually agree to regarding the intended conversion of Franchisee's Existing Business, as set forth more fully in this Addendum.

NOW THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Addendum and for mutual consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

## AGREEMENT

1. **Definitions.** For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement.

2. **Conversion Criteria.** Franchisee represents and warrants that all the representations Franchisee made to WNW regarding the Premises, operations, and financial history of the Existing Business, as well as the fixtures and equipment located at the Existing Business, are accurate and reflect the current state of the Existing Business as of the date of this Addendum. The parties acknowledge that Franchisee's foregoing representations are, in part, the basis for WNW's determination that the Existing Business meets WNW's current Conversion Criteria and WNW's agreement to enter into this Addendum. Franchisee must ensure that the Existing Business continues to meet the Conversion Criteria throughout the term of the Franchise Agreement (and any renewal terms thereto), unless WNW agrees otherwise in writing, and Franchisee's failure to do so will be deemed a material default under the Franchise Agreement and grounds for termination if not cured within thirty (30) days as set forth more fully in Section 13.4 thereof.

3. **Time to Complete Conversion and Re-Open.** Notwithstanding anything in the Franchise Agreement to the contrary regarding the time in which Franchisee must open its Franchised Business, Franchisee must complete its pre-opening obligations as set forth in this Addendum and the Franchise Agreement to successfully convert its Existing Business to a Franchised Business and "re-open" the converted Franchised Business utilizing WNW's Proprietary Marks and System no later than one hundred eighty (180) days from the execution of this Addendum (the "Conversion Date"). Franchisee may not operate as a Franchised Business without WNW's prior written consent, and Franchisee's failure to re-open as a converted Franchised Business within the prescribed time period above will be grounds for termination of the Franchise Agreement if not cured by Franchisee within fifteen (15) days of receiving written notice of this default from WNW.

4. **Initial Franchise Fee.** Section 5.1 of the Franchise Agreement is hereby amended to provide that Franchisor will waive the Initial Franchise Fee, provided that Franchisee orders all signage designated by WNW contemporaneously with the execution of this Addendum.

5. **Royalty.** The first sentence of Section 4.2 of the Franchise Agreement is amended to provide that Franchisee will pay a royalty fee of \_\_\_\_\_ for the first \_\_\_\_ full or partial months following the "re-opening" of the converted Franchised Business (as described in Section 3 of this Addendum). Commencing the \_\_\_\_\_ full month of operations as a Wag N Wash® Franchised Business, and for all subsequent months, Franchisee must pay 4% of Gross Sales generated during the immediately preceding calendar month. At all times, Franchisee is obligated to enter all Gross Sales into the POS System and provide WNW will all other records as required by the Franchise Agreement or otherwise specified by WNW.

6. **Grand Opening Advertisement.** Section 4.4 of the Franchise Agreement is amended to provide that we will collect \$10,000, or you will pay \$10,000 to the Grand Opening event management company we designate, prior to the Conversion Date to conduct a Grand Opening advertisement campaign on behalf of Franchisee of the "re-opening" of the Existing Business as the Franchised Business.

**7. Pre-Opening and Certain Other Obligations in Connection with the Conversion.** Notwithstanding anything in the Franchise Agreement to the contrary:

a. *Site Selection.* Franchisee will operate the Franchised Business from the Premises, and will not otherwise be required to select and obtain a new location from which to operate the Franchised Business that WNW approves as set forth more fully in Section 3.6 of the Franchise Agreement. The Premises will serve as the approved location of the Franchised Business.

b. *Signage and Remodeling/Refurbishing.* Prior to the Conversion Date, Franchisee must obtain and install all signs and displays bearing WNW's Proprietary Marks in the form and manner prescribed by WNW. Franchisee further agrees to take any and all actions necessary to refurbish and/or remodel the interior of the Premises so that it complies with WNW's then-current standards and specifications for a Franchised Business, as set forth in WNW's Operations Manual or as WNW otherwise specifies in writing.

c. *Discontinuance of Prior Marks.* Upon signing this Addendum, and in accordance with the timeframes prescribed by WNW, Franchisee must take any and all actions necessary to: (i) remove all signage previously used in connection with the Existing Business, as well as any other materials/items at the Premises that display any mark that was used to identify the Existing Business (the "Prior Marks"); and (ii) cease all use of any marketing or other materials that display the Prior Marks in any manner. Notwithstanding the foregoing, WNW may, in its sole discretion, approve a conversion Franchisee's request to incorporate the Prior Marks into the new exterior building signage along with the "Wag N Wash" Mark. In such circumstances, WNW shall create the approved design and provide the specification for fabricating said exterior building sign. For the avoidance of doubt, Franchisee may not under any circumstances continue to use the Prior Marks in any manner associated with Franchised Business without WNW's prior written approval and except in strict accordance with this Section 7(c), and WNW's approval of an exterior building sign incorporating the Prior Marks in no way permits Franchisee to use the Prior Marks or the new design incorporating the Prior Marks in any other manner or context including, without limitation, in any advertising materials. No later than ninety (90) days following the execution of this Addendum, Franchisee must delete or otherwise remove all social media and other Internet listings associated with the Existing Business or Prior Marks.

d. *Training.* Franchisee acknowledges and agrees that prior to the Conversion Date: (i) Franchisee and other required personnel must attend and successfully complete WNW's initial training program as described in Section 10.1 of the Franchise Agreement; and (ii) Franchisee must train its employees pursuant to Section 10.2 of the Franchise Agreement.

e. *Computer System and Hardware.* Upon executing this Addendum, Franchisee must take all necessary steps to implement and use the Microsoft Dynamics AX computer system, and purchase and use all computer software programs ("Software") and computer hardware as required in Section 7.7 of the Franchise Agreement or otherwise specified by WNW. This includes, without limitation: (i) obtaining WNW's approval to operate on the Microsoft Dynamics AX computer system; (ii) executing WNW's designated form of sublease agreement for the right to lease the computer hardware and Software; (iii) obtaining the Proprietary Software Program and the computer hardware to operate the Proprietary Software Program; (iv) upgrading any computer hardware or software to conform to WNW's then-current standards and specifications; and (v) executing all other agreements that WNW may require from time to time. Depending on Franchisee's existing Premises infrastructure, installation of low-voltage wiring may also be required to support the operation of the WNW computer system and

hardware. Separate charges will apply for any such rewiring services needed to bring Premises up to WNW's specifications.

f. *Required Items.* The parties agree that prior to the Conversion Date, Franchisee must purchase specified approved items in the amount specified by WNW, and remove all unapproved items for offering or sale as specified by WNW, provided that Franchisee will be permitted to sell through their existing unapproved items in accordance with WNW's specifications. After the Conversion Date, Franchisee shall purchase all required products, supplies, and other items at the same time and manner that other WNW franchisees are required to obtain and utilize such items, as set forth more fully in the Franchise Agreement and Operations Manual.

g. *Advertising.* Notwithstanding Section 6 of this Agreement, Franchisee must comply with all other advertising requirements and obligations set forth in the Franchise Agreement, and Franchisee must take the necessary steps within its power to remove and/or modify all telephone directory listings and advertisements (including those placed in online directories) used in connection with the Existing Business and Prior Marks to reflect the conversion of the Existing Business to the Franchised Business operating under the Proprietary Marks no later than thirty (30) days from the Conversion Date.

Except for those obligations specifically addressed above or otherwise in this Addendum, Franchisee must fully comply with all other obligations set forth in the Franchise Agreement.

8. **Franchisee Representation.** Franchisee represents and warrants that: (i) Franchisee has the authority to enter into the Franchise Agreement and this Addendum; and (ii) entering into the Franchise Agreement and this Addendum with WNW does not, and will not, result in a breach of Franchisee's obligations under any other agreement Franchisee has entered into with respect to the Existing Business or otherwise. Franchisee understands that WNW materially relied on the foregoing representations, as well as all other acknowledgements and representations made by Franchisee in the Franchise Agreement and franchise application, in agreeing to enter into the Franchise Agreement and this Addendum. The parties agree and acknowledge that WNW may immediately terminate the Franchise Agreement (and this Addendum) upon notice to Franchisee in the event Franchisee has made any misrepresentation under, or otherwise breaches, this Section.

9. **Additional Grounds for Default.** Except for those breaches which this Addendum provides that a shorter cure period or no cure period is appropriate (including Section 2 hereof), any other breach of this Addendum will constitute additional grounds for default under the Franchise Agreement, as described in Section 13.4 thereof, and WNW may terminate the Franchise Agreement if Franchisee fails to cure such default within thirty (30) days of receiving notice of such default from WNW.

10. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Addendum will be ascribed the meaning given to it in the Franchise Agreement. The language of this Addendum will be construed according to its fair meaning, and not strictly for or against either party. The parties have had a reasonable opportunity to review this Addendum. In the event of an ambiguity or if a question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Addendum. Headings are for reference purposes and do not control interpretation.

11. **Entire Agreement.** The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties concerning the franchise and supersedes any and all prior agreements. In the event a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition as the term is afforded in the Franchise Agreement. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, venue and dispute resolution that will also apply to this Addendum.

**IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have duly executed and delivered this Addendum on the date first written above.**

**“WNW”:  
WNW FRANCHISING, LLC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

**FRANCHISEE:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT K**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**  
**EQUIPMENT SUBLEASE AGREEMENT**

## EQUIPMENT SUBLEASE AGREEMENT

This **EQUIPMENT SUBLEASE AGREEMENT** (“Sublease”) is made and entered into as of the \_\_\_ day of \_\_\_\_\_ 20\_\_ (the “Effective Date”) by and between WNW Franchising, LLC, an Delaware limited liability company whose address is 17410 College Parkway, Livonia, MI 48152-2369 (“Sublessor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Sublessee”).

### BACKGROUND

A. Sublessor’s affiliate PSP Stores, LLC and Dell Financial Services L.L.C. (“Dell”) are parties to a Master Lease Agreement, as amended (the “Master Lease”) with an effective date of August 18, 2015, pursuant to which Dell agreed to lease to PSP Stores, LLC and its sublessees, including Sublessor, certain computer hardware and software as described in the Schedules executed or to be executed pursuant to the Master Lease. A true and complete copy of the Master Lease is attached hereto as Exhibit “A”.

B. Sublessee has entered into a franchise agreement (the “Franchise Agreement”) with Sublessor dated \_\_\_\_\_ pursuant to which Sublessee obtained the right and undertook the obligation to operate a Wag N Wash® Store located at \_\_\_\_\_ (the “Franchised Business”).

C. Sublessee desires to lease from Sublessor and Sublessor desires to lease to Sublessee certain items of hardware and software (the “Equipment”) to be used solely in connection with Sublessee’s operation of the Franchised Business in accordance with the terms of this Sublease.

**NOW, THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree to be bound to the following:

1. **Sublease.** Sublessor hereby agrees to sublease to Sublessee, and Sublessee hereby agrees to sublease from Sublessor, the Equipment, together with all components, parts, and additions, as described in Schedule 1 of this Sublease. The Equipment shall be used solely in connection with the operation of the Franchised Business.

2. **Acknowledgment of Master Lease.** Sublessee agrees that it will be bound by each and every covenant, term and condition that is applicable to Sublessor contained in the Master Lease and any schedule thereto, and that all such covenants, terms and conditions to be performed, observed or complied with by the Lessee in the Master Lease are to be performed, observed or complied with by the Sublessee except the obligation and covenant to pay rent to Dell under the Master Lease. Sublessor’s rights to use, enjoy and possess the Equipment are contained in and limited to the Master Lease and in no event shall Sublessee have any rights, title or interest in the Equipment greater or more expansive than those contained in the Master Lease, except as amended in this Sublease, the terms of which are incorporated herein. Notwithstanding the foregoing, any end of term purchase options for the Equipment contained in the Master Lease or any schedule thereto shall inure solely for the benefit of Sublessor and Sublessee acknowledges that Sublessee shall have no right to purchase any of the Equipment upon the expiration or termination of this Sublease or the Master Lease.

3. **Term.** The term of this Sublease (the “Term”) shall begin upon the first of the month following installation of the Equipment and continue for a period of 60 months.

4. Ownership. This Sublease is a contract conveying only rights of possession. Sublessee will not acquire by virtue of this Sublease any ownership, title, property rights, or interest in or to the Equipment, except the right of use in accordance with the terms and conditions of this Sublease. Sublessee grants Dell and Sublessor a security interest in the Equipment and agrees that Dell and/or Sublessor may file a Uniform Commercial Code Financing Statement to perfect their interests in the Equipment.

5. Rent Payments. Notwithstanding Section 2 of this Sublease, the rent payments for the Equipment and all other fees due and payable under this Sublease (the "Rent") shall be in the amounts defined in Schedule 1 of this Sublease, as it may be amended from time to time, and shall be paid to Sublessor via an electronic funds transfer (the "EFT") under which Sublessor automatically deducts the Rent and/or any other amounts owed to Sublessor under this Sublease from Sublessee's bank account. Sublessee will also be responsible for paying Sublessor the sales, use, personal property, or other taxes applicable to Sublessee's Equipment, as well as all expenses incurred in connection with the shipment, delivery, and installation of Sublessee's Equipment, including any one-time expenses for required new hardware or software, replacement hardware or software, or disposal costs. All such expenses must be paid as directed by Sublessor.

6. Events of Default. Upon the occurrence of any Event of Default (as defined in Section 12 of the Master Lease and specifically incorporated herein) by or with respect to Sublessee under this Sublease, Sublessor shall have all rights and remedies available to the Lessor in the Master Lease (excluding the right to sell, lease or otherwise dispose of the Equipment). In addition, a default under the Franchise Agreement shall constitute a default of this Sublease.

2. Termination. In the event the Franchise Agreement is terminated prior to the expiration of this Sublease, Sublessee must, within thirty (30) days of the date the Franchise Agreement is terminated: (i) pay Sublessor the entire unpaid portion of the Rent set forth in Schedule 1 to this Sublease, and any other amounts owed to Sublessor under this Sublease, in a single lump sum; (ii) deliver the Equipment to a location and in a manner designated by Sublessor; and (iii) comply with all other post-termination obligations set forth in the Master Lease and Franchise Agreement.

8. Subordination to Master Lease. The parties agree that this Sublease is expressly subject and subordinate to Dell's interest in and to the Equipment and the Master Lease and the rights of Dell under the Master Lease and that, upon the declaration by Dell of an Event of Default under the Master Lease and written notice thereof to the parties by Dell, at the sole discretion of Dell as specified in such notice, this Sublease shall be terminated and Dell shall have all rights and remedies specified in the Master Lease.

9. Insurance.

a. During the Term, Sublessee shall maintain in force, at its sole cost, the following insurance: (i) casualty loss insurance for the Equipment for no less than the Stipulated Loss Value (defined below) naming Sublessor as loss payee; and (ii) liability insurance with respect to the Equipment in an amount as required by Sublessor, naming Sublessor as an additional insured. Upon Sublessor's prior written consent, Sublessee may provide this insurance pursuant to Sublessee's existing self-insurance policy. Sublessee shall either provide Sublessor with an annual certificate of third party insurance or a written description of its self-insurance policy, as applicable. The certificate of insurance will provide that Sublessor shall receive at least

ten (10) days prior written notice of any material change to or cancellation of the insurance policy.

b. If the Equipment is lost, stolen, destroyed, damaged beyond repair or in the event of any condemnation, confiscation, seizure or expropriation of any Equipment (the "Casualty Equipment"), Sublessee shall promptly (i) notify Sublessor of the same, and (ii) pay to Sublessor the Stipulated Loss Value for the Casualty Equipment. The "Stipulated Loss Value" of the Equipment is an amount equal to the sum of (a) all Rent and other amounts then due and owing (including interest at a rate equal to the lesser of 1-1/2% per month or the highest rate permitted by applicable law from the due date until payment is received) under this Sublease, plus (b) the present value of all future Rent to become due under this Sublease during the remainder of the Term, plus (c) the present value of the estimated in place fair market value of the Equipment at the end of the Term as determined by Sublessor and/or Dell. Each of (b) and (c) above shall be calculated using the discount rate of the Federal Reserve Bank of Chicago on the Effective Date of this Sublease.

10. Assignment. Without the prior written consent of Sublessor, which consent may be withheld in Sublessor's sole and absolute discretion, (a) Sublessee may not assign, transfer, convey, or pledge this Sublease, the Equipment or any interest therein, whether by operation of law or otherwise, and (b) no interest in Sublessee or the Equipment may be assigned, transferred, conveyed, or pledged, whether by operation of law or otherwise, including, without limitation, a merger or consolidation of Sublessee with another entity or the dissolution of Sublessee. Any assignment, transfer, conveyance, pledge, mortgage or subletting in violation of this Section 9 will be voidable at the sole option of Sublessor. Sublessee acknowledges that any assignment or subletting to which Sublessor may consent will be conditioned upon Dell's consent thereto, if Dell's consent is required under the Master Lease.

11. Indemnity. Sublessee shall indemnify and hold harmless Sublessor from any claims, liabilities and damages that Sublessor may sustain as a result of a breach by Sublessee of this Sublease or any provision of the Master Lease.

12. Notices. Any notice or demand given or made under this Sublease must be served as follows:

a. If given to Sublessor, it must be sent by certified mail, registered mail, or overnight delivery addressed to:

WNW Franchising, LLC  
17410 College Parkway  
Livonia, MI 48152-2369

or at such other address as Sublessor may designate by notice given as required by this Section. Notice may also be given to WNW via email to legal@petsuppliesplus.com provided, however, that transmission of a notice via email does not relieve the sender of the obligation to provide notice via certified mail, registered mail, or overnight delivery;

b. If given to Sublessee, it must be sent by certified mail, registered mail, or overnight delivery addressed to either the Franchised Business or the Franchise Notice Address set forth in the Data Sheet attached to the Franchise Agreement. Notice may also be given to Sublessee via email to the entity's assigned @WNWfranchise.com system email address, provided, however, that transmission of a notice via email does not relieve the sender of the obligation to provide notice via certified mail, registered mail, or overnight delivery; and

c. Any notice that complies with this Section 12 will be deemed to be received by the recipient on the first date that the United States Post Office or such express courier first attempted delivery of the notice.

13. Entire Agreement. This Sublease contains the entire agreement between the parties with respect to the subject matter contained herein and all prior negotiations and agreements are merged herein. In the event any provisions of this Sublease are held to be invalid or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions of this Sublease shall remain unaffected.

14. Amendments and Modifications. This Sublease may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

15. Successors and Assigns. The covenants and agreements contained in this Sublease shall bind and inure to the benefit of Sublessor and Sublessee and their respective permitted successors and assigns.

16. Counterparts. This Sublease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original for all purposes, and all such counterparts shall together constitute but one and the same instrument. A signed copy of this Sublease delivered by either facsimile or e-mail shall be deemed to have the same legal effect as delivery of an original signed copy of this Sublease. Notwithstanding the foregoing, Sublessor and Sublessee each shall deliver original counterparts to the other within ten (10) days of the date hereof.

17. Defined Terms. All capitalized terms not otherwise defined in this Sublease shall have the definitions contained in the Master Lease.

18. Choice of Law; Venue. This Sublease shall be governed by, and construed in accordance with, the laws of the State of Michigan, without regard to conflict of law rules. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in or nearest to Oakland County, Michigan and the jurisdiction and venue of the United States District Court for the Eastern District of Michigan. Notwithstanding the foregoing, if Sublessee is made a part of any action or proceeding involving Sublessor and Dell, Sublessee consents to the venue and jurisdiction of the court in which said action is being heard.

**IN WITNESS WHEREOF**, the parties hereto have caused this Sublease to be duly executed as of the year and day first above-written.

**SUBLESSOR:**

**SUBLESSEE:**

**WNW FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**SCHEDULE 1**

## State Effective Dates

The following states have franchise laws that require that the Franchise Document be registered or filed with the states, 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
CALIFORNIA	<del>December 6, 2024</del>
FLORIDA	<del>June 24, 2024</del>
HAWAII	Not Registered
ILLINOIS	<del>November 12, 2024</del>
INDIANA	<del>November 12, 2024</del>
MARYLAND	<del>November 15, 2024</del>
MICHIGAN	<del>June 6, 2024</del>
MINNESOTA	<del>November 26, 2024</del>
NEW YORK	<del>Pending</del>
NORTH DAKOTA	<del>November 13, 2024</del>
RHODE ISLAND	<del>November 13, 2024</del>
SOUTH DAKOTA	<del>June 3, 2024</del>
UTAH	<del>June 2, 2024</del>
VIRGINIA	<del>December 5, 2024</del>
WASHINGTON	<del>Pending</del>
WISCONSIN	<del>November 12, 2024</del>

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

**EXHIBIT L**  
**TO THE WNW FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

**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 WNW Franchising, LLC (“WNW”) offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

Issuance Date: April ~~23, 25, 2025~~2024, as amended November 11, 2024

The franchise seller is: WNW Franchising, LLC, 17410 College Parkway, Livonia, MI 48152-2369 (734) 793-6600

Any additional individual franchise sellers involved in offering the Wag N Wash store franchises are:

\_\_\_\_\_

\_\_\_\_\_.

WNW authorizes the registered agents listed in Exhibit B and Mr. Chris Rowland, CEO, at 17410 College Parkway, Livonia MI 48152-2369 to receive service of process for WNW.

I have received a Disclosure Document dated April ~~23, 25, 2025~~2024, as amended November 11, 2024, that included the following Exhibits:

- |  |   |
|--|---|
| A List of State Administrators               | H State Specific Disclosures-Addendums and Agreement Amendments |
| B WNW’s Agents for Service of Process        | I Sample Assignment and Assumption of Franchise Agreement       |
| C Table of Contents to the Operations Manual | J Conversion Addendum   |
| D List of Franchises                         | K Equipment Sublease Agreement                                  |
| E Financial Statements                       | L Receipts  |
| F Franchise Agreement                        |   |
| G Multi-Unit Agreement                       |   |

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City: _____ State: _____	City: _____ State: _____
Zip: _____ Telephone: _____	Zip: _____ Telephone: _____
Dated: _____	Dated: _____

**TO BE RETAINED BY YOU**

**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 WNW Franchising, LLC (“WNW”) offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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Issuance Date: April ~~23, 25, 2025~~2024, as amended November 11, 2024

The franchise seller is: WNW Franchising, LLC, 17410 College Parkway, Livonia, MI 48152-2369 (734) 793-6600

Any additional individual franchise sellers involved in offering the Wag N Wash store franchises are:

\_\_\_\_\_

WNW authorizes the registered agents listed in Exhibit B and Mr. Chris Rowland, CEO, at 17410 College Parkway, Livonia MI 48152-2369 to receive service of process for WNW.

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| F Franchise Agreement                        |   |
| G Multi-Unit Agreement                       |   |

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City: _____ State: _____	City: _____ State: _____
Zip: _____ Telephone: _____	Zip: _____ Telephone: _____
Dated: _____	Dated: _____

**TO BE RETURNED TO US**