

## FRANCHISE DISCLOSURE DOCUMENT- UNIT

<p style="text-align: center;"><b>Zoomin Groomin®</b></p> 	<p style="text-align: center;"><b>Zoomin Groomin USA LLC</b> d/b/a Zoomin Groomin®, a Virginia Limited Liability Company 780 Lynnhaven Pkwy Suite 240 Virginia Beach, VA 23452 (855) 825-7387 <a href="https://zoomingroomin.com">https://zoomingroomin.com</a></p>
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We offer a franchise opportunity to you as a Franchisee to operate a business on our behalf for a specified territory. The franchise offered is for the establishment and operation of an entity to deliver mobile pet grooming and related pet care service under the trade name “Zoomin Groomin®” (the “Franchised Business”).

The total investment necessary to begin operations of a Franchised Business is ~~\$95,900~~\$63,674 to \$188,140. This includes \$45,000 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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: Sandra Stow, 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia, 23452, 855.825.7387 (866-50-groom).

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor like a lawyer or 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 (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES****The Franchisor**

To simplify the language in this disclosure document (the "Disclosure Document"), "we", "us", or "our" means Zoomin Groomin USA LLC, trading as Zoomin Groomin®, the franchisor. The terms "you" and "your" refer to the person or entity who buys this franchise. If you are a corporation, limited liability company, or other entity, then "you" will also include your owners.

We are a Virginia Limited Liability Corporation formed on December 30, 2020 as a Virginia Limited Liability Company. Our principal place of business is located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. We do business under the name of Zoomin Groomin®. Our agent for service of process in Virginia is John Allen Waldrop, III whose principal place of business is 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Our agents for service of process in other states which vary by state are identified in Exhibit C to this Disclosure Document.

We do not engage in any other business activity. We have not operated a franchise business of the type you are being offered. We began offering franchises in April, 2021.

**Parent**

Loyalty, LLC is our parent company. It was formed on November 6, 2017 as a Virginia Limited Liability Company. Loyalty, LLC's principal place of business is also located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452.

**Predecessor**

On December 8, 2020, we purchased all of the assets of our predecessor, ZG Enterprises, Inc., a Massachusetts Corporation which had purchased the franchise business from Mobile Pet Spa Enterprises, LLC, located at 67 Hughey Road, Scituate, MA 02066 which was organized in 2003, and became a franchisee. Mobile Pet Spa Enterprises, LLC is no longer in business.

**Affiliates**

We have an affiliate, ATAX LLC d/b/a ATAX, formed on February 20, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. ATAX offers franchise opportunities for retail tax, bookkeeping and payroll office. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2019. They do not offer franchises in any other line of business. As of December 31, 2023, ATAX had a total of 111 franchise unit outlets in operation.

~~We have an affiliate, Jomsom Franchise Company LLC d/b/a Jomsom, formed in March 2012, with a principal business address of 4390 US Highway 1, STE 203, Princeton, NJ 08540. Jomsom offers franchise opportunities for staffing and payroll services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2012. They do not offer franchises in any other line of business.~~

We have an affiliate, Loyalty Brokers LLC d/b/a Loyalty Business Brokers, formed December 30, 2020, with a principal place of business at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA

23452. Loyalty Business Brokers offers franchise opportunities for business brokerage. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. They do not offer franchises in any other line of business. As of December 31, 2023, Loyalty Business Brokers had a total of 4 franchise unit outlets in operation.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Ledgers offers franchise opportunities for compliance, advisory and tax services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. They do not offer franchises in any other line of business. As of December 31, 2023, Ledgers had a total of 4 franchise unit outlets in operation.

We have an affiliate, LMS Franchising, LLC established on May 21, 2014, with a principal place of business of 707 N. New Ballas Road, St. Louis, Missouri 63141, which also conducts business under the Little Medical School® trade name and may also use the name “Little Medical School” or “Little Nursing School” or “Little Veterinarian School.” LMS Franchising, ~~LLC~~ offers franchise opportunities for curriculum-based educational programs that focus on medicine, science, and the benefits of good health for children ages four to fourteen years old. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2014. They do not offer franchises in any other line of business. As of December 31, LMS Franchising, LLC had a total of 26 franchise unit outlets in operation in the United States.

We have an affiliate, Tectum Franchising LLC d/b/a CR3 American Exteriors, formed on July 12, 2022, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. CR3 American Exteriors offers franchise opportunities for offering, selling, and performing roofing and remodeling services for commercial and residential customers. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. They do not offer franchises in any other line of business. As of December 31, CR3 American Exteriors had a total of 7 franchise unit outlets in operation.

We have an affiliate, The Inspection Boys Franchise USA LLC d/b/a The Inspection Boys, formed on December 19, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. The Inspection Boys offers franchise opportunities for commercial and residential inspection services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. They do not offer franchises in any other line of business. As of December 31, The Inspection Boys had a total of 14 franchise unit outlets in operation.

### **Description of the Franchise**

We offer the opportunity to operate a business (“Franchised Business”), using the Zoomin Groomin® model (“System”) which involves delivering pet grooming services and related products (collectively “Services”) in accordance with prescribed processes which are defined in writing (“Manual”). A Franchised Business operates under the trade name “Zoomin Groomin®” and other such trademarks as we may designate for use from time to time which we refer to as the “Marks.”

**ITEM 2. BUSINESS EXPERIENCE****Sandra Stow: Chief Executive Officer**

Sandra Stow has served as our Chief Executive Officer since December 2020. She was previously an Area Developer for JTH Tax LLC doing business as Liberty Tax Service located in Virginia Beach, Virginia from December of 2013 until July 2021.

**Donna Sheehey: Founder and Consultant**

Donna Sheehey has served as a consultant for Zoomin Groomin since December 2020. Ms. Sheehey is the founder of ZG Enterprises, Inc., our predecessor which also conducted business as Zoomin Groomin® and she served as its Chief Executive Officer in Hingham, Massachusetts from January 2004 until it was purchased by us in December 2020.

**Faith Leek: ~~Director~~Vice President of Operations**

Faith Leek has served as our Vice President of Operations since May, 2024. She previously served as the Director of Operations for Zoomin Groomin since January 1, from January 2023. Faith Leek previously through April 2024. Prior to joining Zoomin Groomin she served as the Regional Director of our affiliate ATAX LLC from July, 2020 through December 31, 2022, in Virginia Beach, Virginia. From January 2001 to July 2020, Ms. Leek served in various positions at Liberty Tax Service including Regional Director, Director of Enterprise Support, New Franchisee Regional Director, District Manager, and Operations Support representative in Virginia Beach, Virginia.

**John T. Hewitt: Chief Executive Officer and Chairman of Loyalty, LLC**

John T. Hewitt has served as the Chief Executive Officer and Chairman of our parent company, Loyalty, LLC, located in Virginia Beach, Virginia since September 2017.

**Mark C. Johnson: Area Representative**

Mark C. Johnson has served as the President of Posh Pets Mobile, Inc. since its formation in August, 2023 in Virginia Beach, Virginia, which is an Area Representative of ours in portions of Virginia, Maryland and D.C. From May 2008 and continuing to date, Mr. Johnson has served as the Chief Executive Officer and President of FranchiseThis! in Virginia Beach, Virginia. Previously, Mr. Johnson served as the Chief Executive Officer of Loyalty Franchising, LLC from September 2020 through January 2024, in Virginia Beach, Virginia.

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### ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Estimated Amount (Low)	Estimated Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee	\$45,000	\$45,000	Check or Wire Transfer	At Signing of Franchise Agreement	Us
Initial Advertising (Note 1)	\$500	\$5,000	As Incurred	Upon Opening Operations	Suppliers
Cost of Travel, Food and Lodging for Training (Note 2)	\$200	\$2,000	As Incurred	During Training	Airlines, Lodging & Ground Transportation
Vehicle Purchase and Upfit (Note 3)	\$9,274 (lease)	\$115,240 (purchase)	As Arranged	Before Beginning Operations	Suppliers
Tools, Inventory & Supplies (Note 4)	\$200	\$1000	As Arranged	Before Beginning Operations	Suppliers
Computer Equipment Services & Software (Note 5)	\$500	\$1500	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits (Note 6)	\$400	\$2,500	As Arranged	Before Beginning Operations	Licensing Authorities
Insurance (Note 7)	\$2,000	\$3,000	As Arranged	Before Beginning Operations	Insurance Company
Professional Fees-Legal & Accounting (Note 8)	\$500	\$1,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Mobile Telecommunications Services (Note 9)	\$100	\$400	As Arranged	As Arranged	Suppliers
Facility (Note 10)	\$0	\$1,500	As Arranged	As Necessary	Utilities, Lessor
Additional Funds-3 Months (Note 11)	\$5,000	\$10,000	As Arranged	As Necessary	Us, Employees, Utilities, Lessor & Suppliers
<b>TOTAL</b>	<b>\$63,674</b>	<b>\$188,140</b>			

\*All fees paid to franchisor are non-refundable, except as outlined in Items 5 and 6 of this Disclosure Document. Fees paid to a third party may be refundable, depending upon the arrangement and contracts, if any, made between such third party and the franchisee.

#### Notes:

**Note 1: Initial Advertising.** This amount includes a suggested budget for local advertising and promotion of your Franchised Business for the first three months of operation.

**Note 2: Cost of Travel, Food and Lodging for Training.** You must pay for the travel, lodging, meals, and wages of attendees at Initial Training if not offered via videoconference. Your costs will vary.

**Note 3: Vehicle.** Your Franchised Business will be operated out of a Vehicle. You must purchase or lease at least one (1) Vehicle that meets our specifications and is suitable for operation of a Zoomin Groomin mobile pet grooming business. Typically, our franchisees purchase a Ram ProMaster 3500 with a high roof and extended wheelbase or a Ford Transit Cargo Van with a high roof and extended wheelbase. ~~We estimate the down payment will be at least 10% but will vary based on your credit worthiness. We estimate the high end based on the MSRP for a new Vehicle with the features we require. We may also permit you to purchase a used low-mileage vehicle in good condition, which approval will not be unreasonably withheld. The price you pay may depend on market conditions. Taxes and delivery fees are not included with this total and will vary depending on your location. We make no guarantee regarding the availability of a suitable vehicle, financing, nor do we finance any portion of the vehicle expense.~~

~~**Note 4: Vehicle Upfitting and Transport.** Each Vehicle must be upfitted to our specifications before you can begin operation of a Zoomin Groomin mobile pet grooming business. Upfitting includes an extensive interior modification to equip the Vehicle with certain pet grooming equipment and a Zoomin Groomin vinyl wrap. You must use a professional vendor approved by us for the upfitting. As of the ~~Issuance Date~~ March 28, 2024, we have approved several vendors offering various interior upfitting layouts. Your price will vary based on layout, options, and vendor choice. You will also need to arrange transport between dealers, vendors, and yourself. An estimate for the cost of transportation fees are included in the high end of this total, ~~but the actual amount paid by you will vary depending on your location and may be higher in certain regions. We make no guarantee regarding the availability of financing, nor do we finance any portion of the vehicle upfitting expense.~~~~

~~If you lease the Vehicle, we estimate the down payment will be at least 10% of the total Vehicle purchase price (van, upfitting, and transport) but will vary based on your credit worthiness. We have included the costs of upfitting and transport in the vehicle lease estimate because existing franchisees of ours have reported that they have financed these costs into their vehicle lease.~~

~~The low-end is based on leasing a Vehicle at MSRP with the features we require and choosing the most economical upfitting package that is approved by us. The high-end is based on purchasing a new Vehicle for full MSRP with the features we require and the highest priced upfitting package we have approved. These fees are as of March 28, 2024. We may also permit you to purchase a used low-mileage vehicle in good condition, which approval will not be unreasonably withheld. The price you pay may depend on market conditions. Further, taxes and delivery fees are not included with this total and will vary depending on your location. We make no guarantee regarding the availability of a suitable vehicle, financing, nor do we finance any portion of the vehicle expense.~~

532 items (the “Page Count”) which includes: webpages, PDF files, template files, images, video recordings, and audio recordings.

Exhibit D contains a Table of Contents and screenshot of our web-based portal.

### 5. Initial Training Program:

We provide an Initial Training Program within 60 days of signing a Franchise Agreement as follows:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on-the-job Training</b>	<b>Location</b>
Franchise Overview	1	0	Virginia Beach
Guiding Principles	1	0	Virginia Beach
Confidential Information	1	0	Virginia Beach
Image	1	0	Virginia Beach
Client Service/Courtesy	1	0	Virginia Beach
Corporate Mission	1	0	Virginia Beach
Guiding Principles	1	0	Virginia Beach
Providing World-Class Service	1	0	Virginia Beach
Marketing Plan Implementation	1	0	Virginia Beach
Operation Software and Customer Relations Management Software Training	1	0	Virginia Beach
Operation Manual	2	0	Virginia Beach
<b>Total</b>	<b>12</b>	<b>0</b>	

Note 1- We hold Initial Training in Virginia Beach, another designated training center, or online, at our choosing.

**Instructors:** Sandra Stow and Donna Sheehey are in charge of the Initial Training Program. Sandra Stow has 3 years’ experience in this franchise. Donna Sheehey is the founder of our predecessor with over 18 years’ experience in mobile pet grooming and 3 years’ experience in this franchise. Guest instructors may also present with at least 1 year experience in this franchise. As of the ~~Issuance Date~~ March 28, 2024, our guest instructors are Katie Ruediger, an area representative and unit franchisee with 2 years’ experience in this franchise, and Kimmie Calderon, an area representative and unit franchisee with 1 years experience in this franchise

**Curricula:** The instructional material includes the Manual, lectures, demonstrations, discussions, practice and forms.

**Tuition:** We do not charge for you to attend Initial Training, but you are responsible for travel, lodging, transportation, meal costs, and your employees’ wages to attend Initial Training.

**Successful Completion of Training:** We require that you or, in the case of an entity, your principals, attend Initial Training. You may enroll your management personnel upon our approval. Your successful completion of Initial Training to our satisfaction is required to operate a franchise. We advise you during or immediately after Initial Training if you have successfully completed the course. You will typically complete this Initial Training within 60 days of signing a Franchise Agreement and you must complete Initial Training before opening the business.

**Additional Training or Seminars.** We may elect to offer and require you to attend, either live or electronically, additional training and seminars that we may offer. You must pay any travel and living expenses that you or we incur to attend training.

## ITEM 12. TERRITORY

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the Franchise Agreement. A territory will have a minimum population of approximately 125,000 residents, as determined by the U.S. Census Bureau or mapping software that we feel is reliable. You must operate at least one (1) Vehicle in your Territory, but you may operate more if desire to do so.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, you will receive a protected territory, meaning a ~~geographic~~geographical area within which we promise not to establish ~~either a Zoomin Groomin®~~ company ~~-owned or franchised outlets selling the same or similar goods or services under the same or similar trademarks or service Marks. You may outlet.~~

You may only operate your Outlet (the Vehicle) within ~~this~~your Territory. We may approve relocation of your Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision.

You and other franchisees may not accept orders from consumers outside of your Territory, nor may you use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory, without our prior written permission. We may grant or deny permission in our sole judgment. In no event will you be permitted to offer Services to any Client within a developed territory owned by another unit franchisee. Should we grant permission for you to operate in an undeveloped neighboring territory, our permission will be freely revocable by us for any reason or no reason at all. Further, you will be required to immediately stop providing Services to any Client located outside of your Territory upon verbal or written notice from us that a new franchisee has purchased such territory, and you will provide a list of all customers previously served by you in such territory to the new franchisee.

Should you provide (i) Services or otherwise operate your Franchised Business in another franchisees territory or (ii) fail to stop providing Services or otherwise operate the Franchised

Business within fifteen (15) days after being advised that our permission to provide Services or otherwise operate the Franchised Business outside the Territory is revoked because a new franchisee purchased certain rights then you will pay to the franchisee in whose territory such Services were provided an amount equal to 100 percent of the price of such Services, excluding wages, taxes, and other fees. Furthermore, you must notify such franchisee who has rights in such territory and provided payment to them within ten (10) days of receipt of payment by you.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise Territory, even if there is a population increase in your Territory. However, your right to operate a Franchised Business in the Territory are subject to certain rights reserved by us. We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

(a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you, ~~however, we will direct inquiries for mobile pet grooming services from within your Territory to your Franchised Business;~~

(b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;

(c) to establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;

(d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;

(e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;

(f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,

(g) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

Furthermore, we and our parent plan to establish (or acquire) and operate or franchise a business under a different trademark which will sell goods or services similar to those you will offer. Under

our plan, franchisees will offer pet grooming services through brick-and-mortar locations under a different trademark. We plan to begin executing this plan in 2024; however, as of the ~~Issuance Date~~ March 28, 2024, we have not identified a trademark, established offices, or developed a training program. We plan to establish separate offices and training facilities at the appropriate time. We plan to avoid and resolve conflicts between us and our franchisees and between the franchisees of each system regarding territory, customers, and franchisor support, by establishing limited contractual rights, extending the new opportunity to existing franchisees, and by developing internal systems, processes, and incentives for client referrals. However, we will ultimately be the sole determine as to conflicts regarding territory, customers, and franchisor support. As the new franchise system develops, the new franchisor or its franchisees who use the different trademark will solicit or accept orders within the franchisee's territory.

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## ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

At this time, we do not hold any patents. We claim a copyright in our Operations Manual, marketing material such as our website text, and other printed material, although we have not presently filed a registration of those copyrights.

There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings regarding any copyrighted materials. No agreement limits our rights to use or allow others to use the copyrighted materials.

We will protect our patent or copyrights as necessary. We will remain in control of any such litigation. We may modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense. We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials. We claim proprietary rights in our Manual and business methods. You must use these items per the terms of your Franchise Agreement. We are not required to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses copyright or patent rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions. You have no rights under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by the copyright.

You will not directly or indirectly disclose, publish, disseminate or use our “Confidential Information” except as authorized in the Franchise Agreement. You may use our Confidential Information to perform your obligations under the Franchise Agreement, but in doing so you will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information. We may share performance data of your Franchised Business between us, our employees and affiliates, our franchisees and their employees. You agree to keep such performance data confidential.

“Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Franchise Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise System, all other materials relating to our Franchise System that are not a matter of public record, and all information generated during the performance of the Franchise Agreement.

“Customer Data” is considered Confidential Information and includes all information about Customers that may be collected in connection with their use of your services including, but not limited to, name, telephone number, address and email address.

Upon termination of your Franchise Agreement, you must return to us our Operations Manuals and any Confidential Information. You may never - during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated - reveal any of our Confidential Information to any other person or entity or use it for the benefit of any other person or business.

## ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You or a fully trained and qualified manager must personally supervise and participate in the day-to-day operation of your Franchised Business unless we permit otherwise in writing. You must devote your time, attention and diligent efforts to performing the obligations under the Franchise Agreement.

While you may designate a Business Manager to fulfill your obligations of day-to-day management, though you are still responsible. You must inform us in writing of the identity of your Business Manager, furnish information to us regarding the candidate's background, experience and credentials, and secure our advance written approval before you engage him or her. We will not unreasonably withhold or deny our approval.

Your Business Manager must have complete decision-making authority with regard to your Franchised Business and must have authority to act on your behalf in all respects under the Franchise Agreement. Your Business Manager must successfully complete the Initial Training program, and complete ongoing advance training requirements. Your Business Manager is not required to have an equity interest in the Franchised Business.

All owners of the Franchised Business must guarantee the obligations under the Franchise Agreement. However, your spouse is not required to guarantee ~~the obligations under the Franchise Agreement.~~ your performance under the franchise agreement or franchisor's practice. This means your spouse is not bound by their own personal guaranty, duty of confidentiality or duty not to compete; however, that does not mean you can circumvent your obligations by sharing our know-how with your spouse (or any family member) nor assist them in competing with us.

Franchisees and Business Managers are subject to a covenant not to compete along with confidentiality requirements.

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Zoomin Groomin Vehicles Third Quartile of Franchisees For the Period January 1, 2023 to December 31, 2023			
Total Number of Outlets	Average Annual Sales / (Median Annual Sales)	Highest and Lowest Annual Sales	Number (%) of Vehicles that Met or Exceeded Average
2	\$187,120 (\$187,120)	\$194,544 - \$179,695	1 (50%)

Zoomin Groomin Vehicles Fourth Quartile of Franchisees For the Period January 1, 2023 to December 31, 2023			
Total Number of Outlets	Average Annual Sales / (Median Annual Sales)	Highest and Lowest Annual Sales	Number (%) of Vehicles that Met or Exceeded Average
3	\$149,924 (\$151,869)	\$175,443 - \$122,459	2 (66.6%)

Zoomin Groomin Vehicles Cumulative Franchisees For the Period January 1, 2023 to December 31, 2023			
Total Number of Outlets	Average Annual Sales / (Median Annual Sales)	Highest and Lowest Annual Sales	Number (%) of Vehicles that Met or Exceeded Average
11	\$206,495 (\$202,875)	\$271,881 - \$122,459	5 (45.5%)

The preceding data was extracted from reports submitted to us by our franchisees as Gross Revenues. Some franchisees own and operate more than one Vehicle. “Gross Revenues” means the total of all income arising from operation of a Vehicle net of any tax, adjustment, credit or refund. ~~No certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form. This data represents franchisee’s performance of 11 Vehicles in operation.~~

~~The market where your Zoomin Groomin® Vehicle is operated may not be similar to our existing franchisees. Likewise, we have changed the metrics for establishing territory size as we have developed our System and existing franchisees have a larger territory than the one being offered through this Franchise Disclosure Document. Accordingly, the results achieved by these franchisees may not be typical for a new or established business in your area.~~

Written substantiation of this financial performance representation will be made available to you upon reasonable request.

## MINNESOTA

### MINNESOTA ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

As to franchises governed by The Minnesota Franchise Act, if any of the terms of the Franchise Disclosure Document (“FDD”) and Franchise Agreement (“FA”) are inconsistent with the terms below, the terms below control.

1. ~~“Minn. Stat. §Minnesota Statutes, Section 80C.21 and Minn. RuleMinnesota Rules 2860.4400J4400(J) prohibit usthe 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 ~~your~~the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or ~~your~~(2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws ~~of~~of the jurisdiction.”~~

**FDD:** Item 17

**FA:** Section 9

2. ~~“With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. SeeMinnesota Statutes, Section 80C.14, SubdsSubd. 3, 4 and 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 franchise agreement.” and (2) that consent to the transfer of the franchise will not be unreasonably withheld.~~

**FDD:** Item 17

**FA:** Section 8

3. ~~The Disclosure Document and the agreement must state that~~ The franchisor will protect the franchisee’s ~~right~~rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ~~and~~/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

**FDD:** Item 13

**FA:** Section 1.10

4. ~~Minn. RuleMinnesota Rules 2860.4400D-4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. Amend to exclude claims under the Minnesota Franchise Law.~~

**FDD:** Item 17

**FA:** Section 1.2

~~5. Minn. Rule 2860.4400J prohibits termination penalties.~~

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

**FDD:** Item 17

**FA:** Section 8

6. ~~Pursuant to Minn. Stat. Sec. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. Therefore,~~ no action may be commenced pursuant to this section more than three years after the cause of action accrues.

**FDD:** Item 17

**FA:** Section 9.5.A

7. ~~7.~~ Franchisor defers the collection of the Initial Fee until the opening of the franchised business.

**FDD:** Item 5 and Item 7 are modified to provide: “The Minnesota Department of Commerce requires us to defer payment of the initial franchise fee owed by franchisees to the franchisor until the franchisee has opened the franchised business.”

**ARAF:** Section 2.1 is modified to provide, “Payment of the Initial Fee is deferred until you have opened the franchised business.”

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

ACKNOWLEDGMENT

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

This Acknowledgment is inapplicable to Washington franchisees and the Washington Addendum applies for Washington franchisees.

Further, 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.

DATED: \_\_\_\_\_

FRANCHISOR:  
ZOOMIN GROOMIN  
USA LLC D/B/A  
ZOOMIN GROOMIN

FRANCHISEE:

\_\_\_\_\_  
By:  
Title:

\_\_\_\_\_  
By:  
Title:

## FRANCHISE AGREEMENT

### SINGLE UNIT

This contract (“Agreement”) is between Zoomin Groomin USA LLC (“Zoomin Groomin®”, “we”, “us”, or “our”) the entity and all Signators identified on the signature page, in your personal capacity, (collectively “Franchisee”, “you”, or “your”).

#### RECITALS

Zoomin Groomin® has developed a system (“Franchise System”) to deliver mobile pet grooming services and related products (collectively the “Services”). The Franchise System utilizes prescribed marketing techniques and operating procedures to deliver outstanding service to pet owners (“Clients”).

We seek to identify and recruit candidates with the ability to deliver outstanding Client service in a defined Territory who are willing to own at least one Franchised Business.

Franchisee seeks to use the Franchise System and the Services to profitably deliver an outstanding Client experience.

For mutual promises expressed in this Agreement, along with other valuable consideration, the receipt of which is acknowledged, Zoomin Groomin® and Franchisee (collectively “the Parties”) will be bound as follows:

#### 1. Scope

##### 1.1. Franchise Relationship

##### A. Grant of Franchise

Zoomin Groomin® grants you the right to operate a company (“Franchised Business” or “Unit Franchise”) using our System and our Marks to deliver Services solely within the geographic boundaries identified in Schedule 1 (the “Territory”) during the Term by and through the Franchisee Business Entity identified on the Summary Page and signature page of this Agreement (or as a sole proprietor or partnership if there is no business entity) ~~and in conformity with~~, subject to the terms and conditions of this Agreement.

##### B. Independent Contractors.

Your relationship with us is that of an independent contractor. This Agreement does not create a partnership, joint venture, or any other entity between the Parties. Neither Party has a fiduciary duty or other special duty respect to the other party. You are not a third-party beneficiary to any contract between us and any other franchisee.

##### C. Your Employees

As a separate Franchise Business, you have sole and exclusive control over your employees. Neither you nor your employees and agents may make a claim as employees or agents of us for

any purpose including participation in an employee benefit plan, stock option program, or workers compensation law.

**D. No Unauthorized Commitments.**

Similarly, you will not make any promises, guarantees or warranties to any third party that would create a binding obligation for us without our prior written consent.

**E. Reserved Rights.**

We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

(i) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you; ~~however, we will direct inquiries for mobile pet grooming services from within your Territory to your Franchised Business;~~

(ii) implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;

(iii) establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;

(iv) own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;

(v) operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;

(vi) negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,

(vii) engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

**1.2. Term and Renewal**

**A. Term.**

This Agreement will commence upon its Effective Date and will last for a term of ten (10) years (the "Term").

## B. Renewal and Subsequent Renewals.

Upon the completion of the Term, or a renewal term as the case may be, if you are in compliance with this Agreement and meet other conditions for renewal, you may enter into a new contract, on the then current form of the Franchise Agreement. We will neither change your Territory nor Royalty rate in your renewals. The current form will not contain any changes of a material nature without your consent. If you wish to renew this Agreement, you must:

- i notify us in writing at least 90 days before the expiration of this Agreement;
- ii execute a general release of all claims you may have against us (See Schedule 6-Release)

### 1.3. Territory

#### A. Territory Description

~~You will receive a geographic area within which we promise not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service Marks. Schedule 1 defines your Territory by zip codes, political, or geographic boundaries.~~ You may operate one or more mobile pet grooming van-(s) (each as an “Outlet” or “Vehicle”) in your Territory. ~~Schedule 1 defines your Territory by zip codes, political, or geographic boundaries.~~

#### B. Our Development

##### a.) Right to Develop, Acquire, or be Acquired by Other Businesses

We can develop, acquire or be acquired by, or engage in any other transaction with other businesses, companies and/or units (competitive or not), that are or will be located anywhere, including arrangements where other units are (or are not) converted to our System or other format, or in which company-owned, franchised or other businesses (including your Franchised Business) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept ~~in your protected Territory.~~ You must fully cooperate with any of these conversions, at your sole expense. However, during this Term of this Agreement we will not convert any acquired business in your Territory to a franchise using our primary trademarks nor require you to convert to another system already operating in your Territory.

##### b.) Other Brands

We or an affiliate may make sales within your Territory using trademarks different from the ones you will use under this Agreement. For example, we and our parent plan to establish (or acquire) and operate or franchise a business under a different trademark which will sell goods or services similar to those you will offer, except through brick-and-mortar locations.

##### c.) Area Representatives

We offer an area representative franchise opportunity through a separate franchise disclosure document. Area representatives find, solicit, and recruit prospective franchisees to operate a franchised business like yours. Area representatives may also support franchised business within their area representative territory through marketing and operating assistance. Your Territory may now, or in the future, be within an area representative’s territory. We will provide you with contact information for the area representative with area representative rights in the Territory upon request (if applicable to you).

### C. Services to Clients Outside Territory

#### a.) Permission

You may not provide Services to any Client or in any manner operate your Franchised Business outside of your Territory without our prior written permission. We may grant or deny permission in our sole judgment. Any such permission will be limited in scope and duration. In no event will you be permitted to offer Services to any Client or otherwise operate your Franchised Business within any territory owned by another unit franchisee of ours. Any permission we grant for you to operate outside of the Territory will be freely revocable by us for any reason or no reason at all.

#### b.) Acknowledgment

You acknowledge that any permission granted pursuant to this Section 1.3.C. is only temporary in nature and the only way for you to gain protection over any geographical region outside of your Territory is to purchase franchise rights over such geographical area pursuant to the then-current disclosure document and franchise agreement. By offering Services or otherwise operating outside of your Territory, you acknowledge and accept that you may cultivate business relationships that must be transitioned to someone else. You acknowledge that any undeveloped area could be sold to a new franchisee at any point in time, and you have no right of first refusal in such area. By requesting permission and by offering Services or otherwise operating your Franchised Business outside of your Territory, you agree to follow our plans and guidance for transitioning business to a new owner upon notification by us that a new franchisee has acquired the right to operate within such area.

#### c.) Procedure on Withdrawal of Permission

You will immediately stop providing Services to Clients located outside of your Territory and stop all activities associated with the operation of your Franchised Business outside of the Territory upon notification from Zoomin Groomin that a new franchisee has purchased franchise rights over such territory. Furthermore, you will provide a list of all Clients served by you in such area to the new franchisee and make commercially reasonable efforts to transition all business to the new franchisee. Time is of the essence when complying with a transition to a new franchisee.

#### d.) Consequences of Operating Without Permission

Operating outside of your Territory without our permission is grounds for termination, but termination is not our exclusive remedy. In the event you operate outside the rights and permissions granted in this Section 1.3 within the territory of another franchisee of ours, then any ~~profits~~funds you obtain will be passed over to the new franchisee as provided in Section 1.7 (D) of this Agreement.

### 1.4. Operation

#### A. Start

You must commence operations within your Territory within thirty (30) days of receipt of your initial Vehicle. If you do not, more time will be given (up to a maximum of twelve (12) months), but you will remain subject to minimum requirements and minimum Royalty Fees during the extension.

## B. Repair

You will take all commercially reasonable efforts to maintain and keep your Vehicle's body and mechanical components in a pristine and safe condition. If, for whatever reason, you are unable to safely operate your Vehicle(s) or it otherwise becomes unavailable for more than ten business days, then you will repair or replace it as soon as practical. If it remains out of service for more than thirty (30) days, then we can terminate without any refund to you.

## C. Replace

Vehicles kept past their lifecycles are less efficient and incur greater fuel costs and maintenance costs. This leads to breakdowns, closures, and unhappy employees and Clients. You will plan for vehicle replacement as reasonably needed during the Term.

### 1.5. Additional Territories

We may grant you additional franchise territories if available in your area and we feel you have the time, energy, capital, and management structure to be able to successfully open and operate more outlets. You do not have options, rights of first refusal, or similar rights to acquire additional franchises.

### 1.6. Minimum Requirements

Continuation of your Territorial rights does not depend on achieving a certain sales volume, growth or market share percentage; however, you will be subject to minimum monthly royalty payments for the entirety of this Agreement as defined in Minimum Requirements listed in Schedule 2. A year will include each fiscal year (including any partial year) ending on December 31.

### 1.7. Dual Distribution

#### A. ~~Exclusive~~

#### A. The Protected Territory you

You will not receive isan exclusive. This means territory. You may face competition from other franchisees, from outlets that we will neither open a Company owned nor sell another Franchised Business within your Territory. All leadsown, or from other channels of distribution or competitive brands that we generate or control. However, you will receive from within your Territory will be directeda protected territory, meaning a geographical area within which we promise not to you establish a Zoomin Groomin® company owned or franchised outlet. You may not accept orders from consumers to provide Services outside of your Territory, nor may you use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory without our prior written approval as provided in Section 1.3 (C) of this Agreement.

#### B. Limitations on Exclusivity

Your right to exclusivity is limited by our Reserved Rights under Section 1.1. (E) of this Agreement and this Section 1.7. You may also face competition from other franchisees, outlets that we own, other channels of distribution or competitive brands that we control for a Client that resides in your Territory.

### C. Other Brands

We or an affiliate may make sales within your Territory using trademarks different from the ones you will use under this Agreement. As of the Effective Date, we and our parent plan to establish (or acquire) and operate or franchise a business under a different trademark which will sell goods or services similar to those you will offer. Under this plan, franchisees will offer pet grooming services through brick-and-mortar locations under a different trademark. As the new franchise system develops, the new franchisor or its franchisees who use the different trademark will solicit and accept orders within your Territory.

### D. Profit Passover

We are not obligated to pay compensation to you for soliciting or accepting sales from a Client inside your Territory. However, we will normally direct all inquiries for mobile pet grooming from within your Territory to your Franchised Business. Should you (i) provide ~~(+)~~ Services or otherwise operate your Franchised Business in another franchisees territory or (ii) fail to strictly comply with Section 1.3 (C) within fifteen (15) days after being advised that our permission to provide Services or otherwise operate the Franchised Business outside the Territory is revoked because a new franchisee purchased certain rights, then you will pay to the franchisee in whose territory such Services were provided an amount equal to ~~100~~fifty percent ~~(100%)~~ (50%) of ~~the price of such Services, excluding taxes~~all grooming fees charged and ~~other fees~~one hundred percent (100%) of all convenience fees charged. Furthermore, you must notify such franchisee who has rights in such territory and provide payment to them within ten (10) days of receipt of payment by you.

## 1.8. Advertising

### A. Grand Opening Advertising.

We do not require you to spend a certain amount on Grand Opening Advertising; however, we recommend that you spend between \$500 and \$5,000 on your initial local advertising which includes local advertising and promotion of your Franchise Business from one month before opening through three months after you open. We recommend you spend a minimum of \$1,200 per year on local advertising.

### B. Local Advertising and Promotions.

Your advertising and promotions will conform to the following requirements:

1. You will advertise and promote only in a manner that will reflect favorably on us.
2. You will participate in all promotional programs that we create, offer or advertise.
3. Your advertising must comply with federal, state, and local laws.

### C. Advertising Fee

You will contribute 2% of your Gross Revenues into our Advertising Fund.

- g. You become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
- h. If a final judgment of record against you or your Franchise Business remains unsatisfied for thirty (30) days or longer;
- i. If on your death or incapacity, the transfer process does not begin within sixty (60) days or remains incomplete after 6 months;
- j. If you abandon the Franchised Business or discontinue the active operation of the Franchised Business for three or more business days, except when active operation is not reasonably possible, such as because of a natural disaster or government order;
- k. If you provide Services outside of the Territory without our prior written permission as provided in Section 1.3.C. of this Agreement; or
- l. If you fail to remit payment required under Section 1.7.C. of this Agreement.

### **8.3. Termination by Us With the Opportunity to Cure**

We may terminate this Agreement, if the following conditions remain within thirty (30) days after sending you notice and an opportunity to cure:

- a. You violate any other term or condition of this Agreement, the Franchisee Operations Manual, or any other agreement with us; or
- b. Any amount owing to us from you is more than 30 days past due.

### **8.4. No Refund of Initial Fee**

We have no obligation to return or refund any fee to you upon termination or expiration of this Agreement.

### **8.5. Post Termination Obligations**

Upon termination or expiration of this Agreement, including a sale of the Franchise Business, you will:

- a. Cease to operate the Franchised Business;
- b. Discontinue using any of our "Marks;"
- c. Cancel all fictitious name filings which you use that includes any of our Marks;
- d. Pay to us all amounts owing to us;
- e. Reimburse Clients for any fees paid for services not yet rendered;
- f. If requested by us, transfer to us all telephone numbers used in relation to this Franchise Business by executing the form in Schedule 4, and deliver to us written proof of transfer;
- g. At our option, and upon our request, use your best efforts to assist in transferring the lease of the facility of your Franchised Business, whether it be through a new lease or assignment;
- h. Return to us or certify destruction of any paper and electronic copies of the Manual and any Confidential Information (retaining only such copies as you need for legal or tax purposes);
- i. Adhere to the post-term duties stated in Section 8.6 entitled Non-Compete and No Solicitation and any other duties that require your performance after you are no longer a Franchisee;
- ~~j. At our option, offer to us the right to purchase your furniture, equipment, signage, fixtures, and supplies within thirty (30) days of the date of termination for the adjusted book value which is the undepreciated book value of the assets on your most recently filed federal tax return prior to the date of the termination or expiration;~~