

FRANCHISE DISCLOSURE DOCUMENT



Pet Evolution Franchising LLC
a Delaware limited liability
company

~~544 Pinellas Bayway South~~
~~Unit 206~~

~~4669 Gulf Blvd. #512~~
St. ~~Petersburg~~~~Pete Beach~~, Florida

~~33715-33706~~
833-266-7387

~~franchise@petevolution.com~~
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Pet Evolution Franchising LLC is offering franchises for the operation of a regional development business promoting the sale of Pet Evolution unit franchises and providing certain support services to these franchisees.

The total investment necessary to begin operation of a regional development franchise with 6-50 Pet Evolution licenses ranges from \$~~135,000~~~~142,500~~ to \$~~843,000~~~~896,000~~. This includes an initial fee of \$~~72,000~~~~\$600,000~~~~78,000~~~~\$650,000~~ (\$~~12,000~~~~13,000~~ per license) that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your regional development 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 Fred Macciocchi Jr. at ~~544 Pinellas Bayway South Unit 206~~~~4669 Gulf Blvd. #512~~, St. ~~Petersburg~~~~Pete Beach~~, Florida ~~33715-33706~~, telephone 833-266-7387.

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

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

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

ISSUANCE DATE: ~~April 28~~~~May 17~~, ~~2023~~~~2024~~.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

Business model can change. The regional development 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 regional development 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 regional development agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your regional development agreement. If so, you should check the State Specific Addend (if any).

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 Regional Development Agreement requires you to resolve disputes with the franchisor by mediation at a location chosen by the mediator or litigation only in Minnesota. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate at a location chosen by the mediator, or litigate with the franchisor in Minnesota than in your own state.
2. **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.
3. **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 guarantee will place both your spouse and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The Franchisor's financial condition as reflected on its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support you.

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

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for 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 the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, [G. Mennen Williams Building, 1st Floor](#), Lansing, Michigan 48909, telephone: (517) 373-7117.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	2
ITEM 3 LITIGATION	4
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES	4
ITEM 6 OTHER FEES	54
ITEM 7 ESTIMATED INITIAL INVESTMENT	7
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	8
ITEM 9 FRANCHISEE'S OBLIGATIONS	10
ITEM 10 FINANCING	11
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	11
ITEM 12 TERRITORY	14 15
ITEM 13 TRADEMARKS	16
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	17
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	18
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	18
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	19
ITEM 18 PUBLIC FIGURES	22
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	22
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	23
ITEM 21 FINANCIAL STATEMENTS	26
ITEM 22 CONTRACTS	27
ITEM 23 RECEIPTS	27

EXHIBITS:

EXHIBIT A:	STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT
EXHIBIT B:	LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT C:	TABLE OF CONTENTS OF REGIONAL DEVELOPMENT MANUAL
EXHIBIT D:	LIST OF REGIONAL DEVELOPMENT OUTLETS/ FRANCHISEES WHO LEFT THE SYSTEM
EXHIBIT E:	FINANCIAL STATEMENTS
EXHIBIT F:	REGIONAL DEVELOPMENT AGREEMENT, REGIONAL DEVELOPMENT SCHEDULE, PERSONAL GUARANTY, STATEMENT OF OWNERSHIP AND MANAGEMENT, TRANSFER FORM, GENERAL RELEASE AND STATE SPECIFIC ADDENDA
EXHIBIT G:	ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION
EXHIBIT H:	DEVELOPER QUESTIONNAIRE

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document “Pet Evolution,” “we,” “us,” “our” or the “Franchisor”, means Pet Evolution Franchising LLC. “You”, “your” or the “Developer or Regional Developer” means the person, corporation, partnership or other business entity that buys the franchise. If you are a corporation, partnership or other entity, these terms also include your owners who must sign a personal guaranty agreeing to comply with all provisions of the Regional Development Agreement.

The Franchisor

We are a Delaware limited liability company formed on January 4, 2021. Our principal business address is ~~544 Pinellas Bayway South Unit 206~~ 4669 Gulf Blvd. #512, St. ~~Petersburg~~ Pete Beach, Florida ~~33715~~ 33706. We do business only under our company name, “Pet Evolution” and “Pet Evolution Franchising”. We have never operated a Pet Evolution regional development business. We have not and do not conduct business in any other line of business, nor have we offered nor do we offer franchises in any other line of business except for the unit franchises discussed below. We have no parent companies.

Our agents for service of process are disclosed on Exhibit B.

The Business

In January 2021 we began offering two types of franchises, unit franchises and regional development franchises. The unit franchise is offered under a separate disclosure document. Unit franchisees are granted the right to establish, develop and operate a pet supply store that offers high quality pet food and other pet products. These stores also offer pet grooming services, including in-store and mobile nail trimming services, and delivery of products to customers. These stores also provide in-store self-service dog washing stations for customers to wash their dogs. These stores are operated under the Pet Evolution® trademark and logo and other trademarks, trade names, service marks and commercial symbols we may authorize (the “Marks”). These stores are referred to in this Disclosure Document as “Stores” or as a “Store”. As of December 31, ~~2022~~ 2023, there were ~~2~~ 8 franchised Stores open.

Regional development franchisees (also known as area representatives) are granted the right to refer prospective Pet Evolution unit franchise owners to us to determine their qualifications and suitability to become a Pet Evolution unit franchisee. The proposed unit franchisees’ Stores must be located in the territory that we grant to the regional development franchisee. We refer to this territory as the “Development Territory.” Sometimes we refer to these regional development franchisees as “regional developers”. A potential regional developer must meet all of our qualifications including that the prospect is opening at least one Pet Evolution Store or has other experience we deem appropriate. We sign all Franchise Agreements with Pet Evolution unit franchise owners. The regional developer must also provide certain support to our franchise owners within the Development Territory, including, to provide assistance with continuing training, supervision, advice and guidance with respect to operations, business procedures and compliance with any regulation, requirement standard or policy of the Pet Evolution unit ~~Franchise~~ franchise system. However, we do not grant regional developers any management responsibility relating to the training, sale or operation of franchises.

You must sign our standard regional development agreement if we grant you a Pet Evolution regional development franchise (“Regional Development Agreement”). When you sign that Regional Development Agreement we will negotiate with you the size of the Development Territory, the number of licenses to be granted for Stores to be opened in the Development Territory and the timeframe within which these Stores must be open and operating. At this time, you must also sign a Franchise Agreement

for the operation of a Store. This Store must be located in your Development Territory. If it is owned by an entity, you must own at least 25% of that entity. We will waive the initial franchise fee for this Store but you must pay all other fees under that Franchise Agreement. This Store will count against the Store development requirements under your Regional Development Agreement. If you would like to open additional Stores you must sign a Franchise Agreement for each Store and pay the initial franchise fee and all other fees due and payable under the Franchise Agreement. These Stores will also count against the Store development requirements under your Regional Development Agreement. If these licenses are purchased at the time you sign the Regional Development Agreement we will reduce the initial franchise fee ~~for each of these licenses by \$11,000~~ to \$39,000. If they are purchased at a later time you will not be eligible for this reduction.

We are looking for regional developers who have either owned a business, have experience in franchising or have prior management experience.

Predecessors

Recognizing a need for high quality pet foods the Pet Evolution co-founders teamed together to create the Pet Evolution concept in 2010. Working together over the next two years they opened their first location in February 2012 in Woodbury, Minnesota. This location was originally strictly a retail pet food store. In 2015 this location began providing pet grooming services along with self-service dog washing stations. Seeing a need in the market, the co-founders opened a second Pet Evolution in November 2018. This store is located in Arden Hills, Minnesota. Each of these locations are operated under the Pet Evolution name.

The Woodbury, Minnesota and Arden Hills, Minnesota locations are owned by Pet Evolution, LLC. Pet Evolution, LLC is owned in part by one of our owners, who is also a co-founder of the Pet Evolution concept. As Pet Evolution, LLC transferred all of its intellectual property to us, including the Pet Evolution trademark, in February 2021, it would be considered a predecessor of ours. Pet Evolution, LLC was incorporated in August 2011 as Tails & Pales, LLC and changed its name to Pet Evolution, LLC in October 2011. The principal business address of Pet Evolution, LLC is 429 Commerce Drive, Suite 500, Woodbury, Minnesota 55125. It has never offered franchises in any line of business.

Market and Competition

You will offer your services to those interested in purchasing a Pet Evolution unit franchise. The sales are not seasonal. As a regional developer looking for qualified unit franchisees, you will likely face competition from other franchisors attempting to sell franchises as well as brokers and other third parties brokering franchise sales. The franchise market is generally well developed.

Industry Specific Regulations

As you will be involved in the sale of franchises you will need to comply with all applicable franchise laws regulating the offer and sale of franchises along with those state laws that regulate the activities of franchise brokers and those that require registration. Your business will also be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, tax laws, and business licensing requirements.

ITEM 2 BUSINESS EXPERIENCE

Rian Thiele – Chief Executive Officer

Rian is one of the co-founders of the Pet Evolution concept and has been our Chief Executive Officer and a member of our Board of Directors since our organization in January 2021. Rian has been an Officer and Director of Pet Evolution, LLC, our predecessor located in Woodbury, Minnesota since its organization in February 2012.

Peter Carlson – President

Peter has been our President and a member of our Board of Directors since our organization in January 2021. Since April 2018, Peter has also been a partner in Jacob Dawn LLC, a franchise development company located in Meza, Arizona. Since June 2018 he has also been a partner in Chicago Hands & Feet, LLC, a franchise development company located in Meza, Arizona. Since November 2009 Peter has been a partner in Our Town of MN, located in St. Paul, Minnesota, a regional developer in the Our Town America franchise system. From July 2005 to September 2019, Peter was a partner in Chicago Massage, LLC located in Maplewood, Minnesota, a regional developer in the Massage Envy franchise system. ~~From December 2014 to February 2019, he was also a partner in Midwest Lashes, Inc., located in Rolling Meadows, Illinois, a regional developer in the Amazing Lash franchise system.~~

Jay Osborn – Chief Financial Officer

Jay has been our Chief Financial Officer and a member of our Board of Directors since our organization in January 2021. Since February 2020 Jay has served as the Vice President of Q3 Contracting, Inc. an energy construction firm located in Little Canada, Minnesota. Jay also served as the President of Q3 from June 2003 to February 2015. From March 2015 to December 2017 Jay served as the Group President of Primoris Services Company, an energy construction firm located in Little Canada, Minnesota. From November 2017 to February 2020, Jay served as an energy consultant for Lakeview Investments #1, LLC a property management firm located in Afton, Minnesota.

Fred Macciocchi Jr. – Chief Operating Officer and Secretary

Fred has been our Chief Operating officer and Secretary and a member of our Board of Directors since our organization in January 2021. Since August 2018 he has also been an owner of Marv ETF, LLC, located in Sarasota, Florida, an area developer in the Eat The Frog franchise system. From December 2014 to February 2019 he was a partner in Midwest Lashes, Inc., located in Rolling Meadows, Illinois, a regional developer in the Amazing Lash franchise system. From July 2018 to March 2020 Fred served as the National Account Director of WowTools Inc. a sales organization located in Irvine, California. ~~From May 2006 to December 2018 Fred was an owner of High Cotton Enterprise, located in Sugar Grove, Illinois, a franchisee in the Massage Envy franchise system.~~

Lisa Marie O'Brien – Senior Vice President of Franchise Operations

Lisa has served as our Senior Vice President of Franchise Operations since October 2021. From September 2011 to September 2021 Lisa serviced as a Senior Manager Business Consultant for Self Esteem Brands, LLC, located in Woodbury, Minnesota, the franchisor of various health and wellness franchise brands.

Amber Vallecillos - Vice President of Franchise Administration

Amber has served as our Vice President of Franchise Administration since June 2021. From October 2018 to July 2020 she worked in franchise development for JacobDawn, LLC, a franchise development company located in Mesa, Arizona. From September 2013 to May 2019 she worked as an Orientation and Mobility Specialist for the Foundation for Blind Children located in Phoenix, Arizona.

Camila Alejandra Fuentes – Director of Franchise Training and Operations

Camila has served as our Director of Franchise Training and Operations since April 2021. From December 2020 to April 2021 she served as a District Director for the European Wax Center, located in Orange County, the franchisor of the European Wax studios. From December 2016 to December 2020 she served as a Regional Trainer for Amazing Lash Studios located in Los Angeles County, the franchisor of the Amazing Lash studios.

Heather Rudolph – Senior Vice President of Marketing

Heather has served as our Senior Vice President of Marketing since April 2022. From October 2013 to March 2022 Heather worked for Self Esteem Brands, LLC located in Woodbury, Minnesota. Self Esteem Brands is the parent company of various health and wellness franchisors, including the franchisor of the Anytime Fitness concept. Heather worked for Self Esteem Brands initially as the Anytime Fitness Brand Director from October 2013 to August 2021 and then as Self Esteem Brand's Local Marketing Director from August 2021 to February 2022.

Denise Gorlick – Director of Real Estate and Development

~~Denise has served as our Director of Real Estate and Development since June 2022. Since January 2023, Denise has also served as the Chief Operating Officer for Cattaraugus Brewing Company LLC, a brewery located in Buffalo, New York and since September 2020 as the Chief Executive Officer of Walden Willow Boutique LLC, a clothing boutique located in Cheektowaga, New York. From August 2022 to January 2023 Denise served as an advisor for TerraCare Financial, a bookkeeping and business coaching firm located in Buffalo, New York. From February 2022 to May 2022 she served as the Director of Operations for Dasa Properties, a property management firm located in Buffalo, New York. From November 2018 to February 2022 Denise served as the Director of Real Estate for Dessange Group North America, a salon franchising company located in Woburn, Massachusetts.~~

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

You must pay us an initial franchise fee determined by multiplying \$~~12,000~~13,000 by the number of franchise licenses that we agree will be granted in your Development Territory (the "Initial Fee"). This number will be at least 6 licenses (\$~~72,000~~78,000 Initial Fee) but the exact number will depend upon the size of your Development Territory. The maximum number of licenses purchased will not usually be

more than 50 (\$~~600,000~~650,000 Initial Fee). You must pay this fee in a lump sum when you sign the Regional Development Agreement. This fee is fully earned when paid and is nonrefundable.

The Initial Fee we charged in ~~2022~~2023 ranged from ~~\$170,000-\$270,000~~165,000-\$408,000.

ITEM 6 OTHER FEES

Type of Fee	Amount (Note 1)	Due Date	Remarks
Technology Fee	Currently, \$750 per month	Payable monthly beginning when the first Store in your Territory opens. Payable on the tenth day of each month.	(See Note 2)
Unit Franchisee Training Fee	\$500 per day	Payable before the training.	(See Note 3)
Additional Attendee Training Fee	\$500 per person	Payable before we provide the training.	You must pay \$500 per person for each person over 2 people, including yourself, who attend the Initial Training Program.
Operational Training Fee	Currently, \$500 per day plus travel and living expenses of our trainers if the training is not held at our offices or via videoconferencing.	Payable before we provide the training.	If you do not meet our standards and we require additional training, or we require additional training to attempt to maintain competitiveness in the industry, or you request additional training that we agree to provide.
Renewal Fee	An amount determined by multiplying \$1,500 by the number of Stores open and operating in your Development Territory at the time of renewal.	At the time you sign the renewal agreement.	You only pay this fee if you want to renew your franchise.
Transfer Fee	\$24,500	Before you transfer the franchise.	You only pay this fee if you sell your franchise or an interest in it.
<u>Item/Supplier Review Fee</u>	<u>\$500 per item or supplier</u>	<u>As incurred.</u>	<u>Only payable if you ask us to approve an item for use in your regional development business or if you ask us to approve a supplier. This fee is intended to offset our costs in investigating the supplier or item.</u>
Audit	Cost of audit.	Upon demand.	Audit costs payable only if the audit shows that you have collected amounts from a unit franchisee in your Development Territory, you fail to provide us with the information we request or you provide us with

Type of Fee	Amount (Note 1)	Due Date	Remarks
			incomplete or inaccurate information.
Indemnification	Will vary under circumstances. <u>All of our costs including third party costs such as legal costs.</u>	As incurred.	You must reimburse us if we are sued or held liable for claims arising from your business.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees. Amount will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we are successful in any legal action we bring against you, or in defending any claim you bring against us.
Insurance Reimbursement	Will vary under circumstances. <u>Actual costs incurred by franchisor including all third party costs.</u>	Upon demand.	If you fail to maintain or provide satisfactory evidence of maintaining any insurance coverage we require, we may obtain the insurance coverage on your behalf and you must reimburse us.
Convention Fee	Currently, \$750 per person	120 days before the convention.	You must attend all conventions we hold for unit franchisees and pay all convention registration fees even if you fail to attend. We will charge you only one fee per Convention even if you have signed a unit Franchise Agreement.
<u>Statement of Ownership Change Fee</u>	<u>Amounts incurred by Franchisor to third parties.</u>	<u>Upon demand.</u>	<u>Only payable if the information in your Statement of Ownership changes. You must reimburse us for any third-party fees we incur to document such changes.</u>

All fees are paid to us and are non-refundable. Other than the Initial Fee, the total amount of which will vary based upon the number of licenses in a Development Territory, all fees are uniform for all regional developers. You must pay fees and other amounts due to us or our affiliates via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this Disclosure Document as Exhibit G or other form that we may require) for direct debits from your business bank operating account. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date.

Notes:

- (1) If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you must pay an additional amount equal to the amount of this tax. This does not apply to any federal, Florida or Minnesota income taxes we or our affiliates have to pay.
- (2) This fee covers our provision to you of certain technology services, such as use of an intranet, an email address, and electronic reporting. You do not begin to pay this Fee until the first Store opens in your Development Territory.
- (3) We will assist you at no additional charge in performing the first 2 initial trainings for the unit franchisees in your Development Territory. If you would like us to assist with other trainings of unit franchisees you must pay us the Unit Franchisee Training Fee.

For more information as to your initial investment, see Item 7.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Fee (Note 2)	\$72,000 <u>\$78,000</u>	\$600,000 <u>\$650,000</u>	Lump sum	Upon signing the Regional Development Agreement	Us
Vehicle (Note 3)	\$0	\$60,000	Lump sum	Before opening	Vendor
Real Estate and Improvements (Note 4)	\$0	\$10,000	As Incurred	Before opening	Landlord and vendors
Equipment and Initial Supplies (Note 5)	\$2,000	\$5,000	Lump sum	Before opening	Vendors
Travel and Living Expenses While Training (Note 6)	\$0	\$500	As incurred	As incurred during training	Airlines, hotels, restaurants
Professional Fees	\$5,000	\$10,000	Lump sum	As incurred	Vendors
Franchise Development Marketing (Note 7)	\$4,500 <u>\$6,000</u>	\$4,500 <u>\$7,500</u>	As incurred	As incurred	Vendors
Insurance (Note 8)	\$1,500	\$3,000	Lump Sum	As agreed	Vendor
Additional Funds and Working Capital for First 3 Months (Note 9)	\$50,000	\$150,000	As incurred	As incurred	Vendors and governmental agencies
TOTAL (Note 10)	\$135,000 <u>\$142,500</u>	\$843,000 <u>\$896,000</u>			

Notes:

- (1) None of these payments are refundable.

- (2) The low estimate is for the purchase of 6 licenses and the high estimate is for the purchase of 50 licenses. The Initial Fee is determined by multiplying \$~~12,000~~13,000 by the number of licenses we agree to grant in your Development Territory. See Item 5 for more information.
- (3) The low estimate assumes you already own a vehicle that meets our specifications and will not incur additional debt for that vehicle. The high estimate assumes you purchase a vehicle meeting our specifications and pay for it in full at the time of purchase.
- (4) The low estimate assumes you will operate your regional development business out of your home office and make no improvements. The high estimate assumes you will operate it from leased space and make very limited capital improvements to that space. If you lease office space, we have assumed that you will not be leasing more than 500 square feet of space and you would incur the costs described above in the high range for a security deposit for that space.
- (5) You must purchase general office supplies including a computer and software, business cards and other typical office equipment. You will also need a smart phone. If you already have equipment that meets our standards, you will not have to purchase many of the items we require and the low range assumes that you have most of these items. The high range assumes you purchase these items along with a computer for use in your business.
- (6) The low estimate assumes the training is held electronically. The high estimate assumes it is held electronically but 3 people attend the training and none of those people incur any expenses to attend other than the payment of the training fee for one person.
- (7) You must spend at least \$1,500 per month on marketing that we approve for franchise prospects in your Development Territory. These estimates assume 3 months of marketing at the \$1,500 minimum. We have also included in these estimates the marketing collateral package you must purchase for use at the Stores in your Territory. The low estimate assumes one package and the high estimate assumes two packages.
- (8) You must carry the types and amounts of insurance we specify. We currently require you to carry commercial general liability insurance (\$1,000,000 per occurrence and \$2,000,000 aggregate), commercial automobile liability insurance (\$1,000,000 per occurrence), professional liability (errors and omissions) (\$1,000,000 per occurrence and \$2,000,000 aggregate) and workers compensation and employer's liability insurance, in the amounts required by applicable law. This estimate is for the initial deposit for these insurance coverages.
- (9) This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation, which includes utility costs, permits, and insurance premiums. The high amount includes rent for a 500 square foot office at \$20 per square foot. The amounts exclude any revenue generated by your business, taxes, and compensation for your employees as compensation depends on the region of the country your Store is in as well as the location of your Store in that region. In determining these amounts we relied on the experience of certain of our owners in operating other regional development businesses. We have not opened or operated a Pet Evolution regional development business.
- (10) This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You must bear any deviation or escalation in costs from the estimates that we have given. ~~You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise.~~ We do not offer financing for any part of the initial investment. The

availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations nor any amounts for the opening of your initial Pet Evolution Store. Please see the Pet Evolution unit Franchise Disclosure Document for information related to the costs to develop and open a Pet Evolution Store.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All computer hardware and software, vehicles, and insurance that you use in your regional development business must meet our standards and specifications. Our standards may regulate, among other things, the types, models and brands of business materials and operating assets. We will issue the specifications to you before you begin operating. We may include these specifications in the manual that we provide to you either hard copy or on-line, or we may issue them separately. We may modify these standards at any time and will provide you with notice of the modification. You must obtain our prior approval to the use of any advertising materials you wish to use, and before establishing or having established any website, web page, social media and/or social networking site, profile, account, or hashtag relating to or making reference to us, your regional development business, or the Pet Evolution franchise system.

Your insurance must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations and subrogation waivers. You must carry the types and amounts of insurance we specify. We currently require you to carry commercial general liability insurance (\$1,000,000 per occurrence and \$2,000,000 aggregate), commercial automobile liability insurance (\$1,000,000 per occurrence), professional liability (errors and omissions) (\$1,000,000 per occurrence and \$2,000,000 aggregate) and workers compensation and employer's liability insurance, in the amounts required by applicable law. See Item 7 for additional information.

You can expect that the items you purchase to meet our specifications will represent ~~over 20~~approximately 10% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 5% and 10% of your total annual expenses.

You must purchase most of the equipment, office and otherwise, technology systems, and supplies, for your regional development business from suppliers we approve, in which case we will provide you with a list of approved suppliers. These suppliers may pay rebates to us. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of developer purchases. They may also provide us and our affiliates with credits on purchases we and our affiliates make from them based on the volume of purchases our regional development franchisees make from them. In ~~2022~~2023, we received ~~\$2,033~~16,340 from required purchases or leases by our franchisees which amount was approximately ~~7.4~~% of our total revenue of ~~\$295,779~~678,784. This information was taken from our internal financial records and our audited financial statements.

If you want to purchase items for your business that differ from our specifications, or from an unapproved supplier, you must notify us in writing. We currently charge a fee of \$500 for our consideration of each unapproved item or supplier you submit to us in writing for review. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply and supplier meets our specifications and quality standards. ~~We do not impose any fee for our consideration.~~

Although we do not make available the criteria we review when approving unapproved items or suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our developers or unit franchisees; and is the product of a commercial quality with a proven record of durability. We will generally notify you and the supplier of our approval or disapproval within 60-days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

We may require you to purchase items or services from a single supplier and that supplier may be us or our affiliates. For example, if we enter into a relationship with one or more broker or other referral networks you must cooperate with that network and accept any prospect leads generated by that network and you may be prohibited from working with other broker or referral networks. [You must purchase a marketing collateral package from our sole approved supplier of this item.](#) Although we do not currently, we or our affiliates may in the future sell you products or services. If we or our affiliates do, we and our affiliates intend to make a profit on any products or services they or we sell to you.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our developers. We do not provide material benefits, such as renewing or granting additional franchises to developers, based on their use of designated or approved suppliers and distributors.

Our officers do not own any interest in any of our suppliers [to the regional development franchise system.](#)

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Regional Development Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this Franchise Disclosure Document.

Obligation	Section in Regional Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6(b) and (f)	Items 7 and 11
b. Pre-opening purchases/leases	Sections 4(a); 6; 12(a)	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 6(b), (c), (d) and (f); 12(a); 13(b)	Items 7 and 11
d. Initial and ongoing training	Sections 3(a)-(b); 6(c), (d), (g), (n) and (o)	Item 6, 7 and 11
e. Opening	Section 6(c)	Items 7 and 11
f. Fees	Sections 2(b); 3(a)-(b); 4; 6(d), (n) and (o); 9(f); 11(b)	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	Sections 6(a) and (e); 7; 10(a)(vi); 11(a)(iii); 15	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Sections 5; 6(j), (l) and (m); 7; 11(a)(vi) and (vii); Introduction	Items 13 and 14
i. Restrictions on products/services	Sections 6(g)(iii); 6(p); 7(a)	Items 8, 11, and 16

Obligation	Section in Regional Development Agreement	Disclosure Document Item
offered		
j. Warranty and customer service requirements	Section 6	Item 16
k. Territorial development and sales quotas	Sections 1(c)-(d); 2(b); 4(a); 6(e); Regional Development Schedule	Item 12
l. Ongoing product/service purchases	Sections 6(a) and (p); 12; 13	Item 8
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Sections 6(c) and (p); 12; 14(d)	Items 6, 7 and 8
o. Advertising	Sections 6(a), (i), (h) and (l); 11(a)(vi)	Items 8, 11, 12 and 16
p. Indemnification	Section 14(a)	Items 6 and 17
q. Owner's participation/management/staffing	Sections 6(a); 8(c); 14(d)	Item 15
r. Records and reports	Sections 6(e); 8(c); 11(a); 14(c)	Items 6 and 11
s. Inspections and audits	Sections 14(c); 16(a)	Item 6
t. Transfer	Sections 9; Transfer Form	Items 6 and 17
u. Renewal	Section 2(b)	Items 6 and 17
v. Post-termination obligations	Sections 5(e); 8(b); 11; 13(c)	Item 17
w. Non-competition covenants	Section 8	Items 15 and 17
x. Dispute resolution	Section 16	Item 17
y. Other: guaranty of franchise obligations	Section 9(d); Personal Guaranty (which follows the Regional Development Agreement)	Item 15

ITEM 10 FINANCING

We do not offer, directly or indirectly, any financing to you to help you establish your business. We do not guarantee any note, lease or other obligation you incur. We and our affiliates may sell, assign or discount to a third party all or part of any amounts you may owe to us or to our affiliates.

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

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

Before you open your regional development business, we will:

(1) Designate a territory which we refer to as your "Development Territory" in which you may refer us prospective unit franchise owners to open Stores in this territory for our determination of their qualifications and suitability to become a unit Pet Evolution franchisee. (Regional Development Agreement – Section 1(a)).

(2) Provide the Initial Training Program to you in the promotion of Pet Evolution unit franchises. (Regional Development Agreement – Section 3(a)).

(3) Loan you a copy of our manual that contains various information including mandatory and suggested specifications, standards and procedures. We may modify any manual periodically in our discretion. (Regional Development Agreement – Section 3(a)). As of the issuance date of this Disclosure Document, the Regional Development Manual contains 189 pages. A copy of the table of contents of the Regional Development Manual is attached to this Disclosure Document as Exhibit C.

(4) Provide you with a list of the approved suppliers for certain equipment and supplies for your regional development business. (Regional Development Agreement – Section 3(a)).

During the term of the Regional Development Agreement, we will:

(1) Pay you one-half of the initial franchise fee and any subsequent transfer fee we collect from unit Pet Evolution franchisees referred to us that we license to operate a Store within your Development Territory even if these franchisees are you or an affiliate. (Regional Development Agreement – Section 4(b)). We do not pay you these fees on fees paid by unit franchisees opening Stores not located in your Development Territory or by those unit franchisees with Stores in your Development Territory before you became a regional developer. These fees are calculated after the payment of any fees or other amounts paid by us to brokers or other referral sources in connection with the franchise sale and are only paid on amounts we actually collect and only after we actually collect them.

(2) Pay you a monthly “Developer Fee” equal to 40% of the royalty amount collected by us in the prior month from each unit Pet Evolution franchisee referred to us that operates a Store that is located in your Development Territory. Royalties are paid by unit franchisees on “Gross Revenues” which are defined in the Franchise Agreement for the Store located in the Development Territory of the unit franchisee. We do not pay you a Developer Fee on the royalty paid by unit franchisees on Stores not located in your Development Territory or for those unit franchisees with Stores located in your Development Territory before you became a regional developer. (Regional Development Agreement – Section 4(c)). These fees are only paid on royalty amounts we actually collect and only after we actually collect them.

(3) Be available during normal business hours to provide you with telephone support on operating issues you confront. (Regional Development Agreement – Section 3(b)).

(4) Provide you with additional training as discussed below. (Regional Development Agreement – Sections 6(n) and (o)).

(5) Provide you with certain technology services, such as use of an intranet, an email address, and electronic reporting. (Regional Development Agreement – Section 3(b)).

(6) Assist you at no additional charge in performing the initial training for the first two unit franchisees who open a Store in the Development Territory. If you request and we agree we will assist you in providing the initial training to other unit franchisees opening Stores in the Development Territory as long as you pay the then-current fee which is currently \$500 per day. (Regional Development Agreement – Section 3(b)).

(7) Maintain appropriate registrations or permits for the Pet Evolution franchise system as required by any applicable franchise investment law or regulation, regulating the offer and sale of franchises in the Development Territory. (Regional Development Agreement – Section 6(e)).

Training

Initial Training Program

You must successfully complete the Initial Training Program to our satisfaction. The Initial Training Program must be completed by you within ~~30~~60 days of signing the Regional Development Agreement. (Regional Development Agreement – Section 6(c)). The Initial Training Program will usually be conducted via video conferencing. This training will be held on an as needed basis as we sell regional development franchises. There is no charge to you for this training. If you fail this training we can terminate the Regional Development Agreement. If you would like more than 2 people to attend this training, including yourself, we currently charge \$500 per additional person.

Our Initial Training Program as of the date of this Disclosure Document consists of approximately 2 days of training as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
Franchise Sales/Development	6	0	Via video conference
Franchise Onboarding	3	0	Via video conference
Franchise Training	6	0	Via video conference
Administration	2	0	Via video conference
Total Training Time	17	0	

The officer in charge of our Initial Training Program is Peter Carlson. Peter is our President. He is also the instructor for this training. Peter has been with our company since our organization in January 2021. He has been involved in franchise sales for approximately ~~20~~21 years and has operated various regional development businesses since 2005. Our Regional Development Manual serves as our primary instructional material during the Initial Training Program.

The Initial Training Program and the training discussed below are for the purpose of protecting the goodwill related to the system and the Marks and not to control the day-to-day operation of your regional development business.

Additional Training

Operational Training

If you do not meet our standards and we require additional training, or we require additional training to help maintain competitiveness in the industry, or you request training that we agree to provide. (Regional Development Agreement – Sections 6(n) and (o)). Cost of this training is currently \$500 per day plus travel and living expenses of our trainers if the training is not held at our offices or via videoconferencing. If we require this training you must complete it to our satisfaction.

Advertising

You must conduct your own local marketing of your regional development business. We have no obligation to conduct marketing for our regional development franchise system. We are not obligated to spend any specific amount on advertising in your Development Territory. You must spend at least \$1,500

per month on marketing that we approve for franchise prospects in your Development Territory. (Regional Development Agreement – Section 6(e)).

You must obtain our prior approval of all local marketing you engage in for your business and for potential unit franchisees. (Regional Development Agreement – Section 6(a) and (h)). Use of the Marks and other materials identifying our brand must satisfy our standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established, any websites, applications, online directory, hashtags, profiles or accounts relating to us, your business, or to the Pet Evolution franchise system. (Regional Development Agreement – Section 6(i)). You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it. We may also impose prohibitions on you posting or blogging comments on social media about Pet Evolution stores, our franchise system or your business. “Social media” includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). (Regional Development Agreement – Section 6(l)). There are no advertising councils comprised of regional developers that advise us on advertising policies. You are not required to participate in a local or regional advertising cooperative. You are not required to participate in any advertising or marketing fund.

Site Selection and Opening

You must locate your office in your Development Territory. Because we anticipate that most developers will work from their home offices, we do not provide you with any site selection assistance or any assistance regarding the construction, remodeling, furnishing or decoration of your office or conforming the premises to local ordinances or building codes or obtaining any required permits. We do not negotiate the purchase or lease of a site for you, plus we do not own premises and lease them to you. The site you select must meet our criteria. Currently, our criteria includes that the site be located in your Development Territory. We have 30 days from the date of submission to approve or disapprove your site. We can terminate the Regional Development Agreement if we do not approve a site for your business within 30 days of the date you sign the Regional Development Agreement. (Regional Development Agreement – Section 6(b)).

You may not open your business for business until: (1) we approve the business as having been developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the Initial Fee, and all other amounts then due to us have been paid; and (4) we have been furnished with copies of all required insurance policies, or other evidence of insurance coverage and payment of premiums as we request. (Regional Development Agreement – Section 6(c)). You must open your business within ~~90~~60 days of the date you sign the Regional Development Agreement. If you do not, we can terminate your Regional Development Agreement.

We estimate that the typical length of time between signing the Regional Development Agreement and opening of your business will be approximately ~~30~~60 days. Some factors that may affect this timing are whether you will be operating from an existing office, and when you are able to complete the Initial Training Program.

Computer System

Computer Hardware and Software

If you do not already have a computer with Internet access and email capabilities, you must purchase a computer with this functionality. Your computer will be used in your business to correspond with us, unit franchisees in your Development Territory and for general word processing. You will store correspondence and other documents you create in your computer system. You must maintain on your computer the most current version of Microsoft Office. We estimate the cost to maintain the license is approximately \$180 per year. We estimate the total cost for the computer hardware and software to be approximately \$2,000. You must also pay us a Technology Fee of \$750 per month. See Item 7 for more information.

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades or updates to the computer hardware or software discussed above. Although most new computer hardware comes with a limited warranty, we are not aware of any third parties with an obligation to repair, update, upgrade or maintain these items. You must upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation.

You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. We cannot independently access your computer system for your regional development business. You must protect yourself from viruses, computer hackers, and other communications and computer-related problems.

ITEM 12 TERRITORY

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

At the time you sign your Regional Development Agreement we will grant you a territory. We refer to this territory as the "Development Territory" and we describe it in an exhibit to your Regional Development Agreement. Your Development Territory will generally be an entire state or county. However, the exact size will depend upon the number of licenses for Stores to be granted in the area. Generally speaking, we will not grant a Development Territory that will have less than 6 licenses in it nor more than 50. We will allow you to relocate your office for your regional development business so long as it continues to be in your Development Territory and meets our other then-current requirements for an office location.

As long as you are in compliance with your Regional Development Agreement and you and your affiliates are in compliance with any other agreement with us or our affiliates, we will not grant anyone else the right to refer prospects to us for the purchase of a Pet Evolution franchise for the operation of a Store to be located in the Development Territory. Other than this limitation there are no other prohibitions on us in your Development Territory. For example, because Stores are not prohibited from providing delivery services or mobile nail trimming services outside of the territory granted to them under their Franchise Agreement, these Stores may provide these services in your Development Territory.

As a further example, we can operate or allow others to operate similar or identical businesses within the Development Territory even if such businesses operate under our Marks so long as the businesses do not have the right to refer prospects to us for the purchase of a Pet Evolution franchise for the operation of a Store to be located in the Development Territory. We can also operate or allow others to operate similar or identical business within your Development Territory if these businesses do not operate under the Pet Evolution name, or outside of your Development Territory under any trademarks, including the Marks, but if they are operated under the Pet Evolution name, then only so long as the businesses do not have the right to refer prospects to us for the purchase of a Pet Evolution franchise for the operation of a Store to be located in your Development Territory. We can also operate or allow others to operate businesses that are physically located inside the Development Territory under the Marks so long as the businesses are not competitive with your business. We can sell any products we or our affiliates provide to you or a Store to any person, whether in or outside your Development Territory. We can sell or grant third parties the right to sell goods or services competitive with those sold by your business under the Marks or otherwise through other distribution channels including the Internet, catalog sales, telemarketing or other direct marketing, inside and out of your Development Territory. We can acquire businesses in the Development Territory that are similar to your business or sell our business whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to your business or a Store.

We cannot unilaterally change your Development Territory, and there are no minimum quotas required other than compliance with the development obligations in your Regional Development Agreement. If you are in compliance with your Regional Development Agreement, and any other agreements you or your affiliates may have with us or our affiliates, you will retain the rights described above. You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your Development Territory. You do not have the right to change your Development Territory.

We do not place any restrictions on you from soliciting prospects located outside of your Development Territory, except that all prospects must open Stores physically located in your Development Territory. In fact, aggressive regional developers may be soliciting prospects located in your Development Territory to open Stores to be located outside of your Development Territory.

Although you can solicit prospects outside of your Development Territory you cannot solicit these prospects via the Internet, telemarketing or other direct marketing efforts unless we approve of those efforts. In any event, all of your advertising must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, or application, web-based or otherwise, relating to or making reference to us, any Store or any Pet Evolution franchise system.

ITEM 13 TRADEMARKS

The Regional Development Agreement gives you the right to operate a regional development business under the trade names, trademarks and service marks that we establish. ~~We consider the Pet Evolution mark to be our principal mark. This mark has been~~ The following principal marks have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"); ~~on March 22, 2016, Registration No. 4,921,005. We have also applied for registration on the Principal Register of the USPTO for the marks in the chart below.~~

Mark	<u>Application</u> <u>Registration</u> Date	<u>Application</u> <u>Registration</u> <u>Number</u>
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PET EVOLUTION	March 22, 2016	4,921,005
	September 5, 2023	7,154,680
	September 5, 2023	7,154,681
	June 21, 2022	97467947
	June 21, 2022	97467971

~~We do not have a federal registration for the marks in the chart above. Therefore, they do not have many legal benefits and rights as a federally registered trademark. If our right to use either of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

The Pet Evolution word mark along with the certain other intellectual property, was transferred to us in February 2021 by our predecessor Pet Evolution, LLC.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. No currently effective agreement limits our right to use or license the use of these Marks. All affidavits required to preserve and renew the principal mark disclosed above have been or will be filed. We do not know of any infringing uses that could materially affect your use of the Marks.

You must follow our standards when you use the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including online directories, URLs, domain names, hash tags, e-mail addresses, locators, links, metatags or search techniques nor with any applications, web-based or otherwise. You may not use any of the Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We will protect and maintain all rights to use the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of use, as we deem appropriate. You must notify us

immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Regional Development Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. We are not required to defend you against a claim based on your use of the Marks, we will either do so, or we will reimburse you for your liability as long as you properly use the Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change the Marks and require you to adopt new marks as if they were part of the Regional Development Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified or changed one or more of the Marks. We will have no liability or obligation because of the discontinuation, modification or change. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information or business techniques that are part of the Pet Evolution franchise system. You must use the designations of ®, ™, and SM in advertising and promotions using the Marks, as we designate.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our manuals, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a regional developer, and only as provided in your Regional Development Agreement. We may change these items at any time and you must modify your operations to comply with these changes. We will have no liability or obligation because of the discontinuation, modification, or change of any item.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your regional development business during the duration of your Regional Development Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your employees but only to the extent necessary to operate your regional development business, and then only while your Regional Development Agreement is in effect.

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

You must participate personally, on a full-time basis, in the day-to-day operation of your regional development business. If you are a business entity, your majority owner must be involved in the day-to-day operation of the business. If you are a business entity, you may not have a manager or other on-premises supervisor, unless we otherwise approve. If we do, this manager or on-premises supervisor need not own an equity interest in your business. All management and sales personnel working in the business must sign confidentiality and noncompetition agreements restricting their activities as to disclosure and competition to the same extent as you are restricted by the Regional Development Agreement.

If you are a legal or business entity or you transfer your Regional Development Agreement to a corporation, limited liability company or partnership, you and any other owners and their spouses must sign a personal guaranty of all obligations under the Regional Development Agreement. The form of guaranty is attached to the Regional Development Agreement. You must complete a Statement of Ownership and Management in the form attached to the Regional Development Agreement. This document describes all of your owners and their interests in you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Regional Development Agreement, you may only promote franchises to be operated under the Pet Evolution mark. You may not promote for sale any products or services that we have not specifically authorized in writing. We can change the types of required and/or authorized goods and services from time to time, and there are no limits on our right to do so. You may only use advertising and promotional materials and programs promoting the sale and operation of Pet Evolution franchises that we provide to you or approve in writing before your use.

You may only provide the services and products we authorize. You must also follow all the policies and procedures we specify in the operation of the ~~your~~ regional development business. We can add to, modify, or delete any services or products that you must offer or sell at any time as we determine, and change and modify our policies.

We do not restrict or limit the customers you may serve and we expect you to market your business throughout a broad trade area. However, all prospects may only open Stores physically located in your Development Territory. You may not offer or sell products or services, including Pet Evolution franchises, over or through the Internet without our approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Regional Development Agreement. You should read these provisions in the Regional Development Agreement attached to this Disclosure Document.

Provision	Section in Regional Development Agreement	Summary
a. Length of franchise term	Section 2(a)	10 years
b. Renewal or extension of the term	Section 2(b)	One renewal term of 10 years. Must not be in default under any agreement with us during the last 6 months of your Regional Development Agreement and give us notice at least 180 days before the date your Regional Development Agreement will expire.
c. Requirements for you to renew or extend	Section 2(b)	Sign our current form of regional development agreement which may have materially different terms than those in your Regional Development Agreement, including a new development schedule, sign any ancillary agreements, sign a release and pay us a renewal fee.
d. Termination by you	Section 10(b)	You may terminate on 10 days' notice to us if we commit a material breach of the Regional Development Agreement and do not cure the breach within 60 days of you giving us written notice (subject to state law).
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	Section 10(a)	We can terminate only if you commit one of several violations.
g. "Cause" defined - curable defaults	Section 10(a)	Failure to comply with any law or regulation 5 days after notice, breach of Regional Development Agreement or failure to operate your business as specified by us in the Regional Development Manual, which breach or failure is not cured within 30 days after notice, failure to meet your development schedule within 60 days after notice.
h. "Cause" defined – non-curable defaults	Section 10(a)	Bankruptcy, insolvency, unsatisfied judgment, making of a false statement in connection with the acquisition of the franchise, failure to comply with the transfer provisions of the Regional Development Agreement, same default twice in any 12-month period, breach of any covenant of confidentiality or nondisclosure, conviction of a felony or a crime of moral turpitude, alleged to have committed animal cruelty or violated

Provision	Section in Regional Development Agreement	Summary
		a another law protecting animals, <u>abandon the relationship or business</u> , default under any other agreement that is not cured, revocation of any license necessary to offer unit franchises.
i. Your obligations on termination/nonrenewal	Section 11(a)	Pay all sums you owe us, return the Regional Development Manual and all confidential information to us, provide us with a list of your prospects and their contact information, transfer all trade names to us, cease using any advertising and de-identify your business.
j. Assignment of contract by us	Section 9(a)	No restriction on our right to assign (subject to state law).
k. "Transfer" by you - defined	Section 9(c)	Voluntary or involuntary assignment, direct or indirect assignment, sale, gift or other disposition of any interest in the regional development business or the Regional Development Agreement.
l. Our approval of transfer by you	Section 9(f)	We must approve all transfers, even to a business entity to be controlled by you.
m. Conditions for our approval of transfer	Section 9(f)	The new developer meets our standards and we approve them, we approve the sale price, all your obligations have been fully satisfied, you have paid us a transfer fee, you have signed a general release, you subordinate amounts due to you and you sign other documents we require (also see R. below). If the transfer occurs during the initial term of your Regional Development Agreement we will grant the transferee a new franchise for 10 years plus one renewal term of 10 years, subject to satisfaction of our then-current renewal conditions. If the transfer occurs after the initial term of your Regional Development Agreement, the transferee will receive a term equal to the remainder of the then-current term of the transferor, plus 10 years. But with no renewal rights.
n. Our right of first refusal to acquire your business	Section 9(h)	If you receive an offer to purchase your business, you must notify us and we can purchase your business on the terms and conditions of the offer.
o. Our option to purchase your business	None	Not applicable.
p. Your death or disability	Section 9(g)	Your heirs can assume the business but they must meet the requirements for transfer.
q. Non-competition	Section 8(a)	You may not engage in any capacity in any

Provision	Section in Regional Development Agreement	Summary
covenants during the term of the franchise		“competitive business”, nor can you sell any franchises or business opportunities or divert a prospect or a unit franchisee to a competitor, or interfere with the business activities of us, any of our affiliates or any of our regional developers or unit franchisees. A competitive business includes any business that offers or sells pet grooming services or that offers and sells primarily pet supplies including, a business that sells primarily pet food, toys, supplements or other items intended for animals. (Subject to applicable state law.)
r. Non-competition covenants after the franchise is terminated or expires	Section 8(b)	For 2 years after the expiration, termination or transfer of the Franchise Agreement, you may not engage in any competitive business that is located in your Development Territory, including from your office, or within a 10 mile radius of your Development Territory nor may you be involved in a business or other venture that grants licenses or franchises for competitive businesses to be located in this area. During this period, you may not solicit or attempt to persuade any prospect or unit franchisee to do business with a party other than us nor otherwise interfere with the business activities of us, any of our affiliates or any of our regional developers or unit franchisees. (Subject to applicable state law.)
s. Modification of the Agreement	Section 15	No modifications except by written agreement, but manuals and system standards are subject to change.
t. Integration/merger clause	Section 18(f)	Only the terms of the Regional Development Agreement and any Franchise Agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document may not be enforceable. <u>Nothing in the Regional Development Agreement is intended to disclaim any representations we made in this Disclosure Document.</u>
u. Dispute resolution by arbitration or mediation	Sections 16(c) and (f)	Except for certain disputes, all disputes must be mediated. If the dispute is not resolved by mediation, the dispute is subject to litigation.
v. Choice of forum	Sections 16(c) and (f)	Mediation to be held in a metropolitan area with a population of at least 250,000 people that is not located within 200 miles of your Store or our principal office. In most cases, litigation must be brought in the state or federal courts located in Hennepin County, Minnesota (subject to applicable state law).
w. Choice of law	Section 16(e)	Minnesota law generally applies (subject to applicable state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchise Stores. 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 Store, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Rian Thiele, at ~~544 Pinellas Bayway South Unit 206~~ 4669 Gulf Blvd. #512, St. ~~Petersburg~~ Pete Beach, Florida ~~33715~~ 33706, telephone 833-266-7387, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years ~~2020-2022~~¹ 2021-2023¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	7	+7
	2022	7	13	+6
	<u>2023</u>	<u>13</u>	<u>21</u>	<u>+8</u>
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2020	0	0	0
	2021	0	7	+7
	2022	7	13	+6
	<u>2023</u>	<u>13</u>	<u>21</u>	<u>+8</u>

1. The numbers for each year are as of December 31.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2019-2021~~¹2020-2022^{1, 2}

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
	<u>2023</u>	<u>0</u>
Totals	2020	0
	2021	0
	2022	0
	<u>2023</u>	<u>0</u>

1. The numbers for each year are as of December 31.

2. Does not include transfers where beneficial ownership of less than 50% of the franchise did not change, circumstances where an individual transfers the franchise to an entity the individual owns or transfer to heirs.

Table No. 3

Status of Franchised Outlets
For Years ~~2020-2022~~¹2021-2023¹

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	2020	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	<u><u>2</u></u> <u><u>1</u></u>							
	<u><u>2022</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
	<u><u>2023</u></u>	<u><u>1</u></u>	<u><u>3</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>4</u></u>
<u><u>Colorado</u></u>	<u><u>2021</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2022</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2023</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
<u><u>Florida</u></u>	2021	0	0	0	0	0	0	0
	2022	0	10	0	0	0	0	10
	<u><u>2023</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
Illinois	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u><u>2023</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u><u>2023</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	<u><u>2023</u></u>	<u><u>4</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>4</u></u>
<u><u>Missouri</u></u>	<u><u>2021</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2022</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2023</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
<u><u>New Jersey</u></u>	<u><u>2021</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2022</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2023</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
<u><u>New York</u></u>	<u><u>2021</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2022</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
	<u><u>2023</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1</u></u>
Texas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<u><u>2023</u></u>	<u><u>2</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>2</u></u>

Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Washington DC	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Washington	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total	2020	0	0	0	0	0	0	0
	2021	0	7	0	0	0	0	7
	2022	7	6	0	0	0	0	13
	<u>2023</u>	<u>13</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21</u>

1. The numbers for each year are as of December 31.

Table No. 4

Status of Company-Owned Outlets
For Years ~~2020-2022~~¹ 2021-2023¹

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

1. The numbers for each year are as of December 31.

Table No. 5

**Projected Openings as of
December 31, ~~2022~~2023**

State	Regional Development Agreements Signed as of December 31, 2022 2023, But Outlet Not Opened	Projected New Franchised Outlets in 2023 2024	Projected New Company-Owned Outlets in 2023 2024
California	0	1 0-1	0
Colorado	0	0 1	0
Florida	0	1 0-1	0
Kansas Georgia	0	0-1	<u>0</u>
Massachusetts	<u>0</u>	<u>1</u>	<u>0</u>
Missouri	0	0 1	0
Maryland	0	1 0-1	0
Nevada	<u>0</u>	<u>0</u> -1	<u>0</u>
New Hampshire	<u>0</u>	<u>1</u>	<u>0</u>
New York	0	0-1	0
North Carolina	0	0-1	0
Pennsylvania	0	0-1	0
Ohio	0	0-1	0
South Carolina	<u>0</u>	<u>1</u>	<u>0</u>
Texas	0	0 1	0
Tennessee	0	0-1	0
Washington	0	0 1	0
Total	0	2-24 <u>3-13</u>	0

Exhibit D contains a list of the names, addresses and telephone numbers of all Pet Evolution regional development franchisees as of December 31, ~~2022~~2023. ~~We did not have~~Exhibit D also contains a list of any regional developers who have had a Regional Development Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Regional Development Agreement during the fiscal year ended December 31, ~~2022~~2023, or who had not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. There is one franchisee on this list.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. ~~We did not have any regional developers who signed confidentiality clauses with us during~~During the last ~~3-fiscal~~three years ~~that would prevent them from speaking~~current and former franchisees have signed provisions restricting their ability to speak openly about their ~~experiences~~experience with us ~~in the regional development system~~. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document at Exhibit E is a copy of our audited financial statements ~~as of for the periods ended December 31, 2023, December 31, 2022. — We have not been in business for 3 years and therefore cannot provide 3 years of financial statements, and December 31, 2021.~~ We have also included at Exhibit E, our unaudited Balance Sheet and Profit and Loss Statement as of, and for the 2-month period ended, February ~~28~~29, ~~2023~~2024.

ITEM 22 CONTRACTS

Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document. Attached as Exhibit F is a copy of the form Pet Evolution Regional Development Agreement, Regional Development Schedule, form of a Personal Guaranty to be signed by shareholders of a corporate developer, members of a limited liability company developer, or partners of a partnership developer, and in all cases their spouses, and a Statement of Ownership and Management. Also attached is a form of a transfer form if you want to sell, assign or transfer your Regional Development Agreement to a corporation, limited liability company, or partnership you own and an example of a release you must sign if you want to sell, assign or transfer your Regional Development Agreement to an unrelated third party or to an entity or partnership you do not own or control. Also attached are the state specific addenda to the Regional Development Agreement. Attached as Exhibit H is a Developer Questionnaire you must complete at the time you purchase a franchise.

ITEM 23 RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A

STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution regional development franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

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

2. 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 ~~www.dfpi.ca.gov~~.

3. Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Regional Development Agreement. We have or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.

4. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph:

“Neither Pet Evolution Franchising LLC nor any person described in Item 2 of the FDD 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 such persons from membership in such association or exchange.”

5. Item 17 of the FDD is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Regional Development Agreement and certain provisions of the Regional Development Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Regional Development Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Regional Development Agreement is inconsistent with the law, the law will control.

The Regional Development Agreement requires Regional Developer to execute a general release of claims upon renewal or transfer of the Regional Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”

6. The Regional Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

7. The provision in the Regional Development Agreement which terminates the franchise upon the bankruptcy may not be enforceable under Title 11, United States Code, Section 101.

8. The highest interest rate allowed by law in California is 10% annually.

9. 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 an 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.

10. Any document or portion thereof that serves to disclaim the franchisor's representations, have the effect of waiving the franchisee's claims under the Franchise Investment Law, shall not be applicable to California residents.

11. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution regional development franchises offered and sold in the state of Hawaii:

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required a deferral of the Initial Fee that is to be paid to the Franchisor until the Franchisor's pre-opening obligations to the Developer have been fulfilled and the Developer is open for business.
2. Pet Evolution Franchising LLC's Franchise Disclosure Document is currently registered or exempt from registration in the following states: California, Hawaii, Indiana, Michigan, New York, Rhode Island and Virginia.
3. The states in which Pet Evolution Franchising LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, Rhode Island and Virginia.
4. No state has refused, by order or otherwise, to register the Pet Evolution regional development franchise.
5. No state has revoked or suspended the right to offer Pet Evolution regional development franchises.
6. Pet Evolution Franchising LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

7. 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 an 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.

8. **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF ~~COMMERCE AND CONSUMER AFFAIRS~~REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF ~~COMMERCE AND CONSUMER AFFAIRS~~REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

89. **THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT,**

OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

910. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE REGIONAL DEVELOPMENT AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

~~10~~11. The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois or if your business will be located in Illinois.

Item 5 of the Franchise Disclosure Document is amended to include the following:

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

Illinois law governs the agreements between the parties to this franchise.

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

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

The provision in the Regional Development Agreement which terminates the franchise upon the bankruptcy of the Developer may not be enforceable under Title 11, United States Code, Section 101.

Item 17 is modified by the insertion of the following:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”

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 a 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.

Each provision of this addendum to the FDD shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Evolution franchises sold to residents in the state of Maryland:

This Maryland Addendum is only applicable if you are a resident of Maryland or if your business will be located in Maryland.

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 Development Agreement and the regional development business opens.

2. Item 17 of the Franchise Disclosure Document is amended as follows:

"Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

3. Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(v) and (w) are modified by the insertion of the following:

"Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

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

6. 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 a 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.

Each provision of this Addendum to the FDD shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

4. Item 13 is revised to include the following language:

"To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement."

5. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

6. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

7. 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 a 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.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in 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 B 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 THAT ANYTHING IN THE 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

The Initial Fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for you to renew or extend,”** and Item 17(m), entitled **“Conditions for our 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.

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

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

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

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

7. 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 a 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.

8. 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.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary in the Pet Evolution Franchising LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§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.”

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pet Evolution Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Fee owed by Developer to the Franchisor until the Franchisor has completed its pre-opening obligations under the Regional Development Agreement.

2. Item H of the chart in Item 17 is hereby amended by the addition of the following disclosure:

"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 regional development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable."

23. The page entitled "**Special Risk(s) to Consider About *This* Franchise**" is amended by the addition of the following language:

Estimated Initial Investment. The Franchise will be required to make an estimated initial investment ranging from \$~~135,000~~142,500 to \$~~843,000~~896,000. This amount exceeds the franchisor's stockholders' equity as of December 31, ~~2022~~2023, which is (\$~~2,170,953~~3,589,263).

34. 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 a 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.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum.

EXHIBIT B

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677 www.dfpi.ca.gov 2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677 <u>Same Address</u>
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>586-2744</u>	Same
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Lucas State Office Building Des Moines, IA 50319 515-281-4441	
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st fl New York, New York 10005 212-416-8222	Secretary of State of New York One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street	Secretary of State Secretary of State's Office

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Raleigh, NC 27601 919-733-3924	Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048 401-462-9527	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Insurance Securities Regulations 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of South Dakota Division of Insurance Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor

STATE	STATE ADMINISTRATOR		AGENT FOR SERVICE OF PROCESS
	1300 E. Main Street Richmond, VA 23219 804-371-9051		Richmond, Virginia 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Department of Financial Institutions Securities Division P.O. <u>PO</u> Box 9033 <u>41200</u> Olympia, WA 98507 <u>98504-1200</u> (360) 902-8760 <u>360-902-8762</u>	<u>Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8700</u>
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557 <u>608-266-2137</u>		Wisconsin Commissioner <u>Administrator, Division</u> of Securities Same Address

EXHIBIT C

TABLE OF CONTENTS OF REGIONAL DEVELOPMENT MANUAL

Pet Evolution

Regional Developer Franchise Brand Standards Manual

Table of Contents

SECTION A: INTRODUCTION

THE EVOLUTION OF PET EVOLUTION.....	1
PET EVOLUTION MISSION & BRAND PROMISE	2
SERVICES PROVIDED TO FRANCHISEES	3
Advertising Materials and Sales Aids ◀	3
Design Assistance ◀	3
Approved Suppliers ◀	3
Corporate Website ◀	4
Franchisee Advisory Councils ◀	4
Initial Training ◀	4
Ongoing Research and Development ◀	4
Ongoing Training and Support ◀	5
Protected Territory ◀	5
Site Selection ◀	5
Use of Trademarks ◀	5
PLEDGE TO FRANCHISEES	6
YOUR ROLES AND RESPONSIBILITIES.....	8
Responsibilities as a Regional Developer ◀	8

SECTION B: ESTABLISHING YOUR OFFICE

PRE-OPENING PROCEDURES & CHECKLIST	1
Setting Up Your Operation ◀	1
Vendors ◀	2
Regional Developer Franchise	
Pre-Opening Checklist ◀	2
ESTABLISHMENT OF BUSINESS FORM	5
SECURING A LOCATION.....	6
BUILDING OUT YOUR OFFICE.....	7
SETTING UP BANK ACCOUNTS	8
PROCURING REQUIRED INSURANCE POLICIES.....	9
TAX LAW COMPLIANCE.....	11
Knowing Your Obligations ◀	11
Working with Your Accountant ◀	11
Tax Filing Requirements ◀	11
REQUIRED LIST OF EQUIPMENT AND SUPPLIES.....	12
COMMUNITY INTRODUCTION.....	13

SECTION C: MASTER FRANCHISE MANAGEMENT AND STAFFING PROCEDURES

UNDERSTANDING THE PET EVOLUTION	
MANAGEMENT PHILOSOPHY	1
Leadership Skills ◀	1
BUSINESS PLANNING	5
Long-Term Business Planning ◀	5
Short-Term Business Planning ◀	6
Annual Marketing Plans ◀	6
BUSINESS HOURS	7
DAILY DUTIES.....	8
REPORTING REQUIREMENTS	9
Required Reports ◀	9
Required Fees and Reports	
from Franchisees ◀	10
Electronic Funds Transfer ◀	11
REQUIRED CLEANING AND MAINTENANCE	12
SAFETY AND SECURITY	13
Accident Reporting and Investigation ◀	13
STAFFING YOUR OFFICE.....	15
KNOWING THE WAGE AND LABOR LAWS.....	16
DEVELOPING AN EFFECTIVE HUMAN	
RESOURCES STRATEGY	17
Understanding the Value of Training ◀	17
Establishing & Maintaining a	
Positive Working Environment ◀	17
PROFILE OF AN IDEAL EMPLOYEE	19
JOB DESCRIPTIONS	20
Corporate Staff Positions ◀	20
RECRUITMENT.....	25
The Interview Process ◀	25
TRAINING.....	26
Training Tips ◀	26
Initial Training / Orientation of	
New Employees ◀	27
Ongoing Training ◀	28

Pet Evolution Regional Developer Franchise Brand Standards Manual

Table of Contents

DEVELOPING PERSONNEL POLICIES	30	Compensating the Sales Team ◀.....	41
UNIFORM AND DRESS CODE.....	31	FRANCHISE DEVELOPMENT OVERVIEW	43
PERFORMANCE EVALUATIONS	33	Frequently Asked Questions from	
PROGRESSIVE DISCIPLINE	34	Franchise Sales Candidates ◀.....	45
TERMINATION/SEPARATION.....	35	HANDLING LEADS	47
 SECTION D: MARKETING YOUR BUSINESS		Recommended Points to Cover in the	
THE FUNCTIONS OF MARKETING	1	Initial Phone Call ◀.....	47
Establishing a Budget ◀.....	1	What to Do if the Prospect Sounds	
 SECTION E: FRANCHISE DEVELOPMENT		Reasonably Qualified ◀.....	49
PROCEDURES		What to Do if the Prospect Does	
MARKETING FOR FRANCHISE LEADS	1	Not Sound Very Qualified ◀.....	49
Franchise Sales Zones ◀.....	2	Questions for Qualified Leads ◀.....	50
Generating Referral Leads ◀.....	6	Techniques for Evaluating	
Direct Marketing Activity ◀.....	9	Franchise Candidates ◀.....	52
Public Relations Activities ◀.....	13	Follow-Up with the Franchise Applicant ◀.....	54
Print Advertising ◀.....	14	Techniques for Maintaining	
Trade Show ◀.....	16	Prospect Interest ◀.....	55
Internet Marketing ◀.....	17	PREPARING TO SELL YOUR FRANCHISE	
Social Media and Other Marketing Tactics ◀.....	23	OPPORTUNITY	57
Price Negotiation ◀.....	26	Understanding the Sales Process ◀.....	58
PROFILE OF FRANCHISE BUYERS.....	27	The Importance of Franchisor Image ◀.....	60
Why People Buy Franchises ◀.....	27	Establishing a Lead Tracking System ◀.....	61
Common Franchisee Profiles ◀.....	28	Materials Supporting the Franchise	
The Logical Buyer ◀.....	29	Sales Effort ◀.....	63
The Emotional Buyer ◀.....	30	Preparing Your Franchise	
The Emotional Buyer's Process ◀.....	30	Sales Presentation ◀.....	65
Franchise Awareness ◀.....	31	Why Develop a Structured Presentation? ◀.....	66
The "Typical" Franchisee ◀.....	31	Gathering Information for	
LEGAL ISSUES IN SELLING FRANCHISES.....	33	Your Presentation ◀.....	66
Legal Documents ◀.....	33	Anticipating the Needs of	
Resources on Franchise Legislation ◀.....	35	Prospective Franchisees ◀.....	67
MAINTAINING THE COMPLIANCE SYSTEM	36	Common Questions Among	
Establishing Responsibilities for Compliance ◀.....	36	Prospective Franchisees ◀.....	67
Key Tasks within the Compliance Program ◀.....	36	Positioning the Franchise Offer ◀.....	69
DEVELOPING SALES TEAM	39	Integrating the Sales Function	
Primary Sales Strategies ◀.....	39	into the Organization ◀.....	70
		FIRST IMPRESSIONS	73
		Preparing Your Staff ◀.....	73

Pet Evolution
Regional Developer Franchise Brand Standards Manual

Table of Contents

Handling Calls from Prospective Franchisees ◀.....	74	Task List ◀	5
Sending Out the Franchise Packet ◀	75	Pre-Opening ◀	7
FRANCHISE SALES PROCESS	77	Post-Opening ◀	9
Reviewing the Franchise Confidential			
Information Request Form ◀	77		
Strategies for Conducting			
Franchise Interviews ◀	79		
Focusing on the Details ◀	80		
The Art of Active Listening ◀	81		
Presenting Your Legal Documents ◀	82		
Fielding Questions about Sales,			
Operating Expenses, and Profits ◀	83		
Questions about Negotiating the			
Franchise Agreement ◀	84		
Turning the Question ◀	85		
Setting Sales Goals ◀	86		
Advances vs. Continuations ◀	87		
Uncovering Objections ◀	87		
COMPLETING THE FRANCHISE SALE	89		
Answering the Candidate's Final Questions ◀	89		
The Process of Disapproving Candidates ◀	90		
The Process of Awarding			
Franchise Approvals ◀	91		
Knowing When to Sign the			
Franchise Agreement ◀	92		
Signing the Franchise Agreement ◀	92		
After the Agreement is Signed ◀	93		
TROUBLESHOOTING GUIDE	94		
Common Mistakes in the Sales Process ◀	96		
 SECTION F: ASSISTING FRANCHISEES IN OPENING			
THE FRANCHISEE'S PRE-OPENING TIMELINE			
AND CHECKLIST	1	SECTION G: ONGOING SUPPORT	
New Franchise Implementation		SUPPORT	1
Timeframe & Expectations ◀	1	Forms of Franchisee Support ◀	1
Welcome Call ◀	1	Corporate Operations Meeting ◀	3
Pre-Training ◀	2	SUPPORTING FRANCHISEES	4
		Behavioral Guidelines ◀	5
		Goals ◀	5
		Strategies ◀	6
		Building Trust and Rapport ◀	6
		Best Practice Sharing ◀	7
		COMMUNICATION WITH FRANCHISEES	8
		Questioning Process ◀	8
		Confront and Resolve Issues ◀	8
		Managing Change and Resistance ◀	8
		Role in "Notice Default/Cure" Process ◀	9
		WORKING WITH FIRST YEAR VS. MATURE	
		FRANCHISEES	10
		The First Year ◀	10
		Mature Franchisees ◀	10
		VISITING WITH FRANCHISEES	12
		Appropriate Discussions ◀	12
		Types of Visits—Unannounced ◀	12
		Types of Visits—Announced ◀	12
		Goals of the Pet Evolution Visit ◀	13
		Preparing for the Pre Evolution Visit ◀	13
		Operations ◀	14
		Operational Updates ◀	15
		FINANCIAL	16
		MARKETING	17
		HUMAN RESOURCES	18
		FRANCHISE SUPPORT REPRESENTATIVE	
		CONSULTING AGENDA	19
		IN THE OFFICE	20
		Time Allocation ◀	20

Pet Evolution Regional Developer Franchise Brand Standards Manual

Table of Contents

Correspondence/Contact ◀	20
FRANCHISE ADVISORY COUNCIL	21
DEALING WITH TROUBLED FRANCHISEES	22
Insufficient Funds and Returned Payments ◀	22
Default & Termination Process ◀	23

SECTION H: TRAINING FRANCHISEES

REQUIREMENTS FOR TRAINING	1
INITIAL TRAINING PROGRAM	2
Pre-Initial Training Management and Setup ◀	2
Initial Training Guidelines ◀	4

APPENDICES:

BRAND IDENTITY

BUSINESS PLAN

EQUIPMENT, INVENTORY AND APPROVED SUPPLIERS

FORMS AND SAMPLES

GROOMING

OPERATIONAL REPORTING AND FINANCIAL STATEMENT

SAMPLE JOB DESCRIPTION

TRAINING

EXHIBIT D

LIST OF REGIONAL DEVELOPMENT OUTLETS

As of December 31, ~~2022~~2023

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Telephone Number</u>	<u>Territory</u>
Arizona Pet Team LLC	3120 E Hampton Ave	Mesa	AZ	85204	480-415-7512	AZ
George Reid	12812 Valley View St., Suite 35	Garden Grove	CA	92845	714-658-8979	OR
Garrett Mayo and Neftali Bonilla	9813 Sattley Place	Granite Bay	CA	95746	408-841-6238	CA and NV
Pets-World Inc. AGDG Investments LLC	130 Chorus 243 Carmine	Irvine	CA	92618	551-689-2365	CA
Pet Evo LLC	3935 Irvine Blvd.	Irvine	CA	92602	949-404-3302	CA
Elevation Incubator Corporation	5835 Angie Court	Parker	CO	80134	949-289-1728	CO
William Jeffress**	6204 Utah Ave NW	Washington	DC	20015	646-232-5576	MD and Washington DC
Daniel J. Morris	2200 South Ridgewood Ave.	South Daytona	FL	32119	386-871-7583	FL
PEF LLC	3406 Pheasant Dr	Rolling Meadows	IL	60008	847-826-2074—	FL
Michigan Evolution, LLC	25784 Island Lake Drive	Novi	MI	48374	313-790-1784	MI
Seot Ziessman Sweetpuppy Illinois LLC	17340 70th Ave North	Maple Grove	MN	55311	763-772-6649	IL
Seot Ziessman Sweetpuppy Wisconsin LLC	17340 70th Ave North	Maple Grove	MN	55311	763-772-6649	WI
Eric Bakken	35 Gideons Point Road	Tonka Bay	MN	55331	612-240-2331	MN, ND, and SD
Eric Bakken	35 Gideons Point Road	Tonka Bay	MN	55331	612-240-2331	TX
Dennis Lowery	3107 Russell	St. Louis	MO	63104	314-616-6	MO and

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Telephone Number</u>	<u>Territory</u>
<u>and Bradley Frame</u>	<u>Blvd.</u>				<u>032</u>	<u>KS</u>
<u>Henrik Warn and Valentina Warn</u>	<u>106 McIntosh Drive</u>	<u>Mahwah</u>	<u>NJ</u>	<u>07430</u>	<u>201-788-247</u>	<u>NJ</u>
<u>Dacoro Enterprises, LLC</u>	<u>749 Union Street, Apt. 3L</u>	<u>Brooklyn</u>	<u>NY</u>	<u>11215</u>	<u>202-669-4165</u>	<u>NY</u>
Saibach Investments LLC	5003 Regatta Run Lane <u>26349 Northwest Freeway Cypress</u>	Fulshear <u>Cypress</u>	TX	77441 <u>77429</u>	281-839-9430 <u>832-604-5115</u>	TX
DSA PE Corp.	320 Shadowwood Trail	Ovilla	TX	75154	703-304-9897	TX
Delmon Robertson Business Advisors, Inc. dba Pet Evolution Regional Developer	20551 Wildbrook Ct. <u>3903 Fair Ridge Drive, Suite F</u>	Ashburn <u>Fairfax</u>	VA	20147 <u>22033</u>	703-304-9897 <u>703-592-9985</u>	VA
Solis Business Development Corporation	3417 181st Pl NE <u>13218 39th Ave. SE</u>	Redmond <u>Millcreek</u>	WA	98052	831-320-4620 <u>425-458-2746</u>	WA

** Terminated after December 31, 2023 but before the issuance date of this Disclosure Document.

Below is a list of franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2023, or who had not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

<u>Name</u>	<u>Telephone Number</u>	<u>City</u>	<u>State</u>
<u>William Jeffress</u>	<u>646-232-5576</u>	<u>Washington</u>	<u>DC</u>

EXHIBIT E

FINANCIAL STATEMENTS

| The Financial Statements as of February 29, ~~2023~~2024 are prepared without an audit. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the contents and form.

Pet Evolution Franchising LLC

Balance Sheet

As of February 29, 2024

		TOTAL
ASSETS		
Current Assets		
Bank Accounts		\$65,005.84
Accounts Receivable		\$134,000.00
Other Current Assets		
11000 Accounts Receivable		60,678.00
12000 Inventory		2,303.00
Inventory Asset		0.00
Prepaid Expense		0.00
Undeposited Funds		0.00
Total Other Current Assets		\$62,981.00
Total Current Assets		\$261,986.84
Fixed Assets		
13010 Computer Equipment		6,825.57
14000 Furniture and Equipment		-0.42
17000 Intangible Assets		1,480.00
18005 Depreciation and Amortization Accumulated Depreciation		0.48
18010 Depreciation and Amortization Accumulated Amortization		0.00
Total Fixed Assets		\$8,305.63
Other Assets		
16010 Prepaid Assets - General		1,475,280.00
16020 Prepaid Expenses - Insurance		299.72
Total Other Assets		\$1,475,579.72
TOTAL ASSETS		\$1,745,872.19
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Credit Cards		\$18,685.26
Other Current Liabilities		
20000 Accounts Payable		600.00
21000 Deferred Revenue		5,359,254.00
25000 Payroll Liabilities		78,135.78
25020 Payroll Taxes Payable		1,095.00
Direct Deposit Payable		0.00
Total Other Current Liabilities		\$5,439,084.78
Total Current Liabilities		\$5,457,770.04
Long-Term Liabilities		
27000 Member Loan		0.00
Total Long-Term Liabilities		\$0.00
Total Liabilities		\$5,457,770.04
Equity		\$ -3,711,897.85
TOTAL LIABILITIES AND EQUITY		\$1,745,872.19

Pet Evolution Franchising LLC

Profit and Loss

January - February, 2024

	TOTAL
Income	
40000 Revenue	98,775.00
40020 Franchise Royalty Fee Income	47,328.97
40040 National Marketing Fund Fee	7,281.19
40051 Regional Developer Technology Fee	1,945.78
Uncategorized Income	8,630.78
Total Income	\$163,961.72
Cost of Goods Sold	
54000 Commissions Paid	14,949.30
57000 Franchise Development Sales Expense	32,299.87
Total Cost of Goods Sold	\$47,249.17
GROSS PROFIT	\$116,712.55
Expenses	
61000 Facility Expenses	3,702.92
62000 Personnel Expenses	115,987.35
63000 General Operating Expenses	63,841.14
67000 Sales & Marketing	31,756.11
68000 Training	14,577.93
Payroll Expenses	1,275.00
QuickBooks Payments Fees	20.00
Reimbursements	-187.46
Uncategorized Expense	8,397.52
Total Expenses	\$239,370.51
NET OPERATING INCOME	\$ -122,657.96
Other Income	\$1,968.35
Other Expenses	
80000 Other Misc. General Operating	1,196.54
81000 Interest & Other Expenses	773.70
Total Other Expenses	\$1,970.24
NET OTHER INCOME	\$ -1.89
NET INCOME	\$ -122,659.85

Audited Financial Statements

PET EVOLUTION FRANCHISING LLC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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PET EVOLUTION FRANCHISING LLC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF OPERATIONS	4
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Members
Pet Evolution Franchising LLC
St. Pete Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pet Evolution Franchising LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, with the exception of the issues described in the Adjustments to Prior Period Financial Statements paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Evolution Franchising LLC, as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Evolution Franchising LLC 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.

Adjustments to Prior Period Financial Statements

As discussed in Note 5 to the financial statements, the Company has adjusted its 2022 financial statements to retrospectively correct an error in accounting for revenue.

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 Pet Evolution Franchising LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Pet Evolution Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Evolution Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
May 17, 2024

PET EVOLUTION FRANCHISING LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>(Restated) 2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 76,597	\$ 12,757
Accounts Receivable	135,000	347,434
Due from Brand Fund	60,678	-
Current Portion of Deferred Costs	157,240	92,985
Other Assets	4,083	2,882
Total Current Assets	<u>433,598</u>	<u>456,058</u>
PROPERTY AND EQUIPMENT, Net	6,826	7,835
DEFERRED COSTS, Net of Current Portion	<u>1,210,040</u>	<u>754,950</u>
Total Assets	<u><u>\$ 1,650,464</u></u>	<u><u>\$ 1,218,843</u></u>
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 17,128	\$ 25,444
Due to Members	-	120,000
Accrued Expenses	64,543	11,665
Current Portion of Deferred Revenue	592,650	465,546
Total Current Liabilities	<u>674,321</u>	<u>622,655</u>
DEFERRED REVENUE, Net of Current Portion	<u>4,565,379</u>	<u>2,728,529</u>
Total Liabilities	5,239,700	3,351,184
MEMBERS' DEFICIT	<u>(3,589,236)</u>	<u>(2,132,341)</u>
Total Liabilities and Members' Deficit	<u><u>\$ 1,650,464</u></u>	<u><u>\$ 1,218,843</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
REVENUES		
Franchise Fees	\$ 113,242	\$ 60,450
Regional Developer Fees	352,304	217,667
Royalties	167,221	17,941
Other, Net	46,017	60,875
Total Revenues	<u>678,784</u>	<u>356,933</u>
EXPENSES		
Auto Expenses	678	2,673
Commissions	468,362	182,392
Depreciation	1,009	1,000
Dues and Subscriptions	19,931	15,647
Insurance	30,982	18,270
Marketing Fees	64,781	191,703
Office Expenses	12,625	9,320
Office Salaries and Benefits	610,675	510,983
Outside Services	416,008	458,632
Payroll Taxes	35,608	34,136
Rent Expense	36,079	12,703
Technology Fee	32,190	46,623
Training Expenses	53,884	64,553
Travel and Entertainment	45,093	42,150
Bad Debt Expense	195,000	-
Miscellaneous	52,774	51,129
Total Expenses	<u>2,075,679</u>	<u>1,641,914</u>
NET LOSS	<u><u>\$ (1,396,895)</u></u>	<u><u>\$ (1,284,981)</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Members'</u> <u>Deficit</u>
BALANCE - DECEMBER 31, 2021 (restated)	\$ (587,360)
Net Loss (Restated)	(1,284,981)
Distributions	<u>(260,000)</u>
BALANCE - DECEMBER 31, 2022 (restated)	(2,132,341)
Net Loss	(1,396,895)
Distributions	<u>(60,000)</u>
BALANCE - DECEMBER 31, 2023	<u><u>\$ (3,589,236)</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (1,396,895)	\$ (1,284,981)
Adjustments to Reconcile Net Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	1,009	1,000
(Increase) Decrease in Assets:		
Accounts Receivable	151,756	(172,434)
Deposits on Inventory	-	204,930
Deferred Costs	(519,345)	(498,733)
Other Assets	(1,201)	(400)
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,316)	20,026
Accrued Expenses	52,878	6,604
Due to Members	(120,000)	120,000
Deferred Revenue	1,963,954	1,482,883
Net Cash Provided (Used) by Operating Activities	<u>123,840</u>	<u>(121,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(6,100)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to Members	<u>(60,000)</u>	<u>(260,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,840	(387,205)
Cash and Cash Equivalents - Beginning of Year	<u>12,757</u>	<u>399,962</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 76,597</u></u>	<u><u>\$ 12,757</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

Pet Evolution Franchising LLC (the Company) was formed on January 4, 2021, as a partnership in the state of Delaware. The Company operates as a franchisor, offering regions and franchises for the operation of pet supply stores focused on pet health and wellness under the Pet Evolution trademark. At December 31, 2023, the Company had 2 franchised locations in operation and 33 signed franchises not yet open. The Company also had 21 signed regional development agreements.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statement in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at highly regarded financial institutions. The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At times, deposits held with financial institutions may exceed the limits of the Federal Deposit Insurance Corporation (FDIC) of \$250,000, per depositor, per financial institution. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are stated at the amount management expects to collect from Outstanding balances. At the beginning of 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined. The Company extends credit terms to customers, primarily franchisees, in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivables are recorded at their estimated net realizable value.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

The Company's estimate of the allowance for credit losses is based upon historical experience, its evaluation of the current status of receivables, current economic conditions, certain forward-looking information and unusual circumstances, if any. Expected credit losses are recorded through a charge to earnings and a credit to the allowance for expected credit losses based on its assessments. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Company determined no allowance was necessary at December 31, 2023 and 2022.

Property and Equipment

Property and equipment consist of leasehold improvements, furniture and fixtures, and computer equipment and are stated at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Leasehold improvements are depreciated using the straight-line method over an estimated useful life of 10 years. Furniture and fixtures and computer equipment are depreciated using the straight-line method over an estimated useful life of five years. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations. Depreciation expense for the years ended December 31, 2023 and 2022, was approximately \$1,000.

Deferred Revenue

Deferred revenue represents franchise fees received that have not been fully earned and will be recognized in future periods.

Deferred Costs

Deferred franchise costs represent an agreement to provide a commission in exchange for obtaining franchisees. These costs are recognized upon the date of opening and recognized ratably on a straight-line basis over the term of the franchise agreement. The franchise agreements typically have an initial term of ten years from the date a store opens.

Advertising and Marketing

Advertising and marketing costs, which are reflected on the statements of income, are expensed as incurred and amounted to \$64,781 and \$191,703 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Company is treated as a partnership for income tax purposes and does not incur income taxes. Instead, members are taxed on their share of the Company's earnings. The Company's net income or loss is allocated to the members based on their respective profit and loss percentages.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted the requirements of Topic 606 and Subtopic 340-40 for the year ended December 31, 2019, utilizing the modified retrospective method of transition.

The primary impact of ASC 606 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees and related commission expense. Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, tools, and support associated with their franchise business. The Company previously recorded the initial franchising fees as revenue and the related commission expense at the execution of a franchise agreement. Beginning in January 2019, under ASC 606, initial franchise fees were recognized as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which is generally 10 years. The unrecognized portion of initial franchising fees was recorded as deferred franchise fees. Similarly, commissions are an incremental cost of obtaining a contract under ASC 606, which are capitalized as deferred franchise costs and amortized over the term of the franchise agreement.

The Company generates revenue primarily through royalties, regional developer and franchise fees, and marketing fees.

Regional Developer Fees and Franchise Fees

The Company requires the entire nonrefundable initial regional developer fee or franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years from the date of agreement. Revenues are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company does not provide formal financing to regional developers or franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Regional developers and franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a regional developer or franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged similar to the initial franchise fee.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 7% of gross sales, reduced to 5% during first year of operations. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

Other Revenues

Other revenues include, but are not limited to, items such as brand fund fees, technology fees, and others. These fees can be based on a percentage of sales or a flat monthly fee. These fees are related entirely to the Company's performance obligation under the franchise agreement and are recognized on a monthly basis or as franchisee store level sales occur. These fees are generally collected monthly.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the year ended December 31, 2023 and the period ended December 31, 2022.

Adoption of New Accounting Standards

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments— Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did result in changes to the Company's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses.

Reclassification

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2023 financial statements with no impact on previously reported net income or members' equity.

NOTE 2 ASC 842 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheets.

Total rent paid for the years ended December 31, 2023 and 2022 was \$36,079 and \$12,703, respectively.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

The members will, at times, provide the Company with capital and records these amounts in a Due to Members account as noted on the balance sheets.

NOTE 4 MEMBERS' EQUITY

The membership interest in the Company owned by the members is the only class of membership interest issued and outstanding as of December 31, 2022 and 2021.

NOTE 5 CORRECTION OF ERRORS

In the 2022 issued financial statements, the Company was not correctly recording revenue as prescribed by ASC 606. The effect of the Company's previously issued 2022 financial statements is summarized in the following tables. As disclosed in Note 1, certain accounts in 2022 have been reclassified for comparative purposes as well.

Balance sheet and statement of members' deficit as of December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Deferred Revenues	\$ 3,232,687	\$ (38,612)	\$ 3,194,075
Members' Deficit - December 31, 2021	(564,818)	(22,542)	(587,360)
Net Loss	(1,346,135)	61,154	(1,284,981)
Distributions	(260,000)	-	(260,000)
Members' Deficit - December 31, 2022	(2,170,953)	38,612	(2,132,341)

Statement of operations for the year ended December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Revenues	\$ 295,779	\$ 61,154	\$ 356,933
Net Loss	(1,346,135)	61,154	(1,284,981)

Statement of cash flows for the year ended December 31, 2022:

	Previously Reported	Increase (Decrease)	Restated
Net Loss	\$ (1,346,135)	\$ 61,154	\$ (1,284,981)
Change in Deferred Revenue	1,544,037	(61,154)	1,482,883
Net Cash Used by Operating Activities	(121,105)	-	(121,105)

**PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

PET EVOLUTION FRANCHISING LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021



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PET EVOLUTION FRANCHISING LLC
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	4
STATEMENTS OF OPERATIONS	5
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Members
Pet Evolution Franchising LLC
St. Petersburg, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pet Evolution Franchising LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, with the exception of the issues described in the Correction of 2021 Financial Statements paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Evolution Franchising LLC, as of December 31, 2022, and the results of its operations and its cash flows for the period January 4, 2021 (inception) to December 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Evolution Franchising LLC 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.

Adjustments to Prior Period Financial Statements

The financial statements of Pet Evolution Franchising LLC as of December 31, 2021, were audited by other auditors whose report dated April 28, 2022, expressed an unmodified opinion on those financial statements. As discussed in Note 6 to the financial statements, the Company has adjusted its 2021 financial statements to retrospectively correct an error in accounting for revenue. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2022 financial statements, we also audited the adjustments to the 2021 financial statements to retrospectively correct the accounting error described in Note 6. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Pet Evolution Franchising LLC's 2021 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

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 Pet Evolution Franchising LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Pet Evolution Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Evolution Franchising LLC's ability to continue as a going concern for a reasonable period of time.

Members
Pet Evolution Franchising LLC

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
April 28, 2023

PET EVOLUTION FRANCHISING LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,757	\$ 399,962
Accounts Receivable, Net	347,434	175,000
Deposits on Inventory	-	204,930
Current Portion of Deferred Costs	92,985	68,685
Other Assets	<u>2,882</u>	<u>2,482</u>
Total Current Assets	456,058	851,059
PROPERTY AND EQUIPMENT, Net	7,835	2,735
DEFERRED COSTS, Net of Current Portion	<u>754,950</u>	<u>280,517</u>
Total Assets	<u><u>\$ 1,218,843</u></u>	<u><u>\$ 1,134,311</u></u>
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 25,444	\$ 5,418
Due to Members	120,000	-
Accrued Expenses	11,665	5,061
Deferred Revenue	<u>80,200</u>	<u>60,450</u>
Total Current Liabilities	237,309	70,929
DEFERRED REVENUE, Net of Current Portion	<u>3,152,487</u>	<u>1,628,200</u>
Total Liabilities	3,389,796	1,699,129
MEMBERS' DEFICIT	<u>(2,170,953)</u>	<u>(564,818)</u>
Total Liabilities and Members' Deficit	<u><u>\$ 1,218,843</u></u>	<u><u>\$ 1,134,311</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Franchise Fees	\$ 60,450	\$ 17,350
Regional Developer Fees	156,513	90,000
Royalties	17,941	-
Other, Net	60,875	900
Total Revenues	<u>295,779</u>	<u>108,250</u>
EXPENSES		
Auto Expenses	2,673	278
Commissions	182,392	17,230
Depreciation	1,000	1,000
Dues and Subscriptions	15,647	4,112
Insurance	18,270	16,993
Marketing Fees	191,703	183,921
Office Expenses	9,320	3,029
Office Salaries and Benefits	510,983	62,526
Outside Services	458,632	190,133
Payroll Taxes	34,136	4,858
Rent Expense	12,703	1,176
Technology Fee	46,623	4,913
Training Expenses	64,553	11,790
Travel and Entertainment	42,150	24,700
Miscellaneous	51,129	146,409
Total Expenses	<u>1,641,914</u>	<u>673,068</u>
NET LOSS	<u><u>\$ (1,346,135)</u></u>	<u><u>\$ (564,818)</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEAR ENDED DECEMBER 31, 2022 AND PERIOD JANUARY 4, 2021 (INCEPTION) TO
DECEMBER 31, 2021

	Members' Deficit
BALANCE - JANUARY 4, 2021 (INCEPTION)	\$ -
Contributions	120,400
Net Income	599,630
Correction of an Error (Note 4)	(1,164,448)
Distributions	<u>(120,400)</u>
BALANCE - DECEMBER 31, 2021	(564,818)
Net Loss	(1,346,135)
Distributions	<u>(260,000)</u>
BALANCE - DECEMBER 31, 2022	<u><u>\$ (2,170,953)</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (1,346,135)	\$ (564,818)
Adjustments to Reconcile Net Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	1,000	1,000
(Increase) Decrease in Assets:		
Accounts Receivable, Net	(172,434)	(175,000)
Deposits on Inventory	204,930	(204,930)
Deferred Costs	(498,733)	(349,202)
Other Assets	(400)	(2,482)
Increase (Decrease) in Liabilities:		
Accounts Payable	20,026	5,418
Accrued Expenses	6,604	5,061
Due to Members	120,000	-
Deferred Revenue	1,544,037	1,688,650
Net Cash Provided (Used) by Operating Activities	<u>(121,105)</u>	<u>403,697</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,100)	(3,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from Members	-	120,400
Distributions to Members	<u>(260,000)</u>	<u>(120,400)</u>
Net Cash Provided (Used) by Financing Activities	<u>(260,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(387,205)	399,962
Cash, Cash Equivalents, and Restricted Cash -		
Beginning of Year	<u>399,962</u>	<u>-</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH -		
 END OF YEAR	<u><u>\$ 12,757</u></u>	<u><u>\$ 399,962</u></u>

See accompanying Notes to Financial Statements.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

Pet Evolution Franchising LLC (the Company) was formed on January 4, 2021, as a partnership in the state of Delaware. The Company operates as a franchisor, offering regions and franchises for the operation of pet supply stores focused on pet health and wellness under the Pet Evolution trademark. At December 31, 2022, the Company had 2 franchised locations in operation and 22 signed franchises not yet open. The Company also had 13 signed regional development agreements.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Reclassification

Certain amounts in the 2021 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2022 financial statements with no impact on previously reported net income or members' equity.

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statement in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at highly regarded financial institutions. The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At times, deposits held with financial institutions may exceed the limits of the Federal Deposit Insurance Corporation (FDIC) of \$250,000, per depositor, per financial institution. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable arising from monthly billings to franchisees do not bear interest. At times, regional developers and franchisees will pay the initial fee in installments. The Company considers these installments to be short-term and are included in Accounts Receivable on the balance sheets.

Accounts receivable are stated at the amount management expects to collect. An allowance for doubtful accounts is not considered necessary, as management expects full collection of the Company's accounts receivable balances at December 31, 2022 and 2021.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment consist of leasehold improvements, furniture and fixtures, and computer equipment and are stated at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Leasehold improvements are depreciated using the straight-line method over an estimated useful life of 10 years. Furniture and fixtures and computer equipment are depreciated using the straight-line method over an estimated useful life of five years. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations. Depreciation expense for the year ended December 31, 2022 and the period ended December 31, 2021, was approximately \$1,000.

Deferred Revenue

Deferred revenue represents franchise fees received that have not been fully earned and will be recognized in future periods.

Deferred Costs

Deferred franchise costs represent an agreement to provide a commission in exchange for obtaining franchisees. These costs are recognized upon the date of opening and recognized ratably on a straight-line basis over the term of the franchise agreement. The franchise agreements typically have an initial term of ten years from the date a store opens.

Advertising and Marketing

Advertising and marketing costs, which are reflected on the statements of income, are expensed as incurred and amounted to \$191,703 and \$183,921 for the year ended December 31, 2022 and the period ended December 31, 2021, respectively.

Income Taxes

The Company is treated as a partnership for income tax purposes and does not incur income taxes. Instead, members are taxed on their share of the Company's earnings. The Company's net income or loss is allocated to the members based on their respective profit and loss percentages.

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted the requirements of Topic 606 and Subtopic 340-40 for the year ended December 31, 2019, utilizing the modified retrospective method of transition.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The primary impact of ASC 606 on the Company's revenue recognition policies is a change in the accounting for initial franchising fees and related commission expense. Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, tools, and support associated with their franchise business. The Company previously recorded the initial franchising fees as revenue and the related commission expense at the execution of a franchise agreement. Beginning in January 2019, under ASC 606, initial franchise fees were recognized as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which is generally 10 years. The unrecognized portion of initial franchising fees was recorded as deferred franchise fees. Similarly, commissions are an incremental cost of obtaining a contract under ASC 606, which are capitalized as deferred franchise costs and amortized over the term of the franchise agreement.

The Company generates revenue primarily through royalties, regional developer and franchise fees, and marketing fees.

Regional Developer Fees and Franchise Fees

The Company requires the entire nonrefundable initial regional developer fee or franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years from the date of agreement. Revenues are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company does not provide formal financing to regional developers or franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Regional developers and franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a regional developer or franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged similar to the initial franchise fee.

Royalties Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 7% of gross sales, reduced to 5% during first year of operations. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Revenues

Other revenues include, but are not limited to, items such as brand fund fees, technology fees, and others. These fees can be based on a percentage of sales or a flat monthly fee. These fees are related entirely to the Company's performance obligation under the franchise agreement and are recognized on a monthly basis or as franchisee store level sales occur. These fees are generally collected monthly.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the year ended December 31, 2022 and the period ended December 31, 2021.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of Right-of-Use (ROU) Assets and Lease Liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

NOTE 2 ASC 842 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as Lease Liabilities or Right-of-Use Assets on the balance sheets.

Total rent paid for the year ended December 31, 2022, was \$12,703.

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 3 ASC 840 - LEASES

The Company leases two separate office spaces under short-term, informal leases with no future commitments. Total rent paid for the period from January 4, 2021 (inception) to December 31, 2021, was \$1,176.

NOTE 4 TRANSACTIONS WITH RELATED PARTIES

The members will, at times, provide the Company with capital and tracks these amounts in a Due to Members account as noted on the balance sheets.

NOTE 5 MEMBERS' EQUITY

The membership interest in the Company owned by the members is the only class of membership interest issued and outstanding as of December 31, 2022 and 2021.

NOTE 6 CORRECTION OF ERRORS

In the 2021 issued financial statements, the Company was not correctly recording revenue as prescribed by ASC 606. The effect of the Company's previously issued 2021 financial statements is summarized in the following tables. As disclosed in Note 1, certain accounts in 2021 have been reclassified for comparative purposes as well.

Balance sheet as of December 31, 2021:

	Previously Reported	Increase (Decrease)	Restated
Deferred Costs	\$ -	\$ 349,202	\$ 349,202
Deferred Revenues	175,000	1,513,650	1,688,650
Members' Equity (Deficit):			
Members' Equity - January 4, 2021	-	-	-
Contributions	120,400	-	120,400
Net Income (Loss)	599,630	(1,164,448)	(564,818)
Members' Distributions	(120,400)	-	(120,400)
Members' Deficit - December 31, 2021	599,630	(1,164,448)	(564,818)

PET EVOLUTION FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND PERIOD
JANUARY 4, 2021 (INCEPTION) TO DECEMBER 31, 2021

NOTE 6 CORRECTION OF ERRORS (CONTINUED)

Statement of income and members' deficit for the period ended December 31, 2021:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Revenues	\$ 1,621,900	\$ (1,513,650)	\$ 108,250
Commissions and Networking Fees	366,432	(349,202)	17,230
Net Income (Loss)	599,630	(1,164,448)	(564,818)

Statement of cash flows for the period ended December 31, 2021:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Deferred Costs	\$ -	\$ (349,202)	\$ (349,202)
Deferred Revenues	175,000	1,513,650	1,688,650
Net Income (Loss)	599,630	(1,164,448)	(564,818)

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated through April 28, 2023, the date on which the financial statements were available to be issued, noting no subsequent events for disclosure.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

EXHIBIT F

**REGIONAL DEVELOPMENT AGREEMENT,
REGIONAL DEVELOPMENT SCHEDULE,
STATEMENT OF OWNERSHIP AND
MANAGEMENT, PERSONAL GUARANTY,
TRANSFER FORM, GENERAL RELEASE AND
STATE SPECIFIC ADDENDA**

PET EVOLUTION FRANCHISING LLC
REGIONAL DEVELOPMENT AGREEMENT

DEVELOPER:

DEVELOPER BUSINESS ADDRESS:

REGIONAL DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

1.)	GRANT OF TERRITORY	1
2.)	TERM	3
3.)	ASSISTANCE PROVIDED BY FRANCHISOR	3
4.)	FEES	4
5.)	LICENSED MARKS	5
6.)	DEVELOPER'S OBLIGATIONS	6
7.)	REGIONAL DEVELOPMENT MANUAL	11
8.)	COVENANTS	12
9.)	TRANSFER AND ASSIGNMENT	14
10.)	DEFAULT AND TERMINATION	17 <u>18</u>
11.)	POST TERM RIGHTS, OBLIGATIONS AND COVENANTS	19
12.)	INSURANCE	20
13.)	TAXES, PERMITS AND INDEBTEDNESS	21
14.)	INDEMNIFICATION; INDEPENDENT CONTRACTOR; AUDIT	21
15.)	AMENDMENT	22
16.)	ENFORCEMENT	22
17.)	NOTICES	24 <u>25</u>
18.)	SEVERABILITY AND CONSTRUCTION	24 <u>25</u>
19.)	WAIVER OF DAMAGES	26 <u>27</u>
20.)	WAIVER OF JURY TRIAL	26 <u>27</u>
21.)	WAIVER OF COLLATERAL ESTOPPEL	27
22.)	WAIVER OF CLASS ACTION RIGHTS	27
23.)	ACKNOWLEDGMENTS	27 <u>28</u>

Exhibit "A" Territory Granted and Regional Development Schedule

Exhibit "B" Statement of Ownership and Management

Exhibit "C" Personal Guaranty

PET EVOLUTION REGIONAL DEVELOPMENT AGREEMENT

THIS AGREEMENT is made the ____ day of _____, 20__, (the “Agreement Date”) by and between PET EVOLUTION FRANCHISING LLC, a Delaware limited liability company (“Franchisor”), and _____ (“Developer”).

INTRODUCTION

Franchisor owns certain trade names, trademarks, service marks, logos, symbols and other indicia of origin, including but not limited to, the Pet Evolution logo and such other trade names, trademarks, service marks, associated logos, and symbols as are designated in writing by Franchisor either on or after the Agreement Date (collectively the “Marks”). Franchisor and its predecessor have developed certain policies, procedures and techniques for the operation of pet supply stores focused on pet health and wellness. These stores offer high quality pet food and other pet products along with pet grooming services, including in-store and mobile nail trimming, and provide in-store self-service dog washing stations.

Franchisor grants to qualified persons franchises to use the concepts, programs and methods of promotion developed by Franchisor and its predecessor to develop and operate Pet Evolution stores (the “Stores”) pursuant to franchise agreements between franchisor and such individuals (the “Franchise Agreements”), which may be modified by Franchisor from time to time in Franchisor’s sole discretion. Developer desires, upon the terms and conditions set forth herein, to obtain the right and obligation to act as the Franchisor’s authorized developer in actively promoting the development of Stores by franchisees (“Unit Franchisees”) within the territory specified in Exhibit “A” hereto and in providing certain services with respect to the operation of such Stores (the “Regional Development Rights”).

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1.) GRANT OF TERRITORY

(a) Subject to all of the terms and conditions herein, Franchisor hereby grants to Developer the right to act as Franchisor’s authorized developer solely within the territory described on Exhibit “A” which is attached hereto and made a part hereof by reference (the “Development Territory”). In consideration of the rights granted in this Agreement, Developer shall promote the sale of licenses for Stores to be physically located in the Development Territory and refer prospective Unit Franchisees to Franchisor, who shall in its sole discretion determine the qualifications and suitability of each applicant, and who shall execute all Franchise Agreements with such prospective Unit Franchisees. In addition to its right and obligation to promote the sale of license for Stores to be located in the Development Territory, Developer shall provide certain services for the Unit Franchisees within the Development Territory as set forth herein.

(b) Subject to the provisions hereof, Franchisor agrees that it shall not, during the term of this Agreement or any renewals thereof, authorize any other party to promote the sale of licenses for Stores to be physically located within the Development Territory. Developer acknowledges and agrees that Franchisor may at any time designate others as developers of the Pet Evolution regional development franchise system (the "System") to promote the sale of licenses for Stores to be located in any area other than the Development Territory. Franchisor can also operate or allow others to operate similar or identical businesses within the Development Territory even if such businesses operate under the Marks so long as the businesses do not have the right to refer prospects to Franchisor for the purchase of a Pet Evolution franchise for the operation of a Store to be located in the Development Territory. Franchisor can also operate or allow others to operate similar or identical business within the Development Territory if these businesses do not operate under the Pet Evolution name, or outside of the Development Territory under any trademarks, including the Marks, but if they are operated under the Pet Evolution name, then only so long as the businesses do not have the right to right to refer prospects to Franchisor for the purchase of a Pet Evolution franchise for the operation of a Store to be located in the Development Territory. Franchisor can also operate or allow others to operate businesses that are physically located inside the Development Territory under the Marks so long as the businesses are not competitive with the Developer's regional development business. Franchisor can sell any products it or its affiliates provide to Developer or a Store to any person, whether in or outside the Development Territory. Franchisor can sell or grant third parties the right to sell goods or services competitive with those sold by the regional development business under the Marks or otherwise through other distribution channels including the Internet, catalog sales, telemarketing or other direct marketing, inside and out of the Development Territory. Franchisor can acquire businesses in the Development Territory that are similar to the regional development business or a Store or sell its business whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to your business or a Store.

(c) Developer acknowledges and agrees that Franchisor's grant of the Regional Development Rights herein has been made based upon Developer's obligation to open and operate at least one Store within one (1) year of the date hereof, within the Development Territory pursuant to a Franchise Agreement with Franchisor. If this Store is owned by a Business Entity, Developer must own at least twenty five percent (25%) of the equity of that Business Entity. All Stores that Developer opens and operates that are located in the Development Territory shall count against the development requirements set forth in the Development Schedule.

(d) Developer acknowledges and agrees that the continuation of this Agreement is subject to Developer's timely compliance with the Development Schedule attached hereto as Exhibit "A" and Developer and its affiliates compliance with all other agreements with Franchisor or its affiliates. If Developer fails to meet the Development Schedule set forth in Exhibit "A," and fails to cure such noncompliance within sixty (60) days after Franchisor's written notice thereof, Franchisor may terminate this Agreement. In such event, Developer shall forfeit its rights to receive any further fees as set forth herein.

2.) TERM

(a) This Agreement shall take effect upon its execution by all parties hereto and, unless previously terminated pursuant to Section 10 hereof, shall extend for ten (10) years from the Agreement Date.

(b) Provided Developer is not in default under this Agreement nor is Developer or any Affiliate in default under or any other agreement with Franchisor at any time during the last six (6) months from the Agreement Date, Developer may, at its option, without the payment of any initial franchise fee, renew the Regional Development Rights upon the expiration of the term for one additional term of ten (10) years in accordance with Franchisor's then current terms and conditions for granting renewal rights, which include payment of a renewal fee (as determined below) and execution of a general release and a new and modified agreement, with a revised form of development schedule and such additional terms as Franchisor may reasonably require. Developer shall exercise its option to renew by giving Franchisor written notice of Developer's election to renew not less than one hundred eighty (180) days before the expiration of this Agreement. The renewal fee referenced above is determined by multiplying One Thousand Five Hundred Dollars (\$1,500) by the number of Stores open and operating in the Development Territory at the time of execution of the new development agreement referenced above, at which time the renewal fee shall be due and payable.

3.) ASSISTANCE PROVIDED BY FRANCHISOR

(a) Before Developer's commencement of business, Franchisor or its designee shall provide Developer with the following:

(i) An initial training program via video conference consisting of approximately two (2) days of training for Developer in the promotion of Pet Evolution unit franchises, including, without limitation, sales techniques and procedures and disclosure requirements (the "Initial Training Program"). The Initial Training Program will be provided without charge, for Developer and one other individual. If additional individuals would like to attend the Initial Training Program the cost for each additional individual is Five Hundred Dollars (\$500) per person. Developer shall attend and complete to Franchisor's satisfaction the Initial Training Program within ~~thirtysixty~~ (3060) days of the Agreement Date. If Developer fails to complete the Initial Training Program to Franchisor's satisfaction within such period, Franchisor may terminate the Franchise Agreement;

(ii) One (1) copy of the Regional Development Manual (as hereinafter defined), which may be amended from time to time by Franchisor in its sole discretion; and

(iii) A list of approved suppliers of various items used in the operation of the regional development business.

(b) During the term of this Agreement, Franchisor shall provide Developer with the following:

(i) Advice during normal business operating hours via telephone concerning operating problems, new techniques or operating methods, as Franchisor may deem appropriate;

(ii) Assistance as Franchisor may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedure developed by Franchisor, use of the Regional Development Manual, management materials, promotional materials, advertising formats and the Marks;

(iii) Subject to Section 4(e) below, certain technology services, including use of an intranet, an email address and electronic reporting; and

(iv) Assistance, at no additional charge, in performing the first two (2) initial trainings for Unit Franchisees who open Stores in the Development Territory; provided if Developer requests Franchisor to assist Developer in providing other trainings, Developer must pay Franchisor's then current initial training fee prior to the training, which as of the Agreement Date is Five Hundred Dollars (\$500) per day.

4.) FEES

(a) In consideration of the execution of this Agreement, Developer shall pay Franchisor an initial fee in an amount determined by multiplying ~~Twelve~~Thirteen Thousand Dollars (\$~~12,000~~13,000) by the number of unit franchise licenses to be granted in the Development Territory (the "Initial Fee"). The Initial Fee shall be deemed fully earned and nonrefundable upon the execution hereof regardless of Developer's performance or failure to perform pursuant to the Development Schedule.

(b) During the term of this Agreement, Franchisor shall pay Developer fifty percent (50%) of the initial franchise fee or any transfer fee paid to Franchisor by a Unit Franchisee ~~referred to Franchisor by Developer~~ and licensed by Franchisor to open and operate a Store physically located within Developer's Development Territory, less amounts paid by Franchisor to brokers or other referral sources in connection with the sale of each Unit Franchise. For the avoidance of any doubt, this fee is only paid on licenses for the operation of Stores physically located in the Development Territory. Further, it is not paid on licenses granted before the Agreement Date regardless of where the Store is located.

(c) During the term of this Agreement, Franchisor shall pay to Developer a fee (the "Developer Fee") each month equal to forty percent (40%) of the royalty amount collected by Franchisor in the prior month from each Unit Franchisee referred to Franchisor by Developer and licensed by Franchisor to open and operate a Store physically located within Developer's Development Territory. For the avoidance of any doubt, this obligation shall only apply to royalty payments made by a Unit Franchisee based on the gross revenues of a Store located in the Development Territory. Further, it is not paid on licenses granted before the Agreement Date regardless of where the Store is located.

(d) The fees referenced in Section 4(b) and (c) above shall be based on the applicable amounts actually collected by Franchisor under the Franchise Agreement for the Store physically located in the Development Territory. Developer shall not solicit sales for any Store to be physically located outside of the Development Territory. Franchisor shall have the discretionary right to apply all payments from Unit Franchisees in such order and to such obligations of the Unit Franchisee as Franchisor may designate from time to time. Such fees shall be paid by Franchisor within fifteen (15) days following the month Franchisor collects the total amount due to it upon which the fee is based.

(e) As discussed in Section 3(b) above, Franchisor will provide Developer with certain technology services from time to time. Developer shall pay Franchisor at the times specified by Franchisor the then-current "Technology Fee" charged for these services, which fee may change upon notice to Developer. Franchisor may modify or terminate these technology services at any time. These are not the only technology or technology services Developer will need to operate its regional development business and Developer is responsible for obtaining such technology and services.

5.) LICENSED MARKS

Developer covenants and agrees with Franchisor that:

(a) Developer shall not represent in any manner that it has acquired any ownership rights in the Marks by virtue of this Agreement or its use of the Marks.

(b) Developer shall not use any of the Marks or marks which are or may be confusingly similar in its own corporate, partnership or business name.

(c) Any and all goodwill associated with the System and the unit franchise system is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor, and no monetary amount shall be assigned as attributable to any goodwill associated with Developer's use of the Marks upon the termination of this Agreement.

(d) Any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's rights therein. Developer's right to use the Marks granted herein does not extend beyond the termination of this Agreement.

(e) Developer must notify Franchisor immediately, in writing, of any apparent infringement of any of the Marks, or any challenge to Developer's use of any of the Marks, or of any claim by any person of any rights in any Marks. Developer agrees not to communicate with any person other than Franchisor, its attorneys and Developer's attorneys in connection with any such infringement, challenge or claim. Franchisor has the sole right to take such action as it deems appropriate. Franchisor has the right to control exclusively any dispute, litigation, or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks, including the right to direct any settlement of such claim. Developer will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of Franchisor, may be necessary or advisable to protect and maintain Franchisor's interests in any dispute, litigation or administrative proceeding involving the Marks or otherwise

to protect and maintain Franchisor's interests in the Marks. Developer may not at any time during the term of this Agreement or thereafter, contest the validity or ownership of any of the Marks, or assist any person in contesting the validity of ownership of any of the Marks.

(f) If it becomes advisable at any time for Franchisor to modify or discontinue the use of any Mark and/or use one or more additional or substitute marks, Developer agrees to comply, at Developer's sole cost, with Franchisor's directions within a reasonable time after receiving notice. If the modification or discontinuance is to "Pet Evolution", or any replacement mark therefore, the new mark shall be deemed to replace all references to "Pet Evolution", or such replacement mark (other than with respect to the Franchisor's corporate name, unless otherwise changed).

6.) DEVELOPER'S OBLIGATIONS

Developer acknowledges that it is essential to the preservation of the integrity of the Marks, indicia and goodwill of Franchisor that Developer maintain and adhere to the standards, procedures and policies hereinafter described, and as may be altered or amended by Franchisor from time to time in Franchisor's sole discretion. For the purpose of enhancing the public image and reputation of the businesses operating under the Marks, Franchisor and Developer agree as follows:

(a) Developer shall have sole and direct responsibility for, and be actively and personally involved in the operation of the regional development business hereunder. Developer agrees to comply with all System rules, regulations, policies and standards which are by their terms mandatory including, without limitation, those contained in the Regional Development Manual. Developer shall operate the business licensed under this Agreement solely in the manner and pursuant to the standards prescribed herein, in the Regional Development Manual or in other written materials provided by Franchisor to Developer. Developer may only use advertising and promotional materials and programs promoting its business and the sale and operation of Pet Evolution franchises that Franchisor provides to Developer or approves in writing prior to use.

(b) Developer shall have a site for its regional development business approved by Franchisor within thirty (30) days of the Agreement Date. This site may be a home office. In any event, it must be located in Developer's Development Territory. Franchisor will either approve or disapprove this site within a reasonable time after the date Developer provides Franchisor with all information it requests about the site.

(c) Developer shall complete to Franchisor's satisfaction the Initial Training Program within ~~thirtysixty~~ (3060) days of the Agreement Date. If Developer fails to complete the training within that time, Franchisor may terminate this Agreement. Developer shall open its business for business within ~~ninety~~ (9060) days of the Agreement Date. If Developer fails to open its business within that time, Franchisor may terminate this Agreement. Developer may not open its business until Franchisor approves the business as being developed according to Franchisor's specification and standards, that Developer has completed the Initial Training Program, Developer has paid all amounts due to Franchisor including the Initial Fee, and Franchisor has been furnished with copies of all required insurance policies, or such other evidence of insurance and payment of premiums as Franchisor requests.

(d) Developer shall attend all conventions held by Franchisor for Unit Franchisees and shall pay all convention registration fees related thereto upon receipt of an invoice therefore even if Developer fails to attend any such conventions.

(e) Developer shall actively promote the sale of licenses for the operation of Stores to be physically located in the Development Territory by Unit Franchisees. Developer shall spend at least One Thousand Five Hundred Dollars (\$1,500) per month on marketing that Franchisor approves soliciting Unit Franchisees seeking to open Stores in the Development Territory. Developer shall promptly provide Franchisor with such documentation as Franchisor may request from time-to-time establishing Developer's satisfaction of the marketing requirement. Developer shall also purchase a marketing collateral package from Franchisor's approved supplier at the then-current prices charged by such supplier prior to the opening the first Store in the Development Territory and use such collateral for the opening of all Stores in the Development Territory. If the marketing collateral at anytime falls into disrepair or fails to meet Franchisor's standards, Developer shall promptly purchase a new marketing collateral package from Franchisor's approved supplier and use such package for all new Store openings thereafter.

The Development Territory shall be fully developed with operating Stores in accordance with the Development Schedule attached hereto as Exhibit "A" and Franchisor's policies, standards and guidelines as set forth from time to time in the Regional Development Manual. Franchisor agrees that it shall obtain and keep in force at its own expense appropriate registrations or permits as required by any applicable present or future franchise investment law or regulation, regulating the offer and sale of Franchise Agreements in the Development Territory. Developer shall provide such assistance and information as Franchisor may request in order to adequately disclose the relationship of Developer and Franchisor in accordance with all disclosure laws and regulations relating to the sale of Franchises and shall obtain all licenses and/or registrations necessary for the offer and sale of franchises. Developer agrees to maintain and provide to Franchisor accurate written records of any and all contacts or dealings with prospective franchise owners as may be required in the Regional Development Manual and by the terms of any state or federal law or regulation affecting franchise sales or the franchise relationship as Franchisor may request.

(f) Developer shall, in such form and manner as may be specified by Franchisor, notify the public that Developer is operating the regional development business licensed hereunder as an authorized developer of Franchisor and shall identify its business location in the manner specified by Franchisor.

(g) At Franchisor's option, Developer shall act as Franchisor's developer in the Development Territory in discharging one or more of Franchisor's obligations to its franchise owners pursuant to any Franchise Agreement, including, without limitation, to provide continuing training, supervision, advice and guidance with respect to operations, business procedures and compliance with any regulation, requirement, standard or policy of the Pet Evolution unit franchise system, as may be required from time to time in the then current form of Franchise Agreement applicable to any franchise owner. Developer shall promptly respond to inquiries or complaints of Unit Franchisees within the Development Territory and provide to all Unit Franchisees within the Development Territory any supervisory and management assistance, training and support deemed reasonably necessary by Franchisor in order to assist Unit

Franchisees within the Development Territory in complying with any rule, regulation, requirement or policy of Franchisor including, without limitation, the following:

(i) Developer shall monitor, promote and be responsible for training of all Unit Franchisees in the Development Territory which may be required by Franchisor pursuant to the terms of such Franchise Agreements. In addition, Developer agrees to make available to Unit Franchisees in the Development Territory such training and continuing education and support in the operation of Stores as Franchisor may require from time to time. All such training shall be conducted by Developer at a location approved by Franchisor.

(ii) Developer shall supervise and assist Unit Franchisees in connection with evaluating and selecting locations for their stores and the development of each Store in the Development Territory to assure that each Store and its operation conforms to Franchisor's then current specifications for Stores. Before the opening of each such Store, Developer shall assist the Unit Franchisee in the marketing, promotion, advertising and grand opening of the Store in the manner prescribed by Franchisor;

(iii) Developer shall assure that all Unit Franchisees within the Development Territory provide all of the products and services as Franchisor may, from time to time, require and only those Franchisor may approve and not thereafter disapprove and that are in conformity with the standards and specifications of Franchisor for the Pet Evolution unit franchise system;

(iv) Developer shall monitor and cooperate in the enforcement by Franchisor of all Franchise Agreement obligations for Unit Franchisees;

(v) Franchisor may designate Developer as Franchisor's designee in the formation of a Regional Franchise Owner Council in the Development Territory should Franchisor, in its sole discretion, determine to establish such a council, and, in such event, shall actively participate in its affairs. At Franchisor's request, Developer shall be responsible for planning, organizing, conducting and chairing meetings of the Regional Franchise Owner Council to be attended by Unit Franchisees with Stores in the Development Territory as required from time to time by Franchisor. Developer shall bear all expenses incurred in connection with such regional meetings; provided that the Unit Franchisees shall bear their own expenses in connection with the sending of their designees to such meetings. Developer shall keep Franchisor advised of all activities of the Council.

(h) As set forth above, Developer shall use only advertising and promotional materials and programs promoting the sale and operation of Pet Evolution franchise licenses that are provided by Franchisor or approved in advance, in writing, by Franchisor, and registered, if required, with appropriate regulatory agencies. Developer agrees to cooperate with and assist Franchisor in the implementation of such advertising programs as Franchisor may, in its sole discretion, from time to time deem necessary or desirable. Franchisor's approval of any advertising or promotional materials or programs may be withdrawn at any time, and Developer

shall immediately thereafter cease the use and/or display of any materials or programs for which approval has been withdrawn, and will, at its own expense, cause the cessation of use and removal of any such items or programs from the Stores in the Development Territory.

(i) Developer shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other digital or electronic medium or method of communication, including a website, home page, HTML document, Internet site, online directory, online business profile, web page, review and opinion page or site, or social media or social networking site, hashtag, profile, avatar, account or username, or applications, whether web-based or otherwise, in any event relating to or making reference to Franchisor, Developer's or its regional development business of the Pet Evolution franchise system— (each, a "Social Media Presence"), unless otherwise approved by Franchisor. Franchisor shall have independent access to all of Developer's computer systems and Developer shall provide Franchisor with any passwords or login ability to access all such computer systems, including any software, and any Social Media Presence.

(j) Developer shall comply with all directives from Franchisor with respect to any Social Media Presence approved by Franchisor, including those related to materials posted on any Social Media Presence, links to and from any Social Media Presence, the use of the Marks on any Social Media Presence, provision to Franchisor of passwords and any log-in credentials needed to access, remove, delete or modify any Social Media Presence, and security for any Social Media Presence. In addition, any Social Media Presence approved by Franchisor must be operated and maintained by Developer in compliance with all provisions of this Agreement, including those regarding the use of Confidential Information, as well as any and all operating procedures, policies, standards and requirements that Franchisor may specify from time to time. Developer must also maintain any Social Media Presence approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to itself, or require Developer to, remove, delete or modify any Social Media Presence, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, hashtag, profile or page reference (a "Franchisor Identified Social Media Presence").

(k) Developer is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Developer waives any and all claims Developer may have against Franchisor or its affiliates as the direct or indirect result of such disruptions, failures or attacks. If Developer suspects or knows of a security breach, Developer shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Developer assumes all responsibility for providing all notices of breach or compromise, unless otherwise directed by Franchisor. Developer shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish.

(l) In addition to the prohibitions set forth above, Developer may not offer, promote or sell any products or services or make use of any of the Marks, via any Social Media Presence without Franchisor's prior written approval. Developer acknowledges that Franchisor may also impose prohibitions on Developer posting or blogging of comments about Franchisor or the Pet Evolution franchise system. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

(m) All information Franchisor obtains from Developer or about or related to the Developer's development business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property. Developer may use information that it acquires from third parties in operating the development business, such as customer data, at any time during the term of this Agreement to the extent lawful and at its sole risk and responsibility, but only in connection with operating the development business for the purposes hereunder. The Information (except for information Developer provides to Franchisor with respect to it and its affiliates) shall become the Confidential Information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Developer shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional and national requirements applicable to the development business. Further, Developer recognizes and agrees that between Developer and Franchisor, Franchisor owns all rights to and all interest in and to any data, whether customer data, click-stream data, user data, reviews or otherwise, hits or other information collected via any electronic medium or method of communication, including a website, home page, HTML document, Internet site, online directory, web page, or social media or social networking site, or application, whether web-based or otherwise, related to the System or the Marks. Such information is deemed by Franchisor to be and constitutes its Confidential Information.

(n) Upon Developer's request, at reasonable times determined by the parties, Franchisor will provide additional training to Developer on topics requested by Developer and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge such fees as it shall establish from time to time for such training and such fees must be paid prior to the time such training begins. Cost of this training is currently Five Hundred Dollars (\$500) per day plus the travel and living expenses of Franchisor's trainers if the training is not held at Franchisor's offices or electronically. This cost may be adjusted.

(o) If Franchisor requires additional training to attempt to maintain competitiveness in the industry or Developer fails to provide services that meet Franchisor's standards, specifications or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Developer. Cost of this training is currently Five Hundred Dollars (\$500) per day plus the travel and living expenses of Franchisor's trainers if the training is not held at Franchisor's offices or electronically. This cost may be adjusted. This training may be a mix of in-person and on-line training.

(p) Developer shall ensure that all equipment and other items it uses in connection with its development business, including its insurance, vehicle, technology, and broker or referral sources meet Franchisor's specifications. Franchisor may designate a single source of supply for any individual item, which source may be Franchisor or an affiliate. Developer shall obtain Franchisor's approval before using any supplier not previously approved by Franchisor. Franchisor shall have sixty (60) days from its receipt of all information requested by it to approve such supplier. Developer understands and acknowledges that Franchisor may have relationships with various broker or referral networks and Developer shall cooperate with such networks and accept all prospect leads generated by any such network. Developer also ~~understand~~understands and acknowledges that ~~franchisor~~Franchisor's relationships with these networks may be exclusive and Developer may be prohibited by Franchisor from working with other brokers or referral networks.

7.) REGIONAL DEVELOPMENT MANUAL

(a) In order to protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, Developer shall conduct its business in accordance with the mandatory standards, specifications and requirements contained in written instructions and operating manuals, including such amendments thereto, as Franchisor may publish from time to time (hereinafter and previously referred to as the "**Regional Development Manual**"), all of which Developer acknowledges belong solely to Franchisor and shall be on loan from Franchisor during the term of this Agreement. When any provision in this Agreement requires that Developer comply with any standard, specification or requirement of Franchisor, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Franchisor in the Regional Development Manual.

(b) Developer shall keep the Regional Development Manual and any other manuals, materials, goods and information created or used by Franchisor and designated for confidential use within the System and the information contained therein as confidential (the "**Confidential Information**") and shall limit access to employees of Developer on a need to know basis. Developer acknowledges that the unauthorized use or disclosure of Franchisor's Confidential Information or trade secrets will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Developer accordingly covenants that it shall not at any time, without Franchisor's prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or as authorized by this Agreement), copy, duplicate, record, transmit or otherwise reproduce such information, by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about the System or the Pet Evolution unit franchise system, including Franchisor's products and services, standards, procedures, techniques and such other information or material as Franchisor may designate as confidential shall be included in the definition of Confidential Information hereunder.

(c) Developer understands and acknowledges that Franchisor may, from time to time, revise the contents of the Regional Development Manual to implement new or different requirements for the operation of the Developer's business and that of Unit Franchisees operating under the Pet Evolution unit franchise system. Developer expressly agrees to comply

with all such changed requirements which are by their terms mandatory. To that end, because the business franchised hereunder is new and evolving there may be significant changes to the Regional Development Manual, some of which may require Developer to incur expenses that were not contemplated as of the Agreement Date. Developer hereby agrees to incur all such expenses. Franchisor may provide Developer with electronic notice of any such changes or modifications by posting them at a website of which Developer has notice or sending them electronically to Developer.

(d) Developer understands and acknowledges that Franchisor may from time to time, in an effort to further develop the System, implement new ideas, methods or strategies in the marketing and operation of Stores that may be located outside of the Development Territory, for the purpose of evaluation or otherwise, and that such implementation shall not be deemed discriminatory.

(e) Developer shall at all times insure that its copy of the Regional Development Manual is kept current and up to date and, in the event of any dispute as to the contents thereof, the master copy thereof maintained by Franchisor at its principal place of business shall be controlling.

8.) COVENANTS

(a) During the term of this Agreement, Developer, its owners and any guarantor(s) covenant, as follows:

(i) To use their full time and best efforts in recommending and promoting the sale of Pet Evolution unit franchise licenses, in operating any Store owned by Developer or any affiliate as a franchise owner and in promoting the System as well as the Pet Evolution unit franchise system;

(ii) Not to engage in any capacity, whether as operator, owner, manager, employee, consultant or otherwise, in a Competitive Business (as defined below) nor divert a prospect or potential Unit Franchisee to a competitor;

(iii) Not to have any direct or indirect interest in any entity or otherwise granting franchises or licenses to others to operate a Competitive Business nor sell or assist in the offer or sale in any manner of any other franchises or business opportunities;

(iv) To comply with all laws and regulations affecting the offer or sale of franchises and persons engaged in the sale of Pet Evolution unit franchise licenses as franchise sales agents and/or brokers;

(v) Not to make any representations, financial or otherwise, not authorized by Franchisor;

(vi) Not to accept any funds from any Unit Franchisee or any prospect for the purchase of a Pet Evolution franchise license;

(vii) To conduct sales solicitation activities strictly in accordance with standards established by Franchisor; and

(viii) Not to interfere with Franchisor's business activities, or any business activities of its affiliates, regional developers or Unit Franchisees.

(b) In the event of termination of this Agreement, Developer, its owners and guarantors agree that for a period of two (2) years after the date of termination, neither Developer nor any owner or guarantor of Developer, will, directly or indirectly:

(i) operate, own, manage, be employed by, consult with or otherwise provide services to, a Competitive Business, that is located in or does business within the Development Territory, including the location of Developer's development business, or within a 10 mile radius of the Development Territory;

(ii) operate, own, manage, be employed by, consult with or otherwise provide services to any business or other venture that is located, or is granting franchises or licenses to others to operate a Competitive Business that is located, or will be located, in the Development Territory, or within a 10 miles radius of the Development Territory; or

(iii) solicit or attempt to persuade a prospect or Unit Franchisee to do business with a party other than Franchisor or otherwise interfere with Franchisor's business activities, or any business activities of its affiliates, regional developers or Unit Franchisees.

Notwithstanding the foregoing, the ownership of licenses or Stores under agreements with Franchisor, and the aggregate ownership of 5% or less of the issued and outstanding shares of any class of stock of a publicly traded company that is a Competitive Business, is not prohibited by this Section. The time period of the post-term competitive restrictions will be extended by any length of time that Developer or any of its affiliates, successors or assigns or any other party described above is in breach of any term above. The terms of this Section will continue in full force and effect through the duration of the extended time period.

For purposes of this Agreement, a "**Competitive Business**" is defined as any business that offers or sells pet grooming services or that offers or sells primarily pet supplies including, a business that sells primarily pet food, toys, supplements or other items intended for animals, other than a Unit Franchise operated by Developer under a valid franchise agreement with Franchisor.

(c) Developer agrees to execute agreements with all management and sales personnel of Developer that restrict the disclosure of confidential information and competition with Developer and Franchisor to the same extent as Developer is restricted by this Agreement. Developer shall be responsible for ensuring the enforceability of such agreements in conformity with the respective jurisdiction(s) in the Development Territory; provided that any deviation from the terms enumerated herein to ensure such enforceability shall be subject to the prior written approval of Franchisor. Developer shall provide Franchisor with a copy of each agreement immediately upon execution by Developer and its personnel.

(d) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Franchisor may unilaterally, at any time, in its sole discretion, revise any of the covenants in this Section 8 so as to reduce the obligations of Developer hereunder and Developer shall immediately comply with any covenants as modified. Should any part of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Developer and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. Developer further expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8.

9.) TRANSFER AND ASSIGNMENT

(a) Franchisor shall have the right to transfer all or any part of its rights or obligations herein to any person or entity.

(b) Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer, and that Franchisor has granted the Regional Development Rights in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Developer and Developer's owners. Accordingly, neither Developer nor any person owning any direct or indirect equity interest therein, shall, without Franchisor's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or any portion or aspect thereof, or any equity or voting interest in Developer. Any such purported assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

(c) As used in this Agreement, the term "**transfer**" includes the voluntary, involuntary, direct or indirect assignment, sale, or other transfer by Developer of: (a) any interest in this Agreement, in Developer or in any entity that directly or indirectly owns an interest in Developer; (b) any part or all of the ownership of the franchise granted hereby; (c) Developer's Regional Development Rights or any interest therein; or (d) Franchisor's proprietary information or materials. An assignment, sale, or other transfer also includes: (i) the transfer of ownership of capital stock or partnership interests or any other form of ownership in the regional development business hereunder; (ii) merger or consolidation, or issuance of additional securities representing an ownership interest in such business; (iii) transfer of interest in Developer or Developer's regional development business hereunder in a divorce proceeding or otherwise by operation of law; or (iv) transfer by Developer or the regional development business hereunder in the event of the disability or death of any owner of such business by will, declaration of or transfer in trust, under the laws of intestate succession or otherwise.

(d) If Developer is a corporation, limited liability company or partnership (a "**Business Entity**"), the owners of that Business Entity and their spouses must not only personally guarantee Developer's obligations under this Agreement but must also agree to be personally bound by, and personally liable for the breach of, every provision of this Agreement.

The form of “**Personal Guaranty**” is attached as Exhibit “C.” Franchisor requires Developer to complete a “**Statement of Ownership and Management**” in the form attached as Exhibit “B,” which describes all of Developer’s owners and their interests in the Business Entity.

(e) Developer represents that as of the Agreement Date its equity and voting control is owned as shown in the Statement of Ownership and Management. If Developer, or any approved successor thereof, is a Business Entity, Developer shall submit to Franchisor prior to any proposed transfer of an equity or voting interest, and at any other time upon request, a list of all holders of direct or indirect equity or voting interests of record reflecting their respective present and/or proposed direct or indirect interests in Developer, in such form as Franchisor may require. Developer shall pay Franchisor for all costs incurred by Franchisor in connection with the issuance of a new Statement of Ownership based upon changes to the information contained in the last Statement of Ownership provided by Developer to Franchisor, regardless of whether such changes constitute a transfer hereunder.

(f) Developer understands and acknowledges the vital importance of the performance of Developer to the market position and overall image of Franchisor. Developer also recognizes the many subjective factors that comprise the process by which Franchisor selects a suitable developer. The consent of Franchisor to a transfer by Developer of any interest in these Regional Development Rights, or any equity or voting interest in Developer or in any entity that directly or indirectly owns Developer shall remain a subjective determination and shall include, but not be limited to, the following conditions:

(i) The proposed transferee is a person or entity which meets Franchisor’s standards of qualification then applicable with respect to new area developer applicants for similar Regional Development Rights and in Franchisor’s sole discretion has the ability to discharge Developer’s obligations to Unit Franchisees with Stores physically located in the Development Territory;

(ii) The proposed transfer is at a price and upon such terms and conditions as Franchisor, in its sole judgment, shall deem reasonable;

(iii) As of the effective date of the proposed transfer, all obligations of Developer hereunder and under any other agreements between Developer and Franchisor are fully satisfied;

(iv) As of the effective date of the proposed transfer, all obligations of the proposed transferee to Franchisor (if any) are fully satisfied;

(v) As of the effective date of the proposed transfer, Franchisor shall have forwarded to Developer its approval, granted in its sole discretion, of the proposed transfer to the proposed transferee;

(vi) There shall have been paid to Franchisor, together with the application for consent to the transfer, a transfer fee of Twenty Four Thousand Five Hundred Dollars (\$24,500) prior to such transfer;

(vii) The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries, affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities as of the effective date of the proposed transfer;

(viii) The transferee, including all owners shall, jointly and severally, enter into a new regional development agreement with Franchisor, on the terms then offered to new developers, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Franchisor's then-current initial training program to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee. However, the term of the new regional development agreement shall be adjusted based upon when the transfer occurs as follows: (a) if the transfer occurs during the initial term of Developer's initial regional development agreement the transferee shall receive a new regional development agreement with a term of ten (10) years plus one renewal term of ten (10) years; or (b) if the transfer occurs after the initial term of the Developer's initial regional development agreement the transferee shall receive a term equal to the remainder of the then-current term plus and additional ten (10) year term, but with no additional renewal rights;

(ix) The transferee shall demonstrate to Franchisor's sole satisfaction that it meets all of Franchisor's requirements for becoming a developer, including, without limitation, that transferee has the experience Franchisor, in its sole discretion, deems appropriate; that transferee meets Franchisor's managerial and business standards then in effect for similarly situated developers, possesses a good moral character, business reputation, and satisfactory credit rating; will comply with all instruction and training requirements of Franchisor and has the aptitude and ability to operate the regional development business hereunder (as may be evidenced by prior related business experience or otherwise);

(x) The transferee shall have completed, to Franchisor's satisfaction, the training then required of similarly situated System developers; and

(xi) The transferee shall have obtained all licenses and/or registrations necessary to offer Pet Evolution unit franchises for the operation of Stores in the Development Territory.

(g) If the transfer is caused by the death or incapacity of Developer (or in the case of Developer is a Business Entity by the death or incapacity of an owner controlling fifty percent (50%) or more of the voting interest of Developer, directly or indirectly), the provisions of this Section 9 must be met with regard to the heir or personal representative of the party succeeding to Developer's interest hereunder within sixty (60) days after the death or incapacity of Developer; provided, however, if the heir or personal representative transfers or sells its interest in the franchise within such sixty (60) day period, the person to whom the interest is assigned, transferred or sold, and not Developer's heir or personal representative, must comply with the provisions of this Section 9.

(h) If Developer or any person or entity holding any direct or indirect interest in Developer or this Agreement desires to sell or transfer for value, either an interest in this Agreement or in Developer, Developer shall first notify Franchisor in writing of such intention and offer to sell or transfer such interest to Franchisor upon the terms and conditions set forth in such notice or the cash equivalent thereof, at Franchisor's option. If Franchisor and Developer cannot agree within thirty (30) days of such notice on the terms and conditions of such sale or transfer, or if Franchisor notifies Developer that it does not want to acquire such interest, Developer may sell or transfer such interest to a bona fide third party; provided that such sale or transfer is made within one hundred twenty (120) days after the expiration of any offer to Franchisor, that such sale or transfer is made at a net price and on terms no more favorable than those offered in writing to Franchisor, and that all applicable requirements of Section 9 hereof are met. Failure of Franchisor to exercise the option afforded by this Section 9(h) shall not constitute a waiver of any other provision of this Agreement, including all requirements of this Section 9, with respect to a proposed transfer.

(i) Notwithstanding the foregoing, it is understood that, so long as Developer is not in breach of this Agreement, Developer (if an individual) may assign and delegate this Agreement and Developer's rights and obligations hereunder on one occasion to a Business Entity organized by Developer for that purpose only if all of the issued and outstanding equity of the Business Entity are owned by Developer. Franchisor shall be given prior written notice of such assignment and delegation, and thereupon such Business Entity shall have all of said rights and obligations, and the term "**Developer**" as used herein shall refer to the Business Entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated "Developer," who shall remain fully bound by and responsible for the performance of all of said obligations, jointly and severally, with the Business Entity. The Business Entity shall not engage in any business or activities other than the exercise of the rights herein granted to the Developer and the performance of its obligations hereunder.

(j) Franchisor's consent to a transfer of any interest in Developer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(k) Notwithstanding anything set forth herein to the contrary, Developer may not transfer a portion of its rights or obligations hereunder or a portion of the Regional Development Business, if such transfer would result in the division of the Regional Development Rights or the Developer's regional development business.

10.) DEFAULT AND TERMINATION

(a) In addition to its other termination rights hereunder, Franchisor may terminate this Agreement and all of Developer's rights hereunder effective immediately upon the date Franchisor gives written notice of termination, in any of the following circumstances:

(i) If Developer becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Developer, or such a petition is filed against and consented to by Developer, or if a bill in equity

or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed, or if a final judgment in excess of Five Thousand Dollars (\$5,000) remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay entitlement of such judgment in the relevant jurisdiction);

(ii) If Developer makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or application therefore;

(iii) If there is any violation of any transfer and assignment provision contained in Section 9 of this Agreement;

(iv) If Developer receives from Franchisor two (2) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period;

(v) If Developer fails, for a period of five (5) days after notification of non-compliance, to comply with any law or regulation applicable to the operation of the regional development business hereunder or Developer or any owner is alleged to have committed animal cruelty or ~~violated a~~another law protecting animals;

(vi) If Developer violates any covenant contained in Section 8 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods or information created or used by Franchisor and designated for confidential use within the System without Franchisor's prior approval;

(vii) If Developer or any owner is convicted of a felony, a crime of moral turpitude, or any other crime or offense relating to the operation of the regional development business hereunder;

(viii) If Developer fails to perform or breaches any other covenant, obligation, term, condition, warranty or certification herein or fails to operate the regional development business hereunder as specified by Franchisor in the Regional Development Manual, or otherwise, and fails to cure such non-compliance or deficiency within thirty (30) days after Franchisor's written notice thereof;

(ix) If Developer or any affiliate defaults on any other agreement with Franchisor and such default is not cured in accordance with the terms of such other agreement;~~or~~

(x) If Developer fails to obtain or has revoked any license or registration necessary to solicit the sale of unit franchises;~~;~~or

(xi) Abandons the franchise relationship or the regional development business

(b) Developer may not terminate this Agreement unless Franchisor commits a material breach of this Agreement, which breach is not cured within sixty (60) days after Developer has delivered written notice to Franchisor describing the breach. In such event, Developer may terminate this Agreement effective ten (10) days after delivery of a written termination notice to Franchisor, provided Developer is in full compliance with the terms of this Agreement.

(c) Notwithstanding any other provision of this Section 10, termination of this Agreement as a result of Developer's default or otherwise shall not operate to terminate any Franchise Agreement to which Developer is a party, if Developer is in full compliance with the terms and provisions of such agreement(s).

11.) POST TERM RIGHTS, OBLIGATIONS AND COVENANTS

(a) Upon the termination of this Agreement for any reason, Developer shall immediately:

(i) Cease to be the authorized developer of Franchisor in the Development Territory;

(ii) Pay all sums owing to Franchisor and its affiliates. Upon termination for any default by Developer, such sums shall include actual damages incurred by Franchisor as a result of the default;

(iii) Return to Franchisor the Regional Development Manual and all Confidential Information and other property owned by Franchisor. Developer shall retain no copy or record of any of the foregoing, provided, however, that Developer may retain its copy of this Agreement, any materials necessary to operate a Store under an existing Franchise Agreement, any correspondence between the parties and any other document which Developer reasonably needs for compliance with any applicable law;

(iv) Upon Franchisor's request, provide Franchisor a complete list of Developer's franchise prospects and contacts and their respective addresses and any outstanding obligations Developer may have to any third parties;

(v) Take such action as may be required to transfer all trade name and similar registrations and business licenses to Franchisor or its new developer in the Development Territory and to cancel any interest Developer may have in the same and notify the telephone company, any domain name registrar, any internet service provider, and all listing agencies of the termination or expiration of Developer's right to use any domain names, profiles, accounts, user names, telephone numbers and classified and other directory listings associated with any Franchisor Identified Social Media Presence, or that include any portion of the Marks, and authorize the telephone company, domain name registrars, internet

service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto;

(vi) Cease to use, in advertising or in any manner whatsoever, any methods, procedures or techniques associated with the System in which Franchisor has a proprietary right, title or interest; the Marks; and any other marks, names and indicia of operation associated with the System, to the extent not required to operate a Store under an existing Franchise Agreement;

(vii) Remove all Marks, trade dress and other indications of operation under the System from its place of business, to the extent that such items are not required to operate a Store under an existing Franchise Agreement; and

(viii) Comply with all other post-term obligations in this Agreement including, but not limited to, those set forth in Section 8.

(b) All rights to any compensation due Developer hereunder shall immediately terminate upon the effective date of any termination of this Agreement, and Developer shall have no further interest or rights in this Agreement nor any right to receive any fees unpaid at the time of termination, except such fees that have accrued to Developer prior to such date.

(c) Developer shall not, in any communication to any other developer or franchise owner, disparage Franchisor or its affiliates or interfere with any contract to which Franchisor or any affiliate is a party.

12.) INSURANCE

(a) Developer shall, at its expense and no later than upon commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance specified by Franchisor, which shall be issued by insurers meeting Franchisor's requirements, shall be in such minimum amounts as may from time to time be required by Franchisor and which shall designate Franchisor as an additional named insured and provide for a waiver of subrogation on all policies other than workers compensation. Such policies shall include the following:

(i) Professional liability insurance (errors and omissions) covering claims arising out of the operation of the business contemplated by this Agreement;

(ii) Employer's liability and workers' compensation insurance as prescribed by law in the state(s) which include the Development Territory;

(iii) Comprehensive automobile liability insurance covering physical damage, personal injury and uninsured motorists; and

(iv) Comprehensive general liability insurance covering the operation of the business contemplated by this Agreement;

(b) Developer shall promptly deliver to Franchisor at placement and annually thereafter certificates of all required insurance. All such policies shall provide that Franchisor receive thirty (30) days' prior written notice of termination, expiration, reduction or cancellation of any such policy. If requested by Franchisor, Developer shall also promptly deliver to Franchisor the actual insurance policies in addition to the foregoing certificates.

(c) The procurement and maintenance of such insurance shall not relieve Developer of any liability to Franchisor under any indemnity requirement of this Agreement. If Developer at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Developer, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Developer on demand.

13.) TAXES, PERMITS AND INDEBTEDNESS

(a) Developer shall promptly pay when due any and all federal, state and local taxes including, without limitation, unemployment and sales taxes, levied or assessed with respect to any products or services furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Developer in the operation of the business licensed hereunder.

(b) Developer shall comply with all federal, state and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the business licensed hereunder.

(c) Developer hereby expressly covenants and agrees to accept full responsibility for any and all debts and obligations incurred in the operation of the regional development business hereunder.

14.) INDEMNIFICATION; INDEPENDENT CONTRACTOR; AUDIT

(a) Developer agrees to protect, defend, indemnify and hold Franchisor, its directors, officers and shareholders harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, (including, without limitation, attorneys' and accountants' fees) directly or indirectly incurred as a result of, arising out of, or connected with the operation of the regional development business licensed hereunder.

(b) In all dealings with third parties including, without limitation, Unit Franchisees, employees, suppliers, clients and customers, Developer shall disclose in an appropriate manner acceptable to Franchisor that it is an independent party licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Developer as a subsidiary, joint venturer, partner, or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Developer is an independent contractor and is in no way authorized to make any warranty or representation on behalf of Franchisor other than those contained in any disclosure document prepared by Franchisor for use by Developer, nor is Developer authorized to create any obligation or enter into any contract binding on Franchisor.

(c) Franchisor shall have the right to audit or cause to be audited the books and records of Developer including any sales and income tax returns of Developer, and if Developer is a Business Entity, the owners of Developer. If any audit discloses that Developer has been paid any amounts by any Unit Franchisee, Developer or its owners fails to provide Franchisor with any financial information requested by Franchisor or any such financial information is materially inaccurate, Developer shall reimburse Franchisor for the cost of the audit, including, without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of employees of Franchisor to make the audit. Franchisor may also immediately terminate this Agreement.

(d) Developer shall be solely responsible for determining who to hire, how to compensate those individuals, how much to compensate those individuals, the terms of their employment and working conditions, the supervision of the individuals, the setting of work schedules, the maintenance of employment records, when and how to discipline those individuals, and when and how to terminate the employment of those individuals. These individuals are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. If required by Franchisor, Developer will obtain a written acknowledgement from each of its employees acknowledging that the employee is an employee of Developer not Franchisor. Developer is solely responsible for performing all administrative functions at its regional development business, including payroll, and providing workers' compensation insurance. Developer acknowledges that Franchisor does not provide facilities, equipment or house or transport Developer's employees or provide tools or materials to Developer's employees required for the employees to perform services for Developer.

15.) AMENDMENT

No amendment, change or variance from this Agreement shall be binding upon Franchisor or Developer except by mutual written agreement. However, Franchisor may unilaterally modify the Regional Development Manual.

16.) ENFORCEMENT

(a) In order to ensure compliance with this Agreement, Developer agrees that Franchisor and its designated agents shall be permitted full and complete access during business hours to inspect Developer's place of business and all records thereof. Developer shall cooperate fully with Franchisor and its designated agents requesting such access.

(b) Either party may apply for injunctive or other equitable relief to: (i) enforce its rights to terminate this Agreement; and (ii) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following termination of this Agreement including, the confidentiality and non-competition provisions hereof. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief by arbitration of otherwise against Developer, or is successful in defending a claim brought against it by Developer, Developer shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief in defending such claim, including, without limitation,

reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(c) Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, the parties shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the development business relationship between them, for a minimum of four (4) hours, prior to the initiation of any action or proceeding against the other.

- (i) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence legal action or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 16(c)(i), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Developer. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall either be a retired judge, or a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.
- (ii) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Developer, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Developer's office or the principal office of Franchisor.
- (iii) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates litigation without complying with their obligation to mediate in accordance with this Section 16(c) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 16(c)), then upon petition of any party named as a

defendant in such litigation, the court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 16(c).

- (d) Unless this Agreement is terminated in accordance with the provisions of Section 10, during the pendency of any litigation, Developer and Franchisor shall each perform their obligations under this Agreement.

(e) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if the Developer is not a resident of Minnesota, or if the Developer's office is not located in Minnesota, then they hereby waive the provisions of the Minnesota Franchise Act and the regulations promulgated thereunder. If the Minnesota Franchise Act does not apply to the franchise relationship created hereby, but there is a statute in the state in which the Developer's office is located that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the foregoing.

(f) Franchisor and Developer (and Developer's owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Minnesota. Such actions shall be exclusively venued in the state or federal courts located in Hennepin County, Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (i) if the courts of Minnesota would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Minnesota as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (ii) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Developer, shall be the county in which Developer is domiciled, or the county in which the Developer's office is located).

17.) NOTICES

All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (i) when delivered by hand; (ii) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (iii) one (1) business day after placed in the hands of an overnight courier, for next day delivery,

and in the case of delivery under clauses (ii) or (iii), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. For the avoidance of doubt, the foregoing shall not apply to notice of Franchisor's modifications to the Regional Development Manual, which notice may be provided as set forth in this Agreement.

18.) SEVERABILITY AND CONSTRUCTION

(a) If any provision of this Agreement is for any reason held invalid, illegal, or unenforceable, such provision shall be deemed restricted in application to the extent required to render it valid; and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes. If such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section 18(a) shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents that may be reasonably required to effectuate fully the provisions hereof.

(b) The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The singular use of any pronoun also includes the plural and the masculine includes the feminine. The term “**person**” includes individuals or Business Entities. The term “**Section**” refers to a paragraph or subparagraph of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in Developer), including any person or Business Entity who has a direct or indirect interest in Developer or this Agreement, any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets of Developer.

(c) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

(d) The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

(e) This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

(f) The introduction and recitals and Exhibits are a part of this Agreement, which constitutes the entire agreement of the parties and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Developer relating to the subject matter of this Agreement, other than any Franchise Agreement relating to the operation of a Store. However, nothing in this or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document provided by Franchisor to Developer.

(g) The term “**Developer**” as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be. If there is more than one signatory as “Developer”, all of Developer’s obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, shall be deemed to include the expiration of this Agreement without renewal.

(h) The parties agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed simply according to their fair meaning and not strictly against Franchisor or Developer.

(i) The parties, by written instrument, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No failure, refusal or neglect of Franchisor or Developer to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard or operating procedure; provided, however, that failure, neglect, or delay of a party to exercise any right under this Agreement or to insist upon full compliance by the other party with its obligations under this Agreement, shall constitute a waiver of any default arising under this Agreement and shall preclude exercise or enforcement of any right or remedy arising therefrom unless written notice of such default is provided by the nondefaulting party to the other party within twelve (12) months after such right or default; but the forgoing limitation shall not apply to failure to disclose amounts paid by a Unit Franchisee to Developer.

(j) All remedies provided to a party under this Agreement are cumulative. No exercise or enforcement by Franchisor or Developer of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Developer of any other right or remedy hereunder or which Franchisor or Developer is entitled by law to enforce.

(k) Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any developer based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such developer’s business. Developer shall not complain on account of any variation from standard specifications and practices granted to any other developer and shall not be entitled to require Franchisor to grant to Developer a like or similar variation thereof.

19.) WAIVER OF DAMAGES

Except for Developer’s obligation to indemnify Franchisor and claims for unauthorized use of the Marks or Confidential Information, Developer and Franchisor each waive to the full extent permitted by law any right to, or claim for, any punitive, consequential, special or

exemplary damages against the other and any affiliates, owners, employees or agents of the other. Developer and Franchisor also agree that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and recovery of any actual damages it sustains.

20.) WAIVER OF JURY TRIAL

TO THE EXTENT EITHER PARTY MAY PROCEED BY JUDICIAL PROCESS, EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, AND ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, IN CONNECTION WITH ANY LEGAL ACTION.

21.) WAIVER OF COLLATERAL ESTOPPEL

The parties agree they should each be able to settle, mediate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between them. The parties therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between the parties. The parties therefore waive the right to assert that principals of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

22.) WAIVER OF CLASS ACTION RIGHTS

Developer waives its right to bring, join or participate in, and is barred from bringing, joining or participating in, any class action suit in court or in arbitration. The parties agree that any proceeding, including any arbitration, will be conducted on an individual, not a class-wide, basis and that any proceeding between them or any owner or any guarantor of Developer may not be consolidated with another proceeding between Franchisor and any other entity or person. Developer further agrees that the foregoing will not limit its ability to obtain a remedy for any particular claim that it may assert against Franchisor.

23.) ACKNOWLEDGMENTS

Developer hereby acknowledges the following:

(a) Developer has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of developer and its efforts as an independent business operator. Franchisor expressly disclaims the making of, and developer acknowledges that it has not received or relied upon any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) Developer has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the Franchise Disclosure Document developer acknowledges receiving at least fourteen (14) days before the earlier of payment of any consideration to franchisor or its affiliates or Developer's signing of any agreement with Franchisor or an affiliate. Developer represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

(c) Developer acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Developer with respect to this Agreement or the relationship thereby created.

(d) Developer, together with its advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the regional development rights and the unit franchises to be developed pursuant to this Agreement.

(e) Developer acknowledges that this instrument constitutes the entire agreement of the parties with respect to the subject matter hereto. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement intending to be legally bound on the Agreement Date.

If corporation, limited liability company, or partnership:

DEVELOPER:
[INSERT DEVELOPER NAME]

FRANCHISOR:
PET EVOLUTION FRANCHISING LLC

By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

If individual:

DEVELOPER:

Name: _____
Date: _____

EXHIBIT A TO THE REGIONAL DEVELOPMENT AGREEMENT
DEVELOPMENT TERRITORY AND DEVELOPMENT SCHEDULE

REGIONAL DEVELOPMENT SCHEDULE

DEVELOPMENT TERRITORY

The Development Territory referred to in Section 1 of the Agreement is:

Political boundaries are considered fixed as of the date of the Agreement and will not change for the purposes of the Agreement even if a political reorganization or change to such boundaries or regions actually occurs. All street boundaries are deemed to end at the street center line unless otherwise specified above.

1. **Total Number of Stores.** You must develop at least _____ Stores in the Development Territory during the term of the Agreement but may develop up to _____ Stores.

2. **Development Years.** The following table presents the timing of the Development Years for purposes of meeting this Regional Development Schedule:

<u>Development Year</u>	<u>Date Development Year Commences</u>	<u>Date Development Year Ends</u>
First	_____	_____
Second	_____	_____
Third	_____	_____
Fourth	_____	_____
Fifth	_____	_____
Sixth	_____	_____
Seventh	_____	_____
Eighth	_____	_____
Ninth	_____	_____
Tenth	_____	_____

3. **Timing.** There must be open and operating in the Development Territory, in accordance with the terms of and pursuant to Unit Franchise Agreements, the cumulative number of Stores in accordance with the following table:

<u>End of Development Year</u>	<u>Cumulative No. of Stores in Operation</u>
First	_____

Second	_____
Third	_____
Fourth	_____
Fifth	_____
Sixth	_____
Seventh	_____
Eighth	_____
Ninth	_____
Tenth	_____

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The parties to this Regional Development Schedule have duly executed and delivered this Regional Development Schedule on this _____ day of _____, 20__ intending to be legally bound.

If corporation, limited liability company, or partnership:

DEVELOPER:
[INSERT DEVELOPER NAME]

FRANCHISOR:
PET EVOLUTION FRANCHISING, LLC

By: _____
Name: _____
Title: _____

By: _____
Title: _____

If individual:

DEVELOPER:

Name: _____

EXHIBIT B
STATEMENT OF OWNERSHIP AND MANAGEMENT

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned ("Developer") represents and warrants to Pet Evolution Franchising LLC ("Franchisor") that as of the date set forth below all of the information below is true and complete:

Developer: _____

State of Formation/Residency: _____

Form of Developer:

(select one)

☐

Corporation

☐

Limited

liability

company

☐

Partnership

☐

Individual

Developer Director(s): _____

Ownership *(Each owner must sign a Guaranty)*

NAME OF OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%

Management *(List each individual holding a position as board-member or officer)*

NAME OF INDIVIDUAL	ROLE/TITLE

Developer acknowledges that this Statement of Ownership and Management applies to the Pet Evolution Regional Development Agreement. Developer shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Developer.

If corporation, limited liability company, or partnership:

DEVELOPER:

[INSERT DEVELOPER NAME]

FRANCHISOR:

PET EVOLUTION FRANCHISING LLC

By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

If individual:

DEVELOPER:

Name: _____
Date: _____

EXHIBIT C TO THE REGIONAL DEVELOPMENT AGREEMENT

PERSONAL GUARANTY

PERSONAL GUARANTY

This Guaranty must be signed by the owners (referred to as “you” or “your” for purposes of this Guaranty only) of _____ (the “Business Entity”) under the Regional Development Agreement dated _____ (the “Agreement”) with **PET EVOLUTION FRANCHISING LLC** (“us,” or “our” or “we”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Minnesota law and we may enforce our rights regarding it in the courts of Hennepin County, Minnesota. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

GUARANTORS:

DATE _____

SPOUSES:

DATE _____

**DEVELOPER ASSIGNMENT, SALE AND TRANSFER
TO ENTITY OWNED BY ORIGINAL DEVELOPER**

A. Assignment and Sale

Pursuant to Section 9(i) of the Pet Evolution Regional Development Agreement dated _____, by and between the undersigned and Pet Evolution Franchising LLC (the "Agreement"), I/we hereby transfer, subject to approval by Pet Evolution Franchising LLC (the "Company"), all my/our rights, in the Agreement, effective _____, to the transferee named below. I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce the Company to approve this assignment:

(01) I/we agree to subordinate any payment due to me/us from the Transferee (as defined below) to any other obligation the Transferee may have to the Company. If the Company notifies me/us of our default by the Transferee of its obligations to the Company under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until the Company has confirmed, in writing, that such defaults have been cured.

(02) I/we release the Company and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the regional development business franchise, or in connection with my/our operation of the development business franchise, including, but not limited to, any claims arising under the Agreement.

(03) I/we will remain bound to all the obligations of the Developer contained in the Agreement to the same extent as if I/we remained the Developer under the Agreement.

Name of New Developer ("Transferee")

Address of Transferee

City, State and Zip Code

Signature of Original Developer ("Transferor")

Date

B. Acceptance of Transfer by New Developer

The undersigned Business Entity (as defined in the Agreement) hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of the Developer named therein.

_____ (name of new Developer)

By: _____ Dated: _____
Signature, Title

C. Approval of Transfer

It is hereby agreed that the Transferee named above is approved and accepted as Developer for the regional development business described in the Agreement and is authorized to exercise all rights and obligations of Developer named in the Agreement.

PET EVOLUTION FRANCHISING LLC

Dated: _____ By: _____
Its: _____

GENERAL RELEASE
[USED IN EVENT OF TRANSFER]

In consideration of the agreement of Pet Evolution Franchising LLC (“Franchisor”) to consent to the assignment by _____ (“Developer”) of its Development Agreement dated _____ between Developer and Franchisor (the “Agreement”), Developer hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective directors, officers, shareholders, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Developer may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Developer, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE REGIONAL DEVELOPMENT BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

Date _____

CALIFORNIA ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede and apply to all Pet Evolution regional development franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your regional development business is located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043) provides developers with additional rights concerning transfer, termination and non-renewal of the Regional Development Agreement and certain provisions of the Regional Development Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Regional Development Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of the regional development franchise. If the Regional Development Agreement is inconsistent with the law, the law will control.

2. The Regional Development Agreement requires Developer to execute a general release of claims upon renewal or transfer of the Regional Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any regional development franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Developer shall not be required to execute a general release.

3. The Regional Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

4. The Regional Development Agreement contains a covenant not to compete which extends beyond the termination of the regional development franchise. This provision may not be enforceable under California law.

5. The provision in the Regional Development Agreement which terminates the regional development franchise upon the bankruptcy of the Developer may not be enforceable under Title 11, United States Code, Section 101.

6. 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 an 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. Section 23(a-d) is hereby deleted in its entirety and replaced with the following: "Intentionally Omitted".

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

HAWAII ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede and apply to all Pet Evolution regional development franchises offered and sold in the state of Hawaii.

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required a deferral of the Initial Fee that is to be paid to the Franchisor until the Franchisor's pre-opening obligations to the Developer have been fulfilled and the Developer is open for business.
2. 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 a 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.
3. Section 23(a-d) of the Regional Development Agreement is hereby deleted in its entirety and replaced with the following: "INTENTIONALLY OMITTED".

Each provision of this addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

ILLINOIS ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede and apply to all Pet Evolution regional development franchises offered and sold in the state of Illinois.

This Illinois Addendum is only applicable if you are a resident of Illinois or if your business is located in Illinois.

The Regional Development Agreement is modified by the insertion of the following:

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

Illinois law governs the agreements between the parties to this franchise.

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

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

The provision in the Regional Development Agreement which terminates the franchise upon the bankruptcy of the Developer may not be enforceable under Title 11, United States Code, Section 101.

The Regional Development Agreement is modified by the insertion of the following:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”

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 a 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.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

INDIANA ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Regional Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of Indiana.

This Indiana Addendum is only applicable if you are a resident of Indiana or if your regional development business will be located in Indiana.

In accordance with IC 23-2-2.7-1, the applicable sections of the Regional Development Agreement are hereby amended to provide that Franchisor will not: (a) require the Developer to execute a release in connection with the renewal or transfer of the regional development franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Developer to covenant not to compete with the Franchisor in an area greater than the Development Territory set forth in the Regional Development Agreement, upon termination of or failure to renew the Regional Development Agreement; or (c) limit litigation brought for breach of the Regional Development Agreement.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Regional Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Regional Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of Maryland.

This Maryland Addendum is only applicable if you are a resident of Maryland or if your business is located in Maryland.

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 Development Agreement and the regional development business opens.

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

3. The Regional Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

4. The Regional Development Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

5. The Regional Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

6. The representations made in the Regional Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. 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 an 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.

8. Section 23(a-d) of the Regional Development Agreement is hereby deleted in its entirety and replaced with the following: “INTENTIONALLY OMITTED”.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Regional Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of Minnesota.

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Regional Development Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
3. To the extent required by the Minnesota Franchise Act, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Regional Development Agreement.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The Limitations of Claims section is hereby revised to comply with Minnesota Statutes, Section 80C.17, Subd. 5.
6. 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 an 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.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Franchisee:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NEW YORK ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pet Evolution regional development franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your regional development business will be located in New York.

1. Section 9(a) of the Regional Development Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

2. Section 10(b) of the Regional Development Agreement is modified by the addition of the following at the end of such section:

“In addition, the Developer shall have the right to terminate the Regional Development Agreement to the extent allowed under applicable law.”

3. Sections 16(f) (relating to venue), 20 (relating to jury trial) and 21 (relating to collateral estoppel) of the Regional Development Agreement are revised to include the following language:

“Provided, however, that all rights arising under Developer’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

4. 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 a 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.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

RHODE ISLAND ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede and apply to all Pet Evolution regional development franchises sold to residents in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your regional development business will be located in Rhode Island.

1. Sections 16(e) and (f) of the Regional Development Agreement are supplemented by the addition of the following:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a regional development 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 the Act.”

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

VIRGINIA ADDENDUM TO REGIONAL DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Pet Evolution Franchising LLC Regional Development Agreement, the following provisions shall supersede and apply to all Pet Evolution regional development franchises sold to residents in the state of Virginia:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your regional development business will be located in Virginia.

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Fee owed by Developer to the Franchisor until the Franchisor has completed its pre-opening obligations under the Regional Development Agreement.

2. 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 a 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.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
PET EVOLUTION FRANCHISING LLC

Developer:

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

4856-6850-9511, v. 6
[4889-5642-6920, v. 2](#)

EXHIBIT G

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Developer: _____
Location: _____
Date: _____

Attention: Accounting

The undersigned hereby has entered into a Regional Development Agreement with Pet Evolution Franchising LLC (the "Agreement"), and authorizes Pet Evolution Franchising LLC ("PE"), to initiate one-time, weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amounts that become due and payable by the undersigned to PE or any affiliate pursuant to the Agreement or any other agreement between the undersigned and PE or any affiliate. The dollar amount to be debited per payment and credited per payment may vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by PE.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to applicable law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely yours,

Account Name

Bank Name

Customer Street Address

Branch

City State Zip Code

Bank Street Address

Customer Telephone Number

City State Zip Code

Customer's Account Number

Bank Telephone Number

Bank's Account Number

Bank Routing/ABA Number

EXHIBIT H

DEVELOPER QUESTIONNAIRE

FORM OF FRANCHISE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

~~Do not sign this Questionnaire if you are a resident of Maryland or if the franchise is to be operated in Maryland.~~

If the franchisee resides within, or if the franchised business will be located within, the State of Hawaii or Maryland the Questionnaire may not be signed by the franchisee or used by the franchisor with respect to the franchisee.

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Regional Development Agreement and any attachments to it?
Yes _____ No _____
2. Have you received and personally reviewed our Regional Development Franchise Disclosure Document ("FDD")?
Yes _____ No _____
3. Did you sign a receipt for the FDD indicating the date you received it?
Yes _____ No _____
4. Have you discussed the benefits and risks of purchasing a Pet Evolution regional development business (the "Business") with an attorney, accountant or other professional advisor?
Yes _____ No _____

If not, do you wish to have more time to do so?

Yes _____ No _____

5. Do you understand that the success or failure of your Business will depend in large part upon your skills and abilities, competition from others and other economic and business factors?
Yes _____ No _____
6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Pet Evolution regional development franchise?
Yes _____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Pet Evolution regional development franchise?
- Yes _____ No _____
8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Pet Evolution regional development franchise?
- Yes _____ No _____
9. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?
- Yes _____ No _____
10. Have you paid any money to us concerning the purchase of your Pet Evolution regional development franchise prior to today?
- Yes _____ No _____
11. If you have answered "Yes" to any one of questions 6-10, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

12. I signed the Regional Development Agreement and Addendum (if any) on _____, 20__, and acknowledge that no Agreement or Addendum is effective until signed and dated by you.

Your responses to these questions are important to us and we will rely on them.

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

By signing below, you are representing that you have responded truthfully to the above questions.

DEVELOPER APPLICANT:

Dated: _____

State Effective Dates

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

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

State	Effective Date
California	May 11, 2023 Pending
Hawaii	August 8, 2023 Pending
Illinois	See Illinois-Specific FDD Pending
Indiana	April 29, 2023 Pending
Maryland	See Maryland-Specific FDD Pending
Michigan	April 28, 2023 Pending
Minnesota	July 14, 2023 Pending
New York	July 13, 2023 Pending
Rhode Island	May 3, 2023 Pending
Virginia	See Virginia-Specific FDD Pending

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.

RECEIPT

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

If Pet Evolution Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Pet Evolution Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is Pet Evolution Franchising LLC, ~~544 Pinellas Bayway South Unit 206~~4669 Gulf Blvd. #512, St. ~~Petersburg~~Pete Beach, Florida ~~33715~~33706. Its telephone number is 833-266-7387.

The name, principal business address and telephone number of each franchise seller offering the franchise is Peter Carlson, ~~544 Pinellas Bayway South Unit 206~~4669 Gulf Blvd. #512, St. ~~Petersburg~~Pete Beach, Florida ~~33715~~33706, 833 - 266-7387; or

ISSUANCE DATE: ~~April 28~~May 17, 20232024

Pet Evolution Franchising LLC authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state.

I have received a Disclosure Document with an Issuance Date of ~~April 28~~May 17, 20232024 that included the following Exhibits:

- | | |
|------------|--|
| EXHIBIT A: | STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT |
| EXHIBIT B: | LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS |
| EXHIBIT C: | TABLE OF CONTENTS OF REGIONAL DEVELOPMENT MANUAL |
| EXHIBIT D: | LIST OF REGIONAL DEVELOPMENT OUTLETS/ <u>FRANCHISEES WHO LEFT THE SYSTEM</u> |
| EXHIBIT E: | FINANCIAL STATEMENTS |
| EXHIBIT F: | REGIONAL DEVELOPMENT AGREEMENT, REGIONAL DEVELOPMENT SCHEDULE, STATEMENT OF OWNERSHIP AND MANAGEMENT, PERSONAL GUARANTY, TRANSFER FORM, GENERAL RELEASE AND STATE SPECIFIC ADDENDA |
| EXHIBIT G: | ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION |
| EXHIBIT H: | DEVELOPER QUESTIONNAIRE |

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Pet Evolution Franchising LLC, at ~~544 Pinellas Bayway South Unit 206~~4669 Gulf Blvd. #512, St. ~~Petersburg~~Pete Beach, Florida ~~33715~~33706. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

Prospective Developer's Signature

Date Receipt Signed:

Print Name

Address:

RECEIPT

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

If Pet Evolution Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If Pet Evolution Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

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Date Disclosure Document Received:

Date Receipt Signed:

Prospective Developer's Signature

Print Name

Address:

[4856-5985-8503, v. 6](#)
[4880-3792-9896, v. 4](#)