

FRANCHISE DISCLOSURE DOCUMENT



Better Together, LLC
A Delaware limited liability company
6245 North 24th Parkway, Suite 210
Phoenix, Arizona 85016
Phone: (602) 730-6000
E-Mail: bettertogether@dogtopia.com
Website: www.dogtopia.com

Better Together, LLC offers franchises for the operation of a business that provides certain services for dogs (including boarding, daycare, training and spa services) and sells dog-related products.

The total investment necessary to begin operation of a Dogtopia franchise ranges from ~~\$780,104 to \$1,469,845~~ \$608,765 to \$1,268,841. This includes ~~\$81,970 to \$106,290~~ \$75,045 to \$124,750 that must be paid to us and our affiliates.

Area developers must commit to open a minimum of 2 Dogtopia Centers, but most area developers commit to open between 3 and 5 Dogtopia Centers. The total investment necessary to begin operation of a Dogtopia area development franchise ranges from ~~\$878,609 to \$1,648,045~~ \$706,270 to \$1,447,041 for the development of 3 Dogtopia Centers (low amount) or 5 Dogtopia Centers (high amount). This includes ~~\$180,425 to \$284,490~~ \$173,550 to \$302,950 that must be paid to us and our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement, area 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 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 the franchisor at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016 or by phone at (602) 730-6000.

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 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 (the "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 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: ~~March 30, 2023~~ April 15, 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 "G".
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 "H" 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 Dogtopia business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Dogtopia franchisee?	Item 20 or EXHIBIT "G" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and 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 franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Arizona than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
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 and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

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~~EXHIBIT "A"~~ EXHIBIT "A" LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF
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~~EXHIBIT "B"~~ EXHIBIT "B" FRANCHISORS AGENT FOR SERVICE OF PROCESS

~~EXHIBIT "C"~~ EXHIBIT "C" FRANCHISE AGREEMENT

~~EXHIBIT "D"~~ EXHIBIT "D" AREA DEVELOPMENT AGREEMENT

EXHIBIT "E" OTHER AGREEMENTS

EXHIBIT "F" TABLE OF CONTENTS OF OPERATING STANDARDS MANUAL

~~EXHIBIT "G"~~ EXHIBIT "G" LIST OF FRANCHISEES

~~EXHIBIT "H"~~ EXHIBIT "H" FINANCIAL STATEMENTS FOR BETTER TOGETHER, LLC

EXHIBIT "I" MULTI-STATE ADDENDA

EXHIBIT "J" STATE EFFECTIVE DATES

EXHIBIT "K" RECEIPTS

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Better Together, LLC - the franchisor.

“You” means the person who buys a Dogtopia franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

A “Dogtopia Center” or a “Center” refers to the franchised business offered under this Disclosures Document, which is a dog daycare, boarding and spa facility that operates under the name “DOGTOPIA®”. It includes Dogtopia Centers operated by us, our affiliates, you and other franchisees.

Corporate Information

Better Together, LLC was originally incorporated on September 10, 2005 as a Virginia limited liability company under the name Happy To Be Here, Incorporated. On December 7, 2015, we changed our name from Happy To Be Here, Incorporated to Better Together, LLC and changed our domicile from Virginia to Delaware. Our principal business address is located at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016 and our telephone number is (602) 730-6000. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Better Together, LLC” and our d/b/a “Dogtopia”.

Business History

We began offering franchises for Dogtopia Centers in September of 2005. We are not engaged in any business other than offering franchises for Dogtopia Centers and administering the franchise system. From December ~~of~~ 2012 until April~~of~~ 2016, we offered Dogtopia area representative franchises (as further discussed below). Beginning in February ~~of~~ 2020, we began offering Dogtopia master franchises (as further discussed below). We have never offered franchises in any line of business other than those discussed above.

From December ~~of~~ 2012 until April~~of~~ 2016, we offered area representative franchises. During this time, we sold 5 area representative franchises. As of the issuance date of this Disclosure Document, none of these area representatives remain in operation. We no longer offer area representative franchises. Area representatives operate at least 1 Dogtopia Center and assist us in selling and supporting Dogtopia franchises within a defined development territory.

We began offering Dogtopia master franchises in February 2020. As of the issuance date of this Disclosure Document, we have sold 1 master franchise (covering Canada). Master franchisees are granted the right to offer and sell Dogtopia subfranchises within a defined development territory. Master franchisees are responsible for providing all initial and ongoing support to their subfranchisees. Master franchisees directly sign franchise agreements with subfranchisees. We do not offer master franchises within the United States.

We have never directly operated a Dogtopia Center. However, we have indirectly operated multiple Dogtopia Centers through various affiliated entities (referred to as “Company Stores”). ~~The first Dogtopia Company Store~~ opened in 2002.

Parents, Affiliates and Predecessors

We do not have any predecessors. Our parent company is Dogtopia Enterprises, LLC which has a principal business address located at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016.

Our affiliate, Trusted Authority, LLC (“Trusted Authority”), owns the trademarks that we sublicense to our franchisees. Trusted Authority’s principal business address is located at located at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016. Trusted Authority has never directly operated a Dogtopia Center.

Our affiliate, Dogtopia Marketplace, LLC (“Dogtopia Marketplace”), is the exclusive supplier for all products sold to franchisees through the Dogtopia Marketplace ecommerce site. Dogtopia Marketplace’s principal business address is located at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016. Dogtopia Marketplace has never directly operated a Dogtopia Center.

Our affiliate, Dogtopia Advertising Fund, LLC ("Dogtopia Advertising"), administers our brand and system development fund. Franchisees are required to make contributions to the brand and system development fund. Dogtopia Advertising's principal business address is located at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016. Dogtopia Advertising has never directly operated a Dogtopia Center.

Except for Dogtopia Marketplace, we do not have any affiliates that provide goods or services to our franchisees. We do not have any affiliates that offer franchises in this or any other line of business.

Description of Franchised Business

A Dogtopia Center is a modern dog daycare center that allows dogs to play and socialize with other dogs in a fun, open play, supervised environment, while supporting the overall wellness of the dogs. Dogtopia Centers offer a variety of services for dogs, including daycare, overnight stay (i.e., boarding), training and spa services. Spa services include spa baths, brush outs, ear cleaning, teeth brushing, nail trimming and grooming. Dogtopia Centers also offer and sell various dog-related products, although the sale of retail items constitutes a small component of the overall business. A Dogtopia Center supports the wellness of the dog through its tech platforms and tech collar.

Dogtopia Centers feature open and safe environments where dogs can play under the supervision of professionally trained coaches who have successfully completed our custom curriculum designed by a registered canine behaviorist. Dogs are separated into different climate-controlled playrooms based on size and temperament. Pet parents can monitor their dogs during open playtime and in the playrooms through our Dogtopia App via webcams. Dogtopia playrooms feature specialized rubber flooring that aids in the long-term joint and paw health of the dogs.

Each Center is licensed the right to use certain logos, service marks and trademarks, including the service mark "DOGTOPIA[®]" and the associated logo (collectively, the "Marks"). The "Marks" also includes our distinctive trade dress used to identify a Dogtopia Center. Dogtopia Centers operate under a distinct business format and set of specifications and operating procedures we developed (the "System"). The operational aspects of a Dogtopia Center are contained within our confidential Operating Standards Manual (the "Manual").

If we award you a franchise, you will sign the form of franchise agreement attached to this Disclosure Document as ~~EXHIBIT "C"~~EXHIBIT "C" (the "Franchise Agreement"). The franchised business you will operate is referred to as your "Business" or your "Center". You will establish and operate your Center as an independent business using the Marks, the System and the support, guidance and other methods and materials we provide.

Conversion Franchises

On occasion, we may allow a franchisee to acquire an independent dog daycare facility and convert that facility to a franchised Dogtopia Center (a "Conversion Franchisee" or "Conversion Franchise"). Except in rare instances, we only grant Conversion Franchises to existing Dogtopia franchisees that: (a) have opened and currently operate at least 1 Dogtopia Center; and (b) are in good standing with us. A Conversion Franchisee must continue to operate the pre-existing business under its original name until the rebranding and conversion process is complete. The conversion process typically requires 6 months. A Conversion Franchisee must sign the Conversion Addendum attached to this Disclosure Document as EXHIBIT "E"-2 (the "Conversion Addendum") at the same time the franchisee signs the associated Franchise Agreement.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement in the form attached to this Disclosure Document as ~~EXHIBIT "D"~~EXHIBIT "D" (an "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Dogtopia Centers within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all of the Centers identified in the development schedule. We only grant area development rights to franchisees that commit to develop, open and operate a minimum of 2 Centers. You will sign a separate franchise agreement for each Center you develop under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

Market and Competition

We are one of a growing number of businesses offering daycare, overnight stay/boarding, spa and grooming, training and/or other services for dogs. Our target market includes all dog owners, with emphasis on the female millennial. Dogtopia Centers operate year-round but may experience some seasonal variation in demand for certain services. Demand may also fluctuate based on other factors such as changes in tastes and habits of the public, regional and national economic conditions (such as fluctuations in supply and demand), micro and macro-economic factors, population density, general traffic conditions and pandemics. These factors are difficult to predict and vary from market to market.

As a franchisee, you will compete with other dog daycare businesses, kennels, dog grooming salons and dog training businesses. You will also face competition from retail service providers, pet stores, department stores, online stores, in home-services and other stores in the sale of dog products and services. Competitors include local independently owned and operated businesses as well as regional and national chains. Some of our competitors operate using a franchise model. You may also encounter competition from other Dogtopia Centers operated by us, our affiliates or other franchisees. Some competitors offer all goods and services offered at Dogtopia Centers. Others offer a limited number of these goods and services.

Laws and Regulations

You must comply with all federal and state licensing laws and regulations that apply to your Center. Some states require specialized licensing for kennel operators. Other potentially applicable licensure requirements include a state boarding license and a state health department license. These laws may require periodic inspections of your Center. They may also require you to purchase and maintain a bond to protect pet parents from losses. Some states require specialized licensing to provide dog training and/or grooming services from the Center.

Zoning restrictions may preclude Dogtopia Centers from being located in certain areas. You may need to obtain a zoning variance, specialized use permit or similar entitlement for your Center. Many municipalities have enacted noise ordinances that may apply to your Center. You must comply with all applicable health and sanitation laws, including federal and state septic and waste disposal regulations. Some laws, occasionally imposed in conjunction with a kennel license, mandate compliance with minimum standards for air circulation. The HVAC system must be properly designed and installed to ensure compliance with these minimum air circulation standards and to operate properly in extreme conditions.

You must also comply with other laws that apply to businesses generally, including wage and hour laws, the Americans with Disabilities Act, laws governing discrimination and sexual harassment in the workplace, COVID-related regulations, EEOC and OSHA standards, laws restricting smoking in public areas, zoning and construction laws, general business licensing requirements and data privacy laws. The Payment Card Industry Data Security Standard (“PCIDSS”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCIDSS applies to all merchants, regardless of size or number of transactions that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations that apply to your Center. We strongly suggest you hire an attorney or other professional advisor to investigate and advise you on these laws before you buy the franchise.

ITEM 2 BUSINESS EXPERIENCE

Christopher Kempner – Chairman of Board

Christopher Kempner has served as the Chairman of the Board for Dogtopia Enterprises, LLC since October 2020. From September 2018 to present, Mr. Kempner has been a Partner with Red Barn Equity Partners in New York, New York. ~~From September 2015 to September 2018, Mr. Kempner was Vice President of Metalmark Capital in New York, New York.~~

Neil Gill – President and Chief Executive Officer

Neil Gill has served as our President and Chief Executive Officer since August 2015.

Alex Samios – Chief Growth Officer

Alex Samios has served as our Chief Growth Officer since December 2021. He served as our VP Franchise Development from January 2016 to December 2021. From October 2021 to present, he has served as a Managing Director of Conscious Capital Growth, LLC in Scottsdale, Arizona.

Shelley Parnell – Chief Experience Officer

Shelley Parnell has served as our Chief Experience Officer since December 2021. She served as our Vice President of Marketing from August 2016 to December 2021.

Jeff Farnell – Senior Director of Operations & Revenue

~~Jeff Farnell has served as our Senior Director of Operations since February 2018.~~ John Mansfield has served as our VP Operations & Revenue since July 2023. From July 2019 to May 2023, he served as Chief Revenue Officer for Smart, LLC, d/b/a Chemical Guys, in Torrance, California. From April 2018 to June 2019, he served as Head of Retail for Porsche Design of America in Costa Mesa, California.

Theresa Gulbranson – VP, Supply Chain, Procurement, Logistics & E-Commerce

Theresa Gulbranson has served as our VP, Supply Chain, Procurement, Logistics & E-Commerce since September 2021. From April 2019 to September 2021, she served as our ~~VP, Supply Chain & Logistics~~ Director of Finance. From 2009 to April 2019, she was a Finance & Accounting Consultant for CPA Real Estate Advisors in Phoenix, Arizona.

Jack Jones – VP, Corporate Development and Strategy

~~Jack Jones has served as our VP, Corporate Development and Strategy since January 2021.~~ Sumaya Shakir ~~2021.~~ From January 2017 to December 2020, he served as Chief Financial Officer for OneMed Veterinary Services, LLC in Glenmoore, Pennsylvania.

Michael Malone – VP, Information Technology

~~Michael Malone~~ Sumaya Shakir has served as our VP, Information Technology since ~~November~~ October 2023. From June 2020 to October 2022, she served as Head of Data Science & Analytics & Enterprise Integration at GE Digital in San Ramon, California. ~~2021.~~ From September 2019 to March 2017 to November 2021 2020, she served as VP of Enterprise Applications for GlobalLogic Inc. in San Jose, California. From July 2017 to July 2019, she served as CIO/Head of IT for Milestone Technologies in Fremont, California.

Keith Ungerer – Chief Financial Officer

Keith Ungerer has served as our Chief Financial Officer since September 2023. From March 2022 to September 2023, he served as Chief Financial Officer for Anthem Partners in Frisco, Texas. From December 2014 to March 2022, he served as Senior Director, Information Technology with Nutrien in Loveland, Colorado Chief Financial Officer for HomeVestors of America, Inc. in Dallas, Texas.

Kevin Lloyd Gulbranson – Financial Controller

Kevin Lloyd Gulbranson has served as our Financial Controller since October 2022. From November 2021 to September 2022, he served as Controller for GA Haan Development, LLC in Phoenix, Arizona. From July 2011 to October 2021, he served as Controller for Arciterra Companies, LLC in Phoenix, Arizona.

Christine Misker – Senior Director of Sales & Health and Safety

~~Christine Misker~~ Lorraine Rhoads has served as our ~~Senior~~ Director of ~~Sales~~ Health and Safety since ~~July 2022.~~ From March 2022 to present, she has February 2023. She served as a ~~D.A.C. Distributor for Direct Action Co. Inc. in Phoenix, Arizona. From June 2015 to March 2022, she served as Director of Operations & General Manager of Rentpath in Phoenix, Arizona.~~ January 2023.

ITEM 3 LITIGATION

HotBox Enterprises, LLC v. Jamie Weeks, et al., Cal. Super. Ct. (Case No. 20GDCV00469) (filed June 1, 2020); Jamie Weeks v. Jessica Mortarotti, Nicholas Alexander Samios & Zachary Cox, Cal. Super. Ct. (Case No. 20STCV20681) (filed June 1, 2020); consolidated on January 26, 2021 under HotBox Enterprises, LLC v. Jamie Weeks, et al. (Case No. 20GDCV00469)

On June 1, 2020, HotBox Enterprises (“Plaintiff”) filed a civil action in California Superior Court (Los Angeles County) (Case No. 20GDCV00469) against Jamie Weeks and related entities (“Defendant”) alleging that Defendant engaged in unfair business practices and improper acts in breaching his contractual obligations to Plaintiff, refusing to sign Franchise Agreements, breaching duties of good faith and loyalty, attempting to start a competing brand, and unlawful use of Plaintiff’s proprietary and confidential intellectual property. Defendant, a Dogtopia area developer, acquired area development rights to establish 30 franchised Hotbox studios as well as a corporate-owned Hotbox studio. Plaintiff alleged Defendant, after opening and operating the HotBox units, refused to sign the franchise agreements and pay royalties as required and failed to comply with his obligations as a franchisee and developer. As a result, Plaintiff commenced termination proceedings of Defendant’s franchise rights. Plaintiff alleged that Defendant closed the Hotbox studio and then rebranded his former HotBox studios to a new competing brand. Plaintiff sought actual and compensatory damages, disgorgement of profits, injunctive relief, pre-judgment and post-judgment interest and recovery of attorneys’ fees, expert witness fees, and other related costs.

On June 1, 2020, Defendant filed a separate lawsuit in the same court against Plaintiff and its owners, including our Chief Growth Officer, Alex Samios (Case No. 20STCV20681). On July 24, 2020, Defendant filed an Amended Complaint that included claims for: breach of contract; intentional interference with contractual relations; breach of the covenant of good faith and fair dealing; intentional and negligent misrepresentation; fraudulent concealment, and unfair competition. The Amended Complaint alleged that Plaintiff made false representations about the corporate HotBox studio (including false representations about the studio’s condition and profitability) and falsely pledged continued support in managing the day-to-day operations of the franchise. The Plaintiff filed a motion to dismiss. In response, the Court dismissed the claim for intentional interference with contractual relations but allowed the other claims to proceed. The Amended Complaint sought unspecified actual damages, compensatory damages, punitive damages, disgorgement of profits, rescission of the asset purchase agreement for the studio, pre-judgment and post-judgment interest and recovery of attorneys’ fees, expert witness fees and other related costs.

On January 26, 2021, both cases were consolidated under HotBox Enterprises, LLC v. Jamie Weeks, et al. (Case No. 20GDCV00469). On February 22, 2022, the parties executed a Confidential Settlement Agreement and Release of All Claims wherein Defendant agreed to issue a promissory note in the sum of \$2,700,000 in exchange for Plaintiff’s transfer of all assets, equity, ownership, and rights, including all goodwill, associated with the tangible and intangible assets of HotBox Enterprises, LLC, HotBox Franchisor, LLC, and any other affiliated entities (including the HotBox trademarks). The parties executed a mutual release and agreed to dismiss their respective lawsuits against each other.

Except for the 1 action described above, there is no litigation 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 the following initial fees. Except as otherwise disclosed below, all initial fees are uniformly imposed and nonrefundable.

Initial Franchise Fee

You pay us a \$49,500 initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is uniformly imposed except for the following discounts:

- (a) **Multi-Unit Discount:** If you are an existing Dogtopia franchisee purchasing an additional franchised Center, you receive a 10% discount and pay us a \$44,550 initial franchise fee.
- (b) **Veteran Discount:** We are a member of the International Franchise Association (“IFA”) and participate in IFA’s VetFran Program. If you are a “qualified veteran” of the U.S. Armed Forces, you receive a 10% discount and pay us (i) a \$44,550 initial franchise fee if you are purchasing your first franchised Center or (ii) a \$40,095 initial franchise fee if you are an existing franchisee purchasing an additional Center. A “qualified veteran” means an honorably discharged United States veteran with a DD Form 214 document.

Real Estate and Facility Coordination Fee

As further described in Item 11 of this Disclosure Document, we will advise and consult with you regarding various aspects of the development of your Center, including site selection, lease negotiation, design, construction and development (“Consultation Services”). In consideration of the Consultation Services, you pay us a fee (the “Real Estate and Facility Coordination Fee”) when you sign the Franchise Agreement. The Real Estate and Facility Coordination Fee varies depending on: (a) whether you are a Conversion Franchisee; ~~and~~ (b) whether you own the real property for your Center at the time you sign the Franchise Agreement; and (c) whether you are developing your first Center or a subsequent Center. The table below identifies the Real Estate and Facility Coordination Fees we currently impose:

Type of Franchisee	Property Owned by Franchisee (at time FA signed)	Real Estate and Facility Coordination Fee
Conversion Franchisee	Not Required	\$15,500
<u>2nd or Subsequent Center</u>	<u>Not Required</u>	<u>\$15,500</u>
Non-Conversion Franchisee	Yes	\$35,000
Non-Conversion Franchisee	No	\$44,500

On occasion, we waive or discount the Real Estate and Facility Coordination Fee for experienced area developers that previously opened at least one other Center and had no further need for the Consultation Services. Otherwise, the Real Estate and Facility Coordination Fee is uniformly imposed.

Initial Training Fee

We provide our pre-opening initial training program for up to 3 individuals at no additional charge. If you send more than 3 people, we may charge an initial training fee of \$2,000 for each additional person you send. The initial training fee (if applicable) is due 10 days after invoicing. Historically, we have not imposed the \$2,000 initial training fee on franchisees who send more than 3 people to initial training, but we reserve the right to impose this fee in the future.

Microsite and Social Media Account Setup Fee

We will set up your microsite and social media account. At the time your microsite launches, you pay us a one-time \$700 setup fee for this service.

Initial Purchases Through Dogtopia Marketplace

Prior to opening, you must purchase certain items from our affiliate through Dogtopia Marketplace, which is our ecommerce platform that leverages system-wide buying power to deliver preferential quality and pricing to franchisees. The pre-opening items you must purchase through Dogtopia Marketplace include certain: branded inventory and promotional items; uniforms; equipment; daycare operating supplies; and cleaning products and supplies. Item 8 includes a more detailed description of the specific items purchased through Dogtopia Marketplace. The total amount of pre-opening purchases made through Dogtopia Marketplace is expected to range from ~~\$517,000~~ to ~~\$2524,000~~ and varies depending on the size of your Center and whether you choose to: (a) purchase the minimum quantity of daycare equipment and supplies necessary for opening (with additional purchases made after opening as the number of dog visits increases); or (b) purchase a sufficient quantity of daycare equipment and supplies to operate at full capacity as of your opening date. The purchase price is uniform,

although our affiliate occasionally runs limited-time promotions that include discounted pricing.

Technology Fee

Immediately after signing the Franchise Agreement, you begin paying us a monthly pre-opening “technology fee” of \$250 per month for ~~certain~~the technology and tools we provide. ~~You must purchase~~ under our base technology package (referred to as our “Standard Package”. ~~You may (but need not) purchase”~~). The technology fee for the Standard Package increases to \$899 per month at the time your Center opens. After opening, you also have the option (but the obligation) to purchase one of our optional “Power BI Package” and/or “Email Package”. ~~Each Package is described~~technology package upgrades, which are discussed in Item 6 and Item 11. ~~The table below lists our current technology fee, which varies depending on the technology package you select:~~

Technology Package	Monthly Technology Fee
Standard Package	\$175 per month (Pre-Opening)
	\$275 per month (Post-Opening)
Standard Package Plus “Power BI Package”	\$225 per month (Pre-Opening)
	\$325 per month (Post-Opening)
Standard Package Plus “Email Package”	\$245 per month (Pre-Opening)
	\$345 per month (Post-Opening)
Standard Package Plus “Email Package” & “Power BI Package”	\$295 per month (Pre-Opening)
	\$395 per month (Post-Opening)

of this Disclosure Document. The total amount of pre-opening technology fees you pay varies depending on ~~the technology package you select and~~ how long it takes you to open. The following table lists the total amount of estimated pre-opening technology fees you will pay:

Type of Franchisee	Estimated Time to Open	Total Pre-Opening Technology Fees
Conversion Franchisee	3 to 6 months	\$525 <u>750</u> to \$1, 770 <u>500</u>
Non-Conversion Franchisee	7 to 12 months	\$1, 225 <u>750</u> to \$3, 540 <u>000</u>

Contact Center Fee

We currently administer a ~~contact-center~~Contact Center for various purposes, such as answering customer inquiries, scheduling appointments and routing customer leads to an appropriate Dogtopia Center. ~~You~~Participation in our Contact Center program is currently optional. If you choose to participate, you pay us a weekly fee for the ~~contact-center~~Contact Center services we provide. The fee is \$150 per week prior to opening and up to \$375 per week (currently \$299 per week) after opening. You begin paying ~~contact-center~~Contact Center fees appropriately 6 to 7 weeks prior to opening to allow for initial lead contact and scheduling of “Meet ~~and~~& Greets” with prospective pet parents. This results in total estimated pre-opening ~~contact-center~~Contact Center fees ranging from \$900 to \$1,050.

Development Fee

If you are an area developer, you pay us a development fee when you sign the ADA. The development fee includes the initial franchise fee for each Center you commit to develop, including a \$49,500 initial franchise fee for your first Center and a \$44,550 discounted initial franchise fee for each additional Center. You do not pay us any additional initial franchise fee when you sign Franchise Agreements for these Centers. We expect most area developers will purchase the right to develop between 3 and 5 Centers, which translates to development fees ranging from \$138,600 (\$49,500 + 2 X \$44,550) to \$227,700 (\$49,500 + 4 X \$44,550).

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ^{1,2}	DUE DATE	REMARKS
Royalty Fee	7% of weekly Gross Sales ²	Day of <u>each</u> week <u>that</u> we specify (currently Wednesday) <u>for Gross Sales generated during prior reporting period</u>	You pay royalties based on Gross Sales generated during the preceding reporting period. Our current payment due date is Wednesday. Our current reporting period runs from Sunday morning through Saturday night. We may change the payment date <u>reporting period</u> and reporting period <u>royalty fee due date</u> upon 30 days' <u>prior</u> notice.
Brand Fund Contribution Fee	2% of weekly Gross Sales ² (may increase to 3% of weekly Gross Sales)	Same as royalty fee	See Note 3. You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.
<u>Local Marketing Commitment</u>	<u>2% of Gross Sales</u>	<u>Monthly, as incurred</u>	<u>This is the minimum amount you must spend on advertising and marketing in your local market to promote your Center (the "Local Marketing Commitment"). This expenditure is in addition to the brand fund fee. We measure your compliance on a rolling 6-month basis.</u>
Cooperative Advertising Fee	Amount determined by cooperative - up to 2% of weekly Gross Sales. ² (not currently imposed)	Same as royalty fee	See Note 4.3 ²
Digital Marketing Fee	Varies (currently \$125 per month)	15 th day of month	We utilize this fee to maintain your microsite and ² create optional local digital ad campaigns and <u>monitor reviews of your Center</u> . We may change this fee from time to time (upon at least <u>on</u> 30 days' prior notice) to reflect changes to the costs we incur to provide the services.
Technology Fee (post-opening)	Varies (currently \$275 <u>\$899</u> to \$395 <u>\$1,174</u> per month depending on selected technology <u>tech</u> package) you select – packages listed in Note 4)	15 th day of month (or as otherwise specified)	See Note 5. This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include any amounts you pay directly to third-party suppliers.
Training Fee	[Initial Training After Opening] \$2,000 per person [Ongoing Training] Up to \$400 per person per day (plus reimbursement of expenses <u>Travel Expenses</u> for onsite training)	10 days after invoice	See Note 6. Payable for each person who attends: (a) initial training after you; (b) repeat training (after failing a prior attempt); (c) refresher or supplemental training; (d) remedial training; or (e) additional training you request. You must also reimburse us for Travel Expenses we incur for training onsite at your Center.

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Conference Registration Fee	Up to \$389 per person	30 days prior to conference	See Note 7. We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay a \$1,000 participation fee.
Dogtopia Marketplace Purchases	Varies	At time order is placed	You must purchase various branded inventory and promotional items, uniforms, equipment, operating supplies and cleaning supplies exclusively from our affiliate, Dogtopia Marketplace , through the Dogtopia Marketplace ecommerce platform. We may designate ourselves or other affiliates as suppliers for other goods or services in the future.
Contact Center	Reasonable monthly fee charged by us or third-party service provider (currently \$375 299 per week after opening <u>but may increase to \$375 per week</u>)	Day of each week we specify	See Note 8. Imposed if we choose to administer a Contact Center. If a third party administers the Contact Center, you pay fees directly to the third-party provider unless we choose to collect the fees from you and remit them to the provider. We currently administer a Contact Center but allow franchisees to choose whether they wish to participate.
Loyalty and Gift Card System Program Fees/Expenses	Varies (not currently charged)	10 days after invoice or as we otherwise specified	You must participate in any customer loyalty, <u>membership</u> and/or gift card program we establish and pay all associated program contributions and fees we reasonably require in order to implement and administer these programs. These amounts are paid to us or a third party we designate.
Relocation Fee	\$15,500 to \$44,500	At time we approve site	If we allow you to relocate, you must pay our then-current relocation fee we impose for the Consultation Services we provide relating to site selection, design, planning and construction of your new facility. Our current relocation fee is the same as our Real Estate and Facility Coordinate Fee described in Item 5 and varies depending on whether you are converting a pre-existing dog daycare company and whether you already own the property.
Expansion Fee	\$7,500	At time we approve expansion	If Imposed if we allow you to expand the size of your Center after opening, you must pay a \$7,500 expansion. The fee for covers the Consultation Services we provide relating to the design, planning and expansion of your facility.
Renewal Fee	50% of then-current non-discounted initial franchise fee	At time you sign Renewal Agreement	None. Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Transfer Fee	50% of then-current non-discounted initial franchise fee	Before t Transfer	Payable when you You pay the transfer or sell your franchise or fee for all Transfers, although we may waive transfer ownership interests of fee for (a) Transfers by owners. We may waive fee if franchise transferred to an entity that you control or for certain transfers of ownership interests between they own or (b) Transfers among existing owners. If our broker finds the buyer is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker.
Development Deadline Extension Fee (ADA Only)	\$10,000	At time you sign Extension Amendment	See Note 9. Imposed if you (a) exercise your right to a one-time extension of all opening deadlines by 90 days and (b) sign the Development Schedule Extension Amendment attached to the ADA as ATTACHMENT "B".
Reimbursement of Reinspection Costs	All All Travel Expenses and other costs we incur to travel to and inspect your Center	10 days after invoice	Payable if we inspect your Center to determine if you remedied (a) a health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including travel and lodging expenses Travel Expenses for audit team)	10 days after invoice	Payable only if audit (a) reveals you understated Gross Sales by at least 3% or (b) is necessary because you fail to send us required information or reports in a timely manner.
Late Fee	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$100 per incident. <u>In California, default interest is limited to 10% per annum.</u>
Fines Noncompliance Fee	Up to \$500 per incident	Upon demand	Payable Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure the within the time period we require. We may impose an additional fine for \$500 fee every 48 hours the non-compliance noncompliance issue remains uncured after we impose the initial fine . We <u>will</u> deposit all fines these fees into the brand fund- <u>(once established).</u>
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the <u>required</u> time period we require , we may take steps to cure on your behalf. If we do so, you must reimburse us for our costs (examples include failure to maintain required insurance, failure to pay suppliers and failure to meet quality or safety standards).
Management Fee	Commercially reasonable rate Up to 3% of Gross Sales plus Travel Expenses	10 days after invoice	If you <u>fail to timely cure a</u> default under the Franchise Agreement (and fail to cure within the applicable cure period) or the Managing Owner dies, we can designate a temporary manager person to manage your Center until you cure the default is cured or find a replacement you replace the Managing Owner, as applicable.

TYPE OF FEE ¹	AMOUNT ¹²	DUE DATE	REMARKS
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for any <u>all</u> damages, losses or expenses we incur due to the operation of your Center or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorney's fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other <u>related</u> agreement with us or our affiliates .
Liquidated Damages	Varies (See Note 9 for <u>calculation in Note 5</u>)	On demand	Payable <u>Imposed</u> if we terminate the Franchise Agreement due to your default or you terminate the Franchise Agreement in any manner that violates <u>not permitted by</u> the Franchise Agreement. See Note 9.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except ~~we may collect:~~ (a) you pay the cooperative advertising fee and transfer these funds directly to the applicable your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Marketing Commitment directly with third-party suppliers. We may require you to pay brand fund contributions to our affiliate, Dogtopia Advertising, or we may collect these funds from you and remit them to Dogtopia Advertising. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "D" ATTACHMENT "D") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than the initial franchise fee). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You ~~must pay us~~ are responsible for all taxes ~~that are~~ imposed upon us on you or ~~that we are required to collect and pay by reason of the furnishing of us based on~~ products, intangible property (including trademarks) or services we provide to you.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

"Brand Fund" means the brand and system development fund we currently administer to promote public recognition of our brand and improve our System.

"Gross Sales" includes all amounts that you invoice and/or collect from all goods and services you sell, regardless of manner of payment (including payments by cash, check, credit card, debit card, on credit or via barter transaction). Gross Sales also includes all other revenues you receive relating to your Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. The full amount of the invoiced sale is included in Gross Sales at the time the order is placed, including amounts paid on credit and deposits on account that are applied at a later date (such as pre-paid items for services to be performed, subscription fees and membership/enrollment fees). For barter transactions, at the time the order is placed you must include in Gross Sales the full standard non-discounted price that you charge for the applicable good or service. If we pay you any amounts based on your participation in a Special Account (described in Item 11), you must include in Gross Sales the full amount we pay you.

With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the customer as long as the discount is part of a national promotion we sponsor or endorse. You may offer other discounts or promotional programs to specific customers or targeting a certain type of customer (for example, veterans, teachers, etc.) and you may offer free goods or services to your owners, employees, friends and family members, but for purposes of reporting Gross Sales, the maximum discount allowable will be 10% (except as otherwise discussed below for dog daycare for your owners and employees). If you discount the good or service more than 10% from your standard pricing (including by providing free goods or services), then you may only deduct 10% of the standard price from Gross Sales and must include the remainder of the standard price for

the good or service. You may offer free or discounted dog daycare for your owners and employees and you are not required to include the value of these daycare services in Gross Sales.

The following amounts are excluded from Gross Sales:

- Sales taxes you collect from customers and pay to the applicable taxing authority
- Tips and gratuities paid by customers
- Proceeds from the sale of gift certificates and gift cards (proceeds are added to Gross Sales when the gift certificate or gift card is redeemed)
- Amounts paid by customers as contributions to the Dogtopia Foundation or contributions to another 501(c)(3) organization we approve (the organization must relate to dogs and must be approved by us before you may promote the organization and/or accept donations at your Center)
- Amounts initially advanced by you to a veterinarian to treat a dog that are subsequently reimbursed by the pet parent

If you previously included any amount in Gross Sales that is subsequently refunded to a customer (as part of a bona fide refund or discount) or written off as uncollectible (in accordance with any write-off policies in the Manual), then you may adjust your Gross Sales for the reporting period in which the refund or write off takes place by deducting the amount of the refund or write off. We may require that you provide us with written documentation supporting the refund or write off. Instead of allowing you to deduct refunds and write offs from Gross Sales, we may instead provide you with a “credit” against future royalty fees in the amount of the refunds and write offs. If you do not strictly follow the policies in the Manual regarding the determination and reporting of refunds, discounts and write offs, you will not be entitled to deduct these amounts from Gross Sales and you will not receive a credit against future royalty fees.

If you acquire and convert an independent doggy daycare to a Dogtopia Center, you must include in Gross Sales the total amount of gross revenues received by you or the prior business owner from the sale of goods or services purchased prior to your conversion date but that are redeemed at your Dogtopia Center (either in whole or in part) after your conversion date. The specific way these revenues must be calculated and included within Gross Sales may be further described in the Manuals (including allocation of these revenues in situations where a portion of the goods or services received by the customer in exchange for the payment is redeemed prior to the conversion date and any remaining portion is redeemed after the conversion date). You must include the full amount of these revenues within Gross Sales for the month in which you begin operating your Center under the Dogtopia brand.

We reserve the right to make reasonable adjustments to the calculation of Gross Sales from time to time to reflect changes to: (a) the programs, products or services offered at Dogtopia Centers; (b) the point-of-sale system utilized at Dogtopia Centers; (c) our policies regarding permissible discounts and/or exclusions from Gross Sales; or (d) our policies regarding refunds, write-offs, gift certificates or gift cards.

~~1. Our affiliate, Dogtopia Advertising, administer a brand and system development fund to promote public awareness of our brand and improve our System. You have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. In addition to your brand fund contribution, you must spend at least 2% of your monthly Gross Sales on local advertising (your “Local Marketing Commitment”).~~

“Managing Owner” means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Center.

“Technology Systems” means all information and communication technology systems that we designate, which may include computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems, dog monitoring and wellness systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Transfer” means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) the Center’s assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

“Travel Expenses” means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Center; or (b) by you or your personnel to attend training programs or conferences.

2.3. Cooperative Advertising Fee: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Centers in the cooperative, including company-owned Centers. We may set the minimum cooperative advertising fee, which may be increased by majority vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to ~~one (1)~~ vote for each Center that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Centers located in the cooperative. However, if the majority of Centers in the cooperative are company-owned Centers, we will not increase the cooperative advertising fee ~~without the~~unless a majority ~~vote~~vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 20223.

~~3. You must acquire and utilize all information and communication technology systems that we specify from time to time (the “Technology Systems”). The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we charge the following monthly technology fees, which vary depending on the technology package you select (each package is described in Item 11):~~

4. Technology Fee: You are required to purchase our standard technology package. Commencing with your Center’s opening date, you have the option to purchase any (or all) of our 3 optional technology package upgrades (i.e., Salesforce Add-On, Email Add-On and Power BI). Your post-opening technology fee will range from \$899 per month to \$1,174 per month, depending on whether you choose to purchase any technology package upgrades. The table below lists the different packages and the associated pricing:

Technology Package <u>Tech Packages</u>	<u>Items Included</u>	<u>Required/Optional</u>	Monthly Technology <u>Tech</u> Fee*
Standard Package	<u>5 Microsoft Office 365 Licenses (includes 5 Dogtopia Email Addresses)</u> <u>1 Registered Domain Name (for microsite)</u> <u>License to our Learning Management System</u> <u>6 Salesforce Sales Cloud Licenses</u> <u>2 Salesforce Digital Engagement Licenses</u> <u>1 Salesforce Partner Community Member License</u> <u>30 Salesforce Partner Community</u>	<u>Required</u>	\$175 per <u>\$899/month (Pre-Opening)</u>

Technology Package <u>Tech Packages</u>	<u>Items Included</u>	<u>Required/ Optional</u>	Monthly Technology <u>Tech</u> Fee*
	<u>Pooled Licenses</u>		
			\$275 per month (Post-Opening)
Standard <u>Salesforce Add-On Package</u> Plus “Power BI Package”	<u>2 Salesforce Sales Cloud Licenses</u> <u>6 Salesforce Digital Engagement Licenses</u> <u>2 Salesforce Partner Community Member Licenses</u> <u>20 Salesforce Partner Community Pooled Licenses</u>	<u>Optional</u>	\$225 per 100/month (Pre-Opening)
			\$325 per month (Post-Opening)
Standard <u>Email Add-On Package</u> Plus “Email Package”	<u>5 Additional Dogtopia Email Addresses</u>	<u>Optional</u>	\$245 per 75/month (Pre-Opening)
			\$345 per month (Post-Opening)
Standard Package Plus “Email Package” & “Power BI Package”	<u>2 BI Licenses</u> <u>“Top 10” Power BIs</u>	<u>Optional</u>	\$295 per 100/month (Pre-Opening)
			\$395 per month (Post-Opening)

4. ~~We provide initial training for up to 3 individuals at no additional charge. We may charge you an initial training fee of \$2,000 per person for:~~

- ~~• each additional person that attends our initial training program (either before or after you open)~~
- ~~• any person who retakes training after failing a prior attempt~~

~~You must pay us a training fee of up to \$400 per person per day for:~~

- ~~• any remedial training we require based on your operational deficiencies~~
- ~~• each person who attends a system-wide or additional training program (other than initial training)~~
- ~~• each person to whom we provide additional training that you request~~

~~If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee.~~

5. ~~We may hold periodic conferences to discuss business and operational issues affecting Dogtopia Centers. Attendance at these conferences is mandatory. You are also responsible for all expenses and costs your attendees incur for wages, travel and living expenses. If you fail to attend a required conference, you must pay us a participation fee of \$1,000 and we will provide you with the relevant training materials from the conference.~~

6. ~~We currently administer a contact center for various purposes, such as answering customer inquiries, scheduling appointments and routing customer leads to an appropriate Dogtopia Center. We may continue to administer the contact center ourselves or we may outsource contact center services to a third-party service provider. As long as we administer the contact center ourselves, we may require you to pay us a commercially reasonable fee for the service. Our current fee is \$150 per week (prior to opening) and \$375 per week (after opening). If a third-party administers the contact center, you must directly pay the third-party provider for any applicable fees (or we may collect the fee from you and remit payment to the third-party provider).~~

7. ~~If you are unable to meet an opening deadline under your development schedule, you have a one-time option to extend all of your opening deadlines by 90 days. In order to do so, you must complete all of the following prior to the opening deadline you are unable to meet:~~

- ~~• send us a written notice confirming you are exercising the extension option~~
- ~~• sign the Development Schedule Extension Amendment attached to the ADA as ATTACHMENT "B"~~
- ~~• pay us a nonrefundable \$10,000 extension fee~~

* Our technology packages and technology fee are subject to change from time to time. We will list our current technology package(s) and technology fee in the Manual. We will notify you of any increase to the technology fee at least 60 days before the increased fee goes into effect.

8.5. Liquidated Damages: The amount of liquidated damages is equal to the greatest of the following: (a) \$10,000; (b) the sum of total royalty fees and brand fund contributions imposed during the 180-day period preceding termination; or (c) the sum of the average weekly royalty fees and brand fund contributions for the 52-week period preceding termination (or for the entire period of operations if less than 52 weeks) multiplied by the total number of full weeks remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits attributable to fees and revenue we would have received after termination if the Franchise Agreement had not been terminated. However, payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a single Dogtopia Center.

YOUR ESTIMATED INITIAL INVESTMENT (\$ <u>S</u> INGLE CENTER)				
TYPE OF EXPENDITURE	AMOUNT ¹ <u>AMOUNT</u> ^{1,2}	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ²¹	\$40,095 to \$49,500	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee ³⁴	\$0 to \$2,000	Lump sum	10 days after invoicing	Us
Food, Lodging & Travel (3 to 4 people while training) <u>Initial Training Expenses</u> ⁵	\$1,000 to \$5,000	As incurred	During training	Hotels, restaurants and airlines
Utility & Security Deposits ⁴⁶	\$5,500 to \$17,500	Lump sum	Before opening	Utilities companies
Real Estate and Facility Coordination Fee ⁵⁷	\$35,000 <u>15,500</u> to \$44,500	Lump sum	At time you sign Franchise Agreement	Us
3 Month's Rent ⁶⁸ (3 Months after Opening)	\$17,400 to \$45,600	Lump sum	Monthly	Landlord
Leasehold Improvements ⁷⁹	\$476,788 <u>575,511</u> to \$825,586 <u>818,533</u>	As incurred	Before opening	Contractors and suppliers
<u>Deductions for Landlord Contributions</u> ¹⁰ (Free Rent & TIA)	<u>(\$263,718) to (\$177,493)</u>	<u>Landlord contribution</u>	<u>Contributions cover expenses incurred before and/or after opening</u>	<u>Benefits received from landlord (no payment by you)</u>
Furniture, Furnishings & Equipment ⁸⁰	\$15,155 <u>22,003</u> to \$17,594 <u>29,764</u>	As incurred	Before opening	Suppliers and our affiliate

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE CENTER)				
TYPE OF EXPENDITURE	AMOUNT ^{1,2}	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
HVAC Equipment ⁹¹²	\$46,637 <u>\$69,426</u> to \$111,830 <u>\$364</u>	Lump sum	Before opening	Suppliers
Exterior Signage & Graphics ⁴⁰¹³	\$109,000 to \$35,000 <u>\$28,500</u>	Lump sum	Before opening	Suppliers
Interior Signage & Graphics ⁴¹⁴	\$15,000 <u>\$13,500</u> to \$26,000 <u>\$24,500</u>	Lump sum	Before opening	Suppliers
Microsite & Social Media Account Set Up Fee	\$700	Lump sum	At launch of microsite	Us
Technology Systems ⁴²¹⁵	\$9,800 <u>\$8,300</u> to \$34,32 <u>\$600</u>	As incurred	Before opening	Suppliers
Technology Fees ⁴³¹⁶ (pre-opening period)	\$1,225 <u>\$750</u> to \$3,540 <u>\$000</u>	Monthly	Before opening	Us
Contact Center Fees ⁴⁴¹⁷ (pre-opening period)	\$900 <u>\$0</u> to \$1,050	Weekly	Before opening	Us
Air System	\$500 to \$2,000	As incurred	Before opening	Suppliers
Initial Supply of Inventory and Operating Supplies ⁴⁵¹⁸	\$27,704 <u>\$14,598</u> to \$32,345 <u>\$19,723</u>	Lump sum	Before opening	Suppliers and our affiliate
Grand Opening Marketing ⁴⁶¹⁹	\$15,000 to \$30 <u>\$25</u> ,000	Lump sum	Prior to opening	Suppliers
Business Licenses and Permits ⁴⁷²⁰	\$2,000 to \$44,000	As incurred	Prior to opening	Government agencies
Insurance (3-months' premium)	\$1,200 to \$3,000	Lump sum	Before opening	Insurance companies
Professional Fees ⁴⁸²¹	\$28,500 to \$78,500	Lump sum	Before opening	Lawyers, architects, accountants & other professionals
Additional Funds ^{49,22} (3 months after opening)	\$30,000 to \$60,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment²⁰²³	\$780,104 <u>\$607,765</u> to \$1,469,845 <u>\$268,841</u>			

Table B: Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 3 OR 5 CENTERS)				
TYPE OF EXPENDITURE	AMOUNT ^{1,2}	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ^{21,24}	\$138,600 to \$227,700	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Center	\$740,009 <u>567,670</u> to \$1, 420,345 <u>219,341</u>	This is the total estimated initial investment in Table A above less the initial franchise fee (included in development fee)		
Total Estimated Initial Investment	\$878,609 <u>706,270</u> to \$1, 648,045 <u>447,041</u>			

Notes:

1. Model 3.0: We recently revised our prototype model by: (a) reducing the size from 5,000 to 7,000 square feet to 4,000 to 6,000 square feet; (b) increasing the square footage for the dog play areas (up to 80% of available space); and (c) reducing the size of the lobby and administrative areas. We refer to the new model as the “3.0 design”. This Item 7 has been prepared to estimate the initial investment for a Center that conforms to the new 3.0 design. For purposes of the estimated initial investment figures above, we assumed you are not a Conversion Franchisee. If you are a Conversion Franchisee, your initial investment may be lower.

~~1-2.~~ Financing and Refunds: We do not offer direct or indirect financing for any of these items. No fees or other amounts paid to us or our affiliate are refundable. Your landlord may refund your security deposit at the end of the lease if you do not default or damage the property. We are not aware of any other amounts paid to third parties that are refundable.

~~2.1.~~ Initial Franchise Fee: ~~For purposes of the estimated initial investment figures above, we assumed you are not a Conversion Franchisee. If you are a Conversion Franchisee, your initial investment may be lower.~~

3. Our standard initial franchise fee is \$49,500. If you are a qualified veteran purchasing your first Center or a non-veteran purchasing your second or subsequent Center, you pay a \$44,550 discounted initial franchise fee. If you are a qualified veteran purchasing your second or subsequent Center, you pay a \$40,095 discounted initial franchise fee.

4. Initial Training Fee: We provide pre-opening initial training for up to 3 people at no additional charge. We reserve the right to charge you a training fee of \$2,000 for each additional person that attends our initial training program. The low estimate assumes you send 3 people to training and the high estimate assumes you send 4. While we have not imposed the additional training fee in the past, we may do so in the future.

5. Initial Training Expenses: This estimates your expenses to send 3 to 4 people to Scottsdale, Arizona for initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

~~5-6.~~ Utility & Security Deposits: This includes your estimated costs for utilities deposits charged by utilities company.

~~6-7.~~ Real Estate and Facility Coordination Fee: You must pay us a Real Estate and Facility Coordination Fee that varies depending on whether you are a Conversion Franchisee and whether you own the real property for your Center at the time you sign the Franchise Agreement. The table below lists our current Real Estate and Facility Coordination Fee.

REAL ESTATE AND FACILITY COORDINATION FEE		
Type of Franchisee	Property Owned by Franchisee (at time FA signed)	Fee Amount
Conversion Franchisee	Not Required	\$15,500
<u>2nd or Subsequent Center</u>	<u>Not Required</u>	<u>\$15,500</u>
Non-Conversion Franchisee	Yes	\$35,000
Non-Conversion Franchisee	No	\$44,500

The low estimate in the table above assumes you are purchasing a 2nd or subsequent Center.

8. Rent: This estimate assumes you lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions, (TIA or Tenant Improvement Allowance) and the requirements of individual landlords. We anticipate most Centers will range in size from ~~54,000~~ to ~~76,000~~ square feet with rent ranging from \$5,800 to \$15,200 per month. ~~However, your~~ Your actual rent may vary significantly above or below this range depending on your area and local market conditions. For example, you may face significantly higher rent in areas such as New York City, San Francisco or Boston. Conversion Franchisees that assume the seller’s existing lease may experience greater variability in the monthly rental rate since the leases were executed at

different times. As discussed in more detail in Note 10 below, the leases for 31 of the 35 Centers constructed in 2023 included some amount of free rent (including all 3 leases for Centers conforming to 3.0 design).

Some franchisees may prefer to own the premises for their Dogtopia Center. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

7.9. Leasehold Improvements: Leasehold improvement costs vary widely based on a number of factors, including the size, location and condition of the premises, the extent and nature of any existing leasehold improvements and whether the landlord will contribute to these costs. ~~We anticipate total~~ This estimate in the table reflects the range of leasehold improvement costs ~~will range experienced by the 3 Centers constructed in 2023 that conform to the new 3.0 design (\$575,511 to \$818,533). Leasehold improvement costs experienced by the 32 Centers constructed in 2023 that did not conform to the new 3.0 design ranged from \$608,148 to \$825,586, although your~~ 508,031 to \$1,498,470. This estimate assumes your facility conforms to our new 3.0 design and falls within our recommended size range (4,000 to 6,000 square feet). Your cost may be significantly lower if you are a Conversion Franchisee. In our experience, leasehold improvement costs do not necessarily correlate with the size of the facility. We have experienced high costs in smaller square footage facilities due to various factors, such as geographical differences in construction costs, required building modifications, contractor availability, environmental preclusions, weather conditions and market volatility. This may result in a higher cost per square foot to develop a smaller location. We have observed a continued rise in construction costs (between 10% to 20% per year) due to various economic factors as well as high market volatility in certain urban, remote and rapid growth markets due to high demand and limited resources. As discussed in more detail in Note 10 below, the leases for 31 of the 35 Centers constructed in 2023 included landlord contributions towards the cost of leasehold improvements (including all Centers conforming to 3.0 design).

8.10. Landlord Contributions: You may be able to negotiate various terms with your landlord. Some landlords will pay all or a portion of the leasehold improvement costs ~~(known as a tenant improvement (TI) allowance).~~ (TIA). Landlords may also give you free rent after you open. You also may be able to finance some (or all) of your leasehold improvement costs through your landlord or through other financing sources. A variety of factors may affect the availability of financing, monthly financing costs, and other important terms to consider in deciding whether to pay for, or finance, the leasehold improvement costs.

~~During~~ We expect most landlords will provide a TIA and/or free rent, which would reduce your rent and/or leasehold improvement costs. There were 35 new Centers constructed in 2023, including 3 Centers conforming to design 3.0 and 32 Centers falling under our older model. The leases for all 35 of these Centers included some amount of free rent and/or TIA. The table below lists the number and percentage of these leases that included: (a) free rent (along with the average amount of free rent provided); and (b) a TIA from the landlord (along with the average TIA provided):

<u>Model</u>	<u>Received Free Rent (average amount of free rent)*</u>	<u>Received TIA (average amount of TIA)*</u>
<u>Former (32 leases)</u>	<u>28 of 32 (87.5%) (average \$58,674 in free rent)</u>	<u>28 of 32 (87.5%) (average TIA of \$193,771)</u>
<u>Design 3.0 (3 leases)</u>	<u>3 of 3 leases (100%) (average \$54,547 in free rent)</u>	<u>3 of 3 (100%) (average TIA of \$161,533)</u>
<u>Total (35 leases)</u>	<u>31 of 35 (88.6%) (average \$58,274 in free rent)</u>	<u>31 of 35 (88.6%) (average TIA of \$190,651)</u>

* Average free rent is calculated as the average free rent provided under the leases that included some amount of free rent (the 4 leases that included no free rent were not included in the calculation). Similarly, average TIA is calculated as the average TIA provided under the leases that included some amount of TIA (the 4 leases that did not include a TIA were not included in the calculation).

The table below shows the low/high ranges of free rent and TIA received by franchisees on an individualized basis and on a combined basis. In some cases, franchisees received more than 3 months of free rent. Because

the initial investment estimate is limited to expenses incurred through the 3rd month after opening, we have provided two sets of data including: (1) total free rent received under the lease with no cap on the number of months of free rent; and (2) total free rent received under the lease capped at 3 months after opening (i.e., any free rent realized after the 3rd month after opening is disregarded).

Model	Free Rent				TIA		TIA & Free Rent (Combined Benefit Received)*			
	No Cap		3 Month Rent Cap				No Cap on Rent		3 Month Rent Cap	
	Low	High	Low	High	Low	High	Low	High	Low	High
Former (32 leases)	\$15,042	\$138,762	\$15,052	\$92,508	\$10,000	\$462,540	\$33,522	\$601,302	\$33,522	\$555,048
Design 3.0 (3 leases)	\$45,064	\$72,713	\$22,532	\$72,713	\$104,780	\$229,320	\$177,493	\$275,184	\$177,493	\$263,718
Total (35 leases)	\$15,042	\$138,762	\$15,052	\$92,508	\$10,000	\$462,540	\$33,522	\$601,302	\$33,522	\$555,048

* Some landlords that provide a higher TIA provide less free rent. Conversely, some landlords that provide more free rent provide a lower TIA. The “combined” TIA & free rent listed in this table reflects the combined free rent and TIA received by franchisees. The figures listed under “TIA & Free Rent” reflect the combined benefit actually provided under the lease for free rent and TIA. For example, the low estimate may not be comprised of the lowest rent and lowest TIA, but instead reflects the lowest combined benefit received under a single lease. For the 3 Centers conforming to design 3.0, the average combined financial benefit from free rent and TIA was \$226,339. Of the remaining 32 Centers constructed in 2023, the average combined financial benefit from free rent and TIA was \$220,889.

The leasehold improvement costs in the estimated initial investment table (\$575,511 to \$818,533) reflect the range of costs incurred by the 3 Centers conforming to our new model 3.0. The figures in the table for “Landlord Contributions” reflect the combined financial benefit (with free rent capped at 3 months) received by: (a) the franchisee that incurred \$575,511 in leasehold improvement costs (the combined financial benefit received by this franchisee was \$263,718); and (b) the franchisee that incurred \$818,533 in leasehold improvement costs (the combined financial benefit received by this franchisee was \$177,493). These amounts are deducted from the total estimated initial investment to reflect the net costs actually incurred by franchisees. After deducting these amounts, the total initial investment is reduced from (a) \$872,383 to \$1,446,334 (without taking into account Landlord Contributions) to (b) \$608,665 to \$1,268,841 (after deducting Landlord Contributions). If you are unable to negotiate free rent and/or a TIA with your landlord, your initial investment may be higher.

Furniture, Furnishings & Equipment: This includes your initial equipment inventory of crates, playpens, leashes, collars and bowls. 2022, 28 out of the 40 leases signed included a TI allowance. TI allowances ranged from a low of \$59,590 to a high of \$438,260, with an average TI allowance of \$131,497 or 21.6% of the leasehold improvement costs. The low estimate in the table above assumes a 21.6% landlord TI allowance (reducing the low estimate from \$608,148 to \$476,788) while the high estimate (\$825,586) assumes no TI allowance.

9.11. You must purchase all furniture, fixtures and equipment we specify. If you lease furniture and/or equipment, your initial investment may decrease. A variety of factors may affect the availability and cost of financing, including local and national economic conditions, availability of credit, whether local suppliers are offering financing in your market, interest rates charged by leasing / finance companies, required security, your credit history and other lease/finance terms. Some of these purchases must be made through Dogtopia Marketplace (estimated costs range from ~~\$3,000~~11,380 to ~~\$12,500~~14,360) while other purchases are made from approved or designated suppliers. If you are a Conversion Franchisee, you may already have some of the required furniture, fixtures and equipment, in which case your initial investment for these items may be less.

~~10.12. HVAC Equipment:~~ This estimates the cost for your HVAC equipment. Costs vary depending on the size

of your premises, design of your HVAC system and local climate conditions. The estimated cost disclosed in the table above is based on the most typical design of one Dedicated Outside Air System (DOAS) unit.

~~11~~13. Exterior Signage & Graphics: This estimates the cost of your exterior signage and graphics that are displayed on the exterior windows of your building. You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The cost of exterior signage and window graphics varies from location to location depending on lease requirements, local ordinances and restrictions, store frontage (including whether the franchisee has an endcap location with more exterior window area) and related factors. The estimate in the table above includes localization graphics and signage.

~~12~~14. Interior Signage & Graphics: This estimate includes the cost of all interior signage and graphics that are permanently affixed to the property. The estimate includes customization of the signage and graphics as well as installation. Certain interior signage is mandatory while other signage is optional. The design, placement and size of the interior graphics and signage you install will be based upon the minimum brand standards and optional features you select. Your landlord may impose limitations and restrictions. Costs vary from location to location depending on interior square footage, design and the optional features selected by the franchisee. The estimate in the table above includes the base package, installation and optional upgrades.

~~13~~15. Technology Systems: This estimates your initial costs to acquire and install our required Technology Systems, including:

- alarm/surveillance system (\$800 to \$10,000)
- music system (\$0 to \$2,000)
- computer and POS system (\$1,000 to \$4,000)
- playroom cameras (\$500 to \$4,000)
- smart TVs (\$1,500 to \$4,600)
- digital signage, including 2 digital display monitors (~~\$6,000~~4,500 to ~~\$10~~8,000)

Some franchisees lease their digital signage. If you lease, your initial investment will decrease. You must purchase an alarm and surveillance system that meets our standards and specifications. Some franchisees choose to upgrade their system beyond our minimum requirements by purchasing additional cameras and upgrading their system, which increases the required initial investment. The low estimate assumes you purchase an alarm and surveillance system that meets our minimum requirements while the high estimate assumes you choose to upgrade your system. This estimate also includes the cost to purchase and install a system to play music in your Center. The music system is optional, although most franchisees choose to purchase and utilize the music system. If you choose to do so, you may need to pay music licensing fees to third parties (i.e., ASCAP or BMI). Playroom cameras are placed in the playrooms to allow pet parents to remotely monitor their pets. Smart TVs are placed in the lobby to provide real-time views of the playrooms. The estimate above assumes you purchase between 3 and 10 playroom cameras and 3 to 4 smart TVs.

~~14~~16. Technology Fees: From the time you sign the Franchise Agreement until your opening date, you must pay us a monthly technology fee ~~that ranges from \$175 per month to \$295 per month depending on the technology package you select (see Item 5 for details)~~ of \$250 per month. In preparing this estimate, we assumed it will take you 7 to 12 months to open after you sign the Franchise Agreement. If you are a Conversion Franchisee you are likely to open sooner, in which case your total pre-opening technology fees will be less.

~~15~~17. Contact Center Fees: You begin paying us weekly ~~contact center~~Contact Center fees 6 to 7 weeks prior to opening. ~~The if you choose to utilize this optional service. The current~~ weekly fee is \$150 per week prior to opening and ~~\$375~~299 per week after opening.

~~16~~18. Inventory & Operating Supplies: This includes your initial inventory of retail items (such as leashes collars, toys, dog food and dog treats) and operating supplies (such as cleaning supplies, shampoos, uniforms, scuffle tools, leashes, lip leads, dog bowls, etc.~~).~~ and may include promotional items that you choose to

purchase. You may only offer, sell and utilize inventory items we designate or approve. Some of these purchases must be made through Dogtopia Marketplace (estimated costs range from ~~\$2,000~~5,606 to ~~\$12,500~~9,372) while other purchases are made from approved or designated suppliers. If you are a Conversion Franchisee, we anticipate you will already have some of these items, in which case your initial investment for these items may be less.

17-19. Grand Opening Marketing: Before opening, you must spend at least \$15,000 on advertising and other marketing activities to promote your Center, including digital advertising, guerilla marketing and public relations. We may specify a grand opening marketing program you must follow. Some franchisees choose to spend more than the minimum required amount. If you are a Conversion Franchisee, your minimum required expenditure will be reduced to \$5,000 due to the pre-existing public recognition of the dog daycare business operated at the site before converting to the Dogtopia system.

18-20. Business Licenses & Permits: You must obtain all licenses and permits required by your state and municipality. Required licenses may include a general business license, kennel license, boarding license, health department license and possibly others. Many of these licenses must be renewed annually. You must also obtain special use and/or conditional use permits as well as construction permits. The specific licenses and permits you must obtain (and the associated costs) will vary depending on the local, municipal, county and state laws and regulations in your area. The cost and availability of required permits can vary widely and these variations may result in additional costs. If you choose to expedite the inspection and permitting process (where expediting is available), you may incur additional costs for expedited service. These permits can be particularly scarce and/or expensive in urban and/or environmentally restrictive or affected markets.

19-21. Professional Fees: You will hire various professionals to advise and assist you with the purchase of your franchise, the formation and development of your Business, and the design and construction of your Center. These professionals may include attorneys, accountants, architects, Mechanical, Electrical, Plumbing (M.E.P.) and HVAC engineers, zoning experts, real estate and other professionals. They can provide you with a number of important services, such as:

- evaluating the franchise opportunity
- negotiating the Franchise Agreement
- forming your business entity
- preparing site surveys and site investigation reports
- preparing demographic and traffic studies
- assisting you with site selection and lease negotiation
- preparing initial design plans and final construction plans for your facility
- ensuring compliance with mechanical, electrical and plumbing requirements
- obtaining required licenses and permits
- reviewing zoning regulations and, if necessary, obtaining required variances
- preparing your business plan

You are required to engage some of these professionals. Others are optional, but recommended.

20-22. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), digital marketing fees (\$125 per month), post-opening technology fees (~~\$275~~899 to ~~\$395~~1,174 per month), post-opening ~~contact center~~Contact Center fees (~~\$375~~currently \$299 per week), ~~point-of-sale licensing fees (\$95 per month)~~, music licensing fees (if applicable), advertising, utilities and other miscellaneous expenses and required working capital. Your initial 3 months of rent ~~is~~and insurance premium are separately stated in the table above. These figures are estimates based on the experience of Dogtopia franchisees that opened their businesses in 20223.

21-23. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor and other professionals to assist you in developing a budget for the construction, opening and operation of your

Business. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Center. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

~~22.24. See~~ Development Fee: Item 5 ~~for a discussion of the calculation of~~ discusses how the development fee is calculated. This initial investment estimate assumes you purchase the right to develop either 3 Centers (low estimate) or 5 Centers (high estimate). If you purchase the right to develop more than 5 Centers, your development fee will increase by an additional \$44,550 for each additional Center you commit to develop in excess of 5. This initial investment estimate does not include any costs you will incur to open any Center other than your first Center.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Dogtopia Center. By “source-restricted”, we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or our affiliate). We estimate that 85% to 95% of the total purchases and leases required to establish and operate your Center will consist of source-restricted goods or services, as further discussed below.

The Manual includes our specifications and list of approved and designated suppliers. In most cases, we let you know of changes to our specifications or supplier list through our internal franchisee weekly newsletter (GDG). However, we may communicate these changes in other ways, such as email, updates to the Manual, bulletins or other means of communication. You must comply with these changes within 30 days after receipt of our notice. However, changes related to health or safety issues may require immediate compliance.

Standards and Specifications

All of your equipment, fixtures, furniture, furnishings, construction materials, signage, graphics, décor items, inventory, uniforms, print and promotional materials, cleaning products and operating supplies must meet our specifications and quality standards. We formulate and change our specifications and quality standards based on: (a) our (and our affiliates’) industry knowledge; (b) research we conduct as part of our continuing efforts to improve Dogtopia Centers and the health and wellness of dogs; (c) our experience developing and operating company-owned Dogtopia Centers; and (d) our franchisees’ experience developing and operating franchised Dogtopia Centers.

Supplier Restrictions

You must purchase most goods and services necessary to develop and operate your Center only from suppliers we designate or approve (including from us and our affiliate). Our criteria for evaluating suppliers include standards for quality, consistency, production, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our decision within 60 days after we receive your request for approval and all additional information and samples we require. We are deemed to have disapproved of your request if we do not issue our approval within the 60-day period. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. We do not charge you a fee to review suppliers or products you propose.

We currently require that you purchase a variety of source-restricted items exclusively through the Dogtopia Marketplace ecommerce platform administered by our affiliate. Dogtopia Marketplace is our internal supply chain

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that leverages system-wide buying power to deliver preferential quality and pricing to franchisees. Our affiliate purchases items offered for sale on Dogtopia Marketplace from various suppliers and warehouses them for subsequent resale to franchisees. Our affiliate imposes a reasonable markup on these items as compensation for services rendered and to cover its costs to administer Dogtopia Marketplace, including (among others):

- costs to lease and manage the distribution and warehousing facilities
- costs to develop, maintain, update and improve the ecommerce platform
- research and development costs to identify new and improved products and new suppliers
- labor, administrative, overhead and other costs relating to implementation of Dogtopia Marketplace

The price you pay for items purchased through Dogtopia Marketplace (inclusive of any markup) is comparable to or less than the price you would pay for the same items if you were to purchase them directly from the suppliers as an independent business owner without the benefit of our bulk purchasing power. The items purchased through Dogtopia Marketplace currently include:

- branded inventory and promotional items
- uniforms
- equipment (including dog crates, dog tubs, dog suites, pop-up tents, inflatable blow-up Scruffy, feathered flags, floor mats, wee pens, bubble machine and stainless steel shelves)
- daycare operating supplies (including collars, leads, spray shields, dog waste bags, stainless steel food bowls, bubbles, mist, bandanas, bags, printed collateral, pens and similar items)
- our exclusive line of Dogtopia Cleaning Products (including bio-enzymatic disinfectant, sanitizer, laundry detergent, window cleaner, dish soap, Hydro dispenser station, spray bottles, wrench and other cleaning tools and supplies)
- [our exclusive line of Dogtopia SPA Products](#)

Most furniture, fixtures and equipment that are not offered through Dogtopia Marketplace must be purchased exclusively from our designated third-party distributor, Haines Jones & Cadbury (“HJC”). HJC serves as a centralized procurement company that purchases these items from our approved and designated suppliers and warehouses them for subsequent resale to franchisees.

We require that you purchase (and that you ensure your general contractor purchases): (a) all items offered through Dogtopia Marketplace exclusively from Dogtopia Marketplace; and (b) all items offered by HJC exclusively from HJC.

Any source-restricted goods or services not offered through Dogtopia Marketplace or by HJC must be purchased directly from suppliers we designate or approve.

Our affiliate, Dogtopia Advertising, administers the brand and system development fund. In this capacity, Dogtopia Advertising serves as the exclusive supplier for the marketing and other services performed in the administering the brand and system development fund.

Current Source-Restricted Items

The following items must meet our standards and specifications and must be purchased exclusively through Dogtopia Marketplace or from HJC or other suppliers we designate or approve: fixtures; furniture; furnishings; operating equipment; construction materials; signage; graphics; décor items; inventory; uniforms; print, promotional and branded materials; cleaning products; and operating supplies. You are also subject to the purchase and lease restrictions described below.

Lease

If you lease the premises for your Center, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ~~ATTACHMENT "B"~~ ATTACHMENT "B". You must obtain our approval of your lease before you sign it. Although we may review the terms of your lease and provide you

with feedback, our advice or recommendations are not a representation or guaranty as to the reasonableness of the terms. The limited purpose of our review is to ensure our minimum brand standards and lease requirements are met.

Real Estate, Design and Construction Services

You must exclusively utilize us to provide the Consultation Services.

You must utilize the real estate company we designate (the “Real Estate Company”) to assist you in finding and evaluating potential sites. You and the Real Estate Company must sign the Client Services Agreement attached to this Disclosure Document as ~~EXHIBIT "E" -1~~ EXHIBIT "E" -1.

You do not need our approval of any attorney you hire. You may (but need not) use our preferred commercial leasing attorney to review and negotiate your lease to ensure our minimum brand standards and lease requirements are met. If you choose to do so, we cover this attorney’s fees to review and negotiate your lease. If you choose not use our preferred attorney, you do not receive a credit or refund of any fees.

You must contract with and utilize one of several architectural companies we have approved (the company you work with is referred to as the “Architect Company”) to: (a) obtain a site survey and site investigation report for each site you propose; (b) design your Dogtopia Center; (c) prepare construction plans; and (d) facilitate the submission of applications for required permits on your behalf.

We will serve as your Project Manager (defined in Item 11) to oversee the development and construction of your Center and coordinate with the various contractors and other professionals involved with the process.

You must utilize the Real Estate Company, Architect Company and Project Manager we designate (we are currently the only designated Project Manager). You must also separately contract with other professionals we designate or approve, such as your general contractor. The Architect Company may recommend that you utilize an engineer to design the mechanical, electrical and plumbing systems to ensure compliance with local laws and compliance with your environmental comfort standards. If you choose to hire another supplier to provide any of the services provided by the Real Estate Company, Architect Company or Project Manager, then all of the following apply:

- you must still contract with, and pay for the services of, the supplier we designate
- either we or the supplier we designate must approve the supplier you propose
- the supplier you propose must coordinate their efforts with, and report to, the supplier we designate
- the supplier we designate must review the work product of the supplier you propose and retain ultimate control over the project
- in the event of a conflict between the supplier you propose and the supplier we designate, the supplier we designate will have final decision making authority
- the supplier you propose must be appropriately licensed and bonded (if required by applicable law)

We must approve the final construction plans for your Center. Once approved, you must hire a designated or approved general contractor and other suppliers to construct and equip the premises according to the specifications contained in the Manual and the final construction plans we approved.

Construction Materials

Certain materials used in the construction of your Center must meet our standards and specifications (for example, the rubber flooring and noise reduction materials for the playrooms). Some of these materials (such as your flooring material, heating ventilation equipment and cooling equipment) must be purchased exclusively from HJC or other suppliers we designate or approve, while other materials may be purchased from any supplier of your choosing (but must still meet our standards and specifications).

Fixtures, Furnishings and Equipment

All fixtures, furnishings and equipment must meet our standards and specifications. You must buy all of these

items either through Dogtopia Marketplace or from HJC or other suppliers we designate or approve. In some cases, you must purchase the specific brand and model of equipment we designate (for example, the dog crates, supreme crates, dog tubs, dog suites, shelving, flooring, HVAC, plumbing and lighting fixtures).

Signage and Graphics

All interior and exterior signage and graphics must meet our standards and specifications and be approved by us. We must approve the specific signage and graphics designs you utilize and the suppliers from whom you purchase these items. You must purchase your window graphics exclusively from our designated supplier. Currently, our designated supplier for window graphics is also an approved supplier for your other signage. If you choose to purchase your signage from a different supplier we approve, your costs may increase because your supplier must coordinate with our designated supplier for the window graphics for purposes of obtaining permits relating to overall exterior signage.

Technology Systems

You must purchase and use all Technology Systems we designate, including your computer and POS systems, webcam systems, telecommunications systems, security systems, digital lobby signage, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. All of these items must meet our standards and specifications. Most components must be purchased from suppliers we designate or approve.

Operating Supplies

Your operating supplies must meet our standards and specifications (for example, we have certain standards for “pet friendly” cleaning supplies). Your employees must wear the uniforms we specify. You must purchase uniforms and our line of Dogtopia Cleaning Products exclusively from our affiliate through Dogtopia Marketplace.

Inventory

All inventory items must meet our standards and specifications, including leashes, collars, toys, dog food, dog treats and other retail items that you offer for sale. You must purchase all inventory items exclusively through Dogtopia Marketplace. You may not offer or sell any retail items we have not approved.

Marketing Materials and Services

All marketing materials must comply with our standards and specifications. We must approve all marketing materials prior to use. We may require that you purchase branded marketing materials (such as signage, business cards, brochures, logoed promotional items, etc.) exclusively through Dogtopia Marketplace or from other suppliers we designate or approve. You must contract with the company we designate to design and implement your grand opening marketing program. We will set up and design your microsite (i.e., local webpage) and social media account. We will control your microsite and social media account and you must use us to provide certain digital marketing services on your behalf (including certain social media marketing, providing content for social media posts, managing your social media account, providing updates to your microsite, etc.). You may engage in certain social media marketing activities, but only in accordance with our social media policy.

Insurance Policies

You must ~~purchase and maintain~~obtain the insurance coverage we require ~~from time to time~~ (whether in the Franchise Agreement or in the Manual). ~~You must purchase these policies~~ from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc. ~~and that are licensed and admitted in., including~~ the ~~state in which your Center is located. The required coverage currently includes~~following:

Policy Type	Minimum Coverage
“All risk” Property Insurance	Replacement Value

Policy Type	Minimum Coverage
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Professional Liability Insurance	\$1,000,000 per occurrence
Automobile Liability Insurance	\$1,000,000 per occurrence and \$1,000,000 in the aggregate
Animal Bailee Insurance	\$25,000 per occurrence
Privacy and Cyber Security Liability Insurance	\$100,000 per occurrence
Commercial Umbrella Insurance	\$1,000,000 per occurrence
Business Interruption Insurance	At least 12 months
Employment Practices Insurance	\$1,000,000 per occurrence
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease
Insurance Required by Law	As required by applicable law

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Contact Center

You ~~must~~[have the option to](#) participate in our ~~contact center~~[Contact Center](#) program, which we currently administer. You must pay all associated fees for participation in the program [if you choose to participate](#).

Credit Card Processing Services

You must use the credit card processing company we designate.

Purchase Agreements

We try to negotiate ~~relationships~~[purchase agreements](#) with suppliers ~~to enable~~, [including favorable pricing terms, for the benefit of](#) our ~~affiliates and franchisees to purchase certain items at discounted prices~~. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us) either through Dogtopia Marketplace, from HJC or directly from the approved or designated supplier, as applicable. As of the issuance date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for the following goods and services, all of which are purchased through Dogtopia Marketplace or from HJC or other suppliers we designate or approve:

- office supplies
- cleaning products and supplies
- daycare supplies
- certain inventory items
- uniforms
- promotional items and supplies
- playroom equipment
- human resource tools and resources
- payroll services
- insurance
- POS system

- HVAC equipment
- odor control equipment

We also negotiated an agreement (including pricing terms) with our approved Architect Companies. These companies agreed to prepare site surveys and site investigation reports for \$5,500 per property and the other architectural services (including design of the facility, preparation of construction plans and submission of applications for required permits) for a flat fee of \$19,500. These fees are subject to change in the future.

We and our affiliate may purchase items in bulk and resell them to you at our cost plus a reasonable markup. Currently there are no purchasing cooperatives, although we may establish them in the future. You do not receive any material benefits from using designated or approved suppliers other than access to any discounted pricing we negotiate.

Franchisor Revenues from Source-Restricted Purchases

We are the exclusive supplier of Consultation Services, microsite and social media setup services, ~~contact center~~ Contact Center services (currently optional) and certain digital marketing services. We also currently serve as the exclusive Project Manager. Our affiliate, Dogtopia Marketplace, is the exclusive supplier for all items you must purchase through the Dogtopia Marketplace ecommerce platform. Our affiliate, Dogtopia Marketplace, is the exclusive administrator of the brand and system development fund. We and our affiliates may generate revenues from these purchases. Neither we nor our affiliate is currently an approved supplier for any other source-restricted items. However, we may designate ourselves or our affiliate as an approved or designated supplier for other goods or services in the future. No other person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers owns an interest.

In some cases, we collect money from franchisees for payment to third-party suppliers (such as portions of the monthly technology fee we pay to third-party licensors). However, we are not the supplier of the goods or services provided by the third-party licensors.

We, our affiliate and our parent company may receive rebates from HJC and other suppliers ranging from 0.5% to 10% of the cost of the item purchased, as well as the following rebates:

- Pet Exec (licensor of a ~~required~~ software program we are discontinuing in 2024) pays a rebate equal to \$10 per franchisee per month.
- We negotiated an agreement (including pricing terms) with our designated Real Estate Company. Under this agreement, the Real Estate Company pays us a rebate equal to 0.5% of the total commissionable payments paid to the Real Estate Company for services rendered. During the first 12-month period, the rebate does not apply unless and until the total commissionable payments to the Real Estate Company exceed \$300,000. This threshold amount does not apply in any subsequent year.

We have no obligation to remit these rebates or payments to our franchisees or use them in any particular manner.

Our total revenues during the fiscal year ended December 31, 2023 was \$20,918,796, ~~2022 were \$18,565,885~~. During that year, we received \$1,294,897, 2,105,722 in revenue as a result of purchases and leases made by franchised and company-owned Dogtopia Centers, which represents 7~~10~~% of our total revenues. These revenues are comprised by: (a) \$1,000, 12,252 in rebates and payments from third-party suppliers and distributors; (b) \$302,141, 351,008 in conference sponsorship and attendance income; (c) \$786,456, 1,119,793 in technology fees and digital marketing fees; and (d) \$205,300, 622,669 in ~~contact center~~ Contact Center fees.

During the fiscal year ended December 31, 2023, our affiliate, Dogtopia Marketplace, LLC, received a total of \$2,342,054, 3,088,776 in revenue from: (a) purchases made by franchised and company-owned Dogtopia Centers through Dogtopia Marketplace; and (b) rebates and payments from third party-suppliers and distributors. The source of this data is internally prepared reports prepared with the financial accounting software utilized by our affiliate.

During the fiscal year ended December 31, 2023, our parent, Dogtopia Enterprises, LLC, received a total of \$569,501, 610,526 in revenue from rebates and payments from third party-suppliers and distributors. The source of this data is internally prepared reports prepared with the financial accounting software utilized by our parent.

During the fiscal year ended December 31, 2023, our affiliate, Dogtopia Advertising Fund, LLC, received a total of \$3,264,280,565,429 in contributions to the brand and system development fund. The source of this data is internally prepared reports prepared with the financial accounting software utilized by our affiliate.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 3.1, 3.2, 3.3, 7.2, 8.1 & 8.2 ADA: Section 3.1, 3.2 & 4.2 ADA: 3.1, 3.2 & 4.2	Item 7, Item 8 & Item 11 Item 7, Item 8 & Item 11
b. Pre-opening purchases/leases	FA: Section 7.2, 8.1, 8.2, 8.3, 11.2, 12.7, 12.9, 12.10, 12.11 & 17.1 FA: 7.2, 8.1, 8.2, 8.3, 11.2, 12.9, 12.11, 12.12, 12.12(d) & 17.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11 Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: Section 7.2 & 8 FA: 7.2 & 8 ADA: Section 4.2 ADA: 4.2	Item 6, Item 7 & Item 11 Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: Section 5 FA: 5 ADA: Not Applicable	Item 6 & Item 11 Item 6 & Item 11
e. Opening	FA: Section 8.4 FA: 8.4 ADA: Section 4.1 ADA: 4.1	Item 11 Item 11
f. Fees	FA: Section 4.2, 5.7, 6, 8.1, 8.5, 9.4, 11.1, 11.2, 11.3, 11.4, 12.10, 12.11, 12.12, 12.17, 15, 17.1, 18.2, 21.2 & 23.2 FA: 4.2, 5.5, 6, 8.1, 8.5, 9.4, 11.1, 11.2, 11.3, 11.4, 12.12, 12.12(d), 12.13, 12.18, 15, 17.1, 18.2, 21.2 & 23.2 ADA: Section 4.1 & 5 ADA: 4.1 & 5	Item 5 & Item 6 Item 5 & Item 6
g. Compliance with standards and policies/Operating Standards Manual	FA: Section 7.1, 8.3, 11.3, 12 & 19.1 FA: 7.1, 8.3, 11.3, 12 & 19.1 ADA: Section 4.2 ADA: 4.2	Item 11 Item 11
h. Trademarks and proprietary information	FA: Section 19 FA: 19 ADA: Section 2 ADA: 2	Item 13 & Item 14 Item 13 & Item 14
i. Restrictions on products/services offered	FA: Section 12.3 FA: 12.3 ADA: Not Applicable	Item 16 Item 16
j. Warranty and client service requirements	FA: Section 12.15 FA: 12.16 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Section 13 FA: 13 ADA: Section 4.1 ADA: 4.1	Item 12 Item 12
l. Ongoing product/service purchases	FA: Section 12.7 FA: 12.9 ADA: Not Applicable	Item 8 Item 8

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m.- <u> </u> Maintenance, appearance and remodeling requirements	FA: Section 12.8 & 12.12 FA: 12.10 & 12.13 ADA: Not Applicable	Item 11 Item 11
n.- Insurance	FA: Section 17.1 FA: 17.1 ADA: Not Applicable	Item 6 & Item 7 & Item 8 Item 6 & Item 7 & Item 8
o.- Advertising	FA: Section 11 ADA: Not Applicable	Item 6, Item 7 & Item 11
p.- Indemnification	FA: Section 20 ADA: Not Applicable	Item 6
q.- Owner's participation/ management/ staffing o.- Advertising	FA: Section 9 FA: 11 ADA: Not Applicable	Item 11 & Item 15 Item 6, Item 7 & Item 11
r.- Records/reports p.- Indemnification	FA: Section 17.2 & 17.3 FA: 20 ADA: Not Applicable	Item 6 Item 6
s.- Inspections/audits q.- Owner's participation/ management/ staffing	FA: Section 18 FA: 9 ADA: Not Applicable	Item 6 & Item 11 Item 11 & Item 15
r.- Records/reports	FA: 17.2 & 17.3 ADA: Not Applicable	Item 6
s.- Inspections/audits	FA: 18 ADA: Not Applicable	Item 6 & Item 11
t.- <u> </u> Transfer	FA: Section 21 FA: 21 ADA: Section 7 ADA: 7	Item 17 Item 17
u.- Renewal	FA: Section 4 FA: 4 ADA: Not Applicable	Item 17 Item 17
v. Post termination obligations	FA: Section 23 FA: 23 ADA: Not Applicable	Item 17 Item 17
w.- <u> </u> Non-competition covenants	FA: Section 16 FA: 16 ADA: Not Applicable	Item 17 Item 17
x.- Dispute resolution	FA: Section 24 FA: 24 ADA: Section 10 ADA: 10	Item 17 Item 17
y.- Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: ATTACHMENT "C" FA: ATTACHMENT "C" ADA: Not Applicable	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations. Although we do not have any contracts with lenders to offer financing, lenders providing financing to our franchisees may, on occasion, pay us a fee as part of their standard financing program (1% of the loan amount). If we receive any fee from a lender, we will contribute that fee to the Dogtopia foundation, which is a 501(c)(3) charitable organization. To date, there has only been 2 instances where we have received a fee from a lender relating to franchisee financing.

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 Center, we will:

1. Provide access to the Manual, which will help you establish and operate your Business. ~~See Section, as discussed below entitled under “Manual” for more information. (Section 7.1). (§7.1)~~
2. Provide our written specifications for the goods and services you must purchase to develop, equip and operate your Center and a list of approved and/or designated suppliers for these goods and services. Our affiliate will sell you various items needed to develop your Center through Dogtopia Marketplace. We do not deliver or install any items that you purchase although our affiliate arranges for delivery of the items purchased through Dogtopia Marketplace. ~~(Section 8.1)(§8.1, 12.212.2 & 12.9)~~
3. Assist you with selecting the site for your Center. ~~See Section, as discussed below entitled under “Site Selection” for more information. (Section 3.1). (§3.1 & 7.27.2)~~
4. Provide certain site selection, market analysis and construction related assistance in conjunction with the Real Estate Company, Architect Company and Project Manager. ~~See Sections, as discussed below entitled under “Site Selection” and “Site Development” for more information. (Section 7.2). (§7.2 & 8.38.3)~~
5. Provide Consultation Services with respect to site selection, lease negotiation, design, construction and development of your Center. We do not directly provide or perform any of the site selection, lease negotiation, design, construction or development services. Rather, we consult with you on the process and coordinate with the various professionals with whom we contract and the professionals you separately hire. See Section below entitled “Site Development” for more information. ~~(Section 3.1)(§3.1, 7.27.2 & 8.18.1)~~
6. Review the terms of your lease or purchase agreement for compliance with our minimum brand standards. ~~See Section, as discussed below entitled under “Site Development” for more information. (Section 8.2). (§8.2)~~
7. Set up your microsite and social media account. ~~See Section, as discussed below entitled under “Advertising and Marketing” for more information. (Section 11.2). (§11.2)~~
8. Provide your domain name (for your Center’s microsite) and email addresses. ~~See Section, as discussed below entitled under “Computer System” for more information. (Section 7.6). (§7.6 & 12.11)12.12(d))~~
9. Provide an initial training program. ~~See Section, as discussed below entitled under “Training Program” for more information. (Section 5). (§5)~~

During the operation of your Center, we will:

1. Provide our guidance and recommendations to improve the operation of your Center. ~~(Section 7.3)(§7.3)~~
2. Provide periodic training. ~~See Section, as discussed below entitled under “Training Program” for more information. (Section 5). (§5)~~
3. Maintain a corporate website that will list all Dogtopia franchisees in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. ~~(Section 7.6 & 11.3(g))(§7.6 & 11.3(g))~~
4. Manage and maintain your microsite and social media account and provide certain assistance with social media marketing. ~~See Section, as discussed below entitled under “Advertising and Marketing” for more information. (Section 11.2). (§11.2)~~
5. Administer the brand and system development fund (currently administered by our affiliate, Dogtopia Advertising). ~~See Section, as discussed below entitled under “Advertising and Marketing” for more information. (Section 11.1). (§11.1)~~
6. To the extent permitted by applicable law, we may establish maximum or minimum prices for the goods and services you sell. For example, if we establish a loyalty program (such as a membership or enrollment model), we may establish maximum or minimum prices for the program (or if permitted by applicable law, establish

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the specific prices for the program), which may be uniformly imposed on a national or regional basis, as determined by us in our sole discretion, but only to the extent permitted by applicable law. ~~(Section 12.4~~(§12.5)

During the operation of your Center, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Business. ~~(Section~~(§7.4)
2. Offer and sell various items necessary for the development and operation of your Center through Dogtopia Marketplace or any other platform developed by us or our affiliate. ~~(Section 12.7~~(§12.9)
3. Establish and administer a ~~contact center~~Contact Center, either directly or indirectly through a third-party service provider. ~~(Section~~(§7.9)
4. Develop new merchandise or retail items for sale at Dogtopia Centers. ~~(Section~~(§7.8)
5. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. ~~(Section 7.7~~(§7.7)
6. Conduct periodic conferences to discuss business and operational issues affecting Dogtopia franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. ~~(Section 6~~(§6)
7. Create a franchise advisory council. ~~See Section, , as discussed below entitled under “Advisory Council” for more information. (Section 14”.~~(§14)
8. Provide additional training or assistance that you request (either at our headquarters or at your facility). ~~See Section), as discussed below entitled “Training Program” for more information. (Section ”.~~(§5)

We do not provide area developers with any support under their ADA.

Training Program ~~(Section~~(§5)

We will provide an initial training program for your Managing Owner and initial Designated Manager (~~each~~ defined in Item 15). You may send your other owners and assistant managers (if any) to training but it is not required.

The initial training program consists of a 1-day Orientation and 4 phases of training. ~~The Orientation~~ The Orientation includes an introduction to the Dogtopia team, an overview of the pre-opening process and a Brand Overview. The Orientation is conducted virtually through a platform of our choosing. The 4 phases of training include the following:

Phase 1: 5 days of high-level strategy, operations training, marketing training, other operational training, and interactive workshops conducted remotely via Zoom classroom. ~~(or, at our option, conducted at our headquarters in Phoenix, Arizona).~~

Phase 2: 5 days of hands-on training at a Dogtopia training facility of our choosing covering a variety of subjects.

Phase 3: 5 additional days of training conducted remotely via Zoom classroom (or, at our option, conducted at our headquarters in Phoenix, Arizona) consisting of: (a) a review of lessons/experiences from the initial hands-on training; and (b) detailed training regarding operational and marketing matters to enable you to refine and complete your business plan.

Phase 4: 5 additional days of hands-on training at a Dogtopia training facility of our choosing covering a variety of subjects.

The various phases of training are conducted at separate times and are not necessarily conducted back-to-back. We may alter training so that our live training programs may be conducted virtually through webinars, video conference, or through any other method of communication we prescribe.

As of the issuance date of this Disclosure Document, we have 1 Dogtopia training facility, which is a Company

Store located in Scottsdale, Arizona. We may designate other Dogtopia Centers to serve as training facilities at any time. We periodically prepare and publish training schedules allowing you to select the facility and available training dates that best suit you.

Each phase of training includes a certain amount of preliminary online learning designed to give you an overview of the subjects that will be addressed. Online training is a “self-study” program you complete remotely prior to commencing the classroom or hands-on portion of training.

The Managing Owner and Designated Manager must graduate (i.e., successfully complete initial training to our satisfaction) at least 30 days before you open your Center. In order to “graduate” from training, the trainee must attend and complete all phases of training and pass the associated tests with a minimum score of 90%. The trainee must also demonstrate the necessary cultural understanding of our Noble Cause, Brand Manifesto and Dogtopia-isms. Any trainee that fails to graduate must complete additional training until he or she graduates. If your Managing Owner and/or Designated Manager fail to successfully graduate from training within the required period of time, we may terminate your Franchise Agreement.

Currently, we intend to offer the initial training program at least once a month assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

ORIENTATION			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Pre-Opening Process	3	0	Remotely Conducted
Brand Overview	3	0	Remotely Conducted
Total	6	0	

PHASE 1			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Online Training	14 8	0	Remotely Conducted
Dogtopia Management Training	10 6	0	Remotely Conducted
Marketing Training	2	0	Remotely Conducted
IT Training	2	0	Remotely Conducted
Staffing Training	4	0	Remotely Conducted
Real Estate and Construction	1	0	Remotely Conducted
Business Planning	4	0	Remotely Conducted
Health and Safety	2	0	Remotely Conducted
Supplier Training	3.75	0	Remotely Conducted
Operations Training	6	0	Remotely Conducted
Total	48 38.75	0	

PHASE 2			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Online Training	12	0	Remotely Conducted
Dogtopia Playroom Training	0	13.5	Dogtopia training facility

PHASE 2			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Spa Training	0	2	Dogtopia training facility
Medication and Feeding	0	4	Dogtopia training facility
POS Training	0	6	Dogtopia training facility
Guest Interaction	0	2	Dogtopia training facility
Cleaning Protocols	0	6	Dogtopia training facility
Basic Operations	0	6.5	Dogtopia training facility
Total	12	40	

PHASE 3			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Online Training	23	0	Remotely Conducted
Dogtopia Management Training	78.5	0	Remotely Conducted or Corporate Headquarters
Marketing Training	46	0	Remotely Conducted or Corporate Headquarters
Dogtopia Operations Training	6.58	0	Remotely Conducted or Corporate Headquarters
Staffing Training	2.5	0	Remotely Conducted or Corporate Headquarters
Real Estate and Construction	1.5	0	Remotely Conducted or Corporate Headquarters
IT Training	2	0	Remotely Conducted or Corporate Headquarters
Business Planning	2.25	0	Remotely Conducted or Corporate Headquarters
Health and Safety	3	0	Remotely Conducted or Corporate Headquarters
Customer Service Training	1.75	0	Remotely Conducted or Corporate Headquarters
Sales Training	2.75	0	Remotely Conducted or Corporate Headquarters
Total	35.75 41.25	0	

PHASE 4			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Online Training	3	0	Remotely Conducted
Dogtopia Playroom Training	0	6	Dogtopia training facility
Spa Training	0	2	Dogtopia training facility
Medication and Feeding	0	2	Dogtopia training facility
POS Training	0	15	Dogtopia training facility
Guest Interaction	0	6	Dogtopia training facility
Cleaning Protocols	0	2	Dogtopia training facility
Basic Operations	0	4	Dogtopia training facility
Management Training	0	3	Dogtopia training facility
Total	3	40	

Training Materials

The training materials consist of the Manual, proprietary tools, training syllabus, employee manual, new hire forms, procedural checklists, marketing collateral and Chart of Accounts. You will not be charged an additional fee for any training materials.

Supplier Training

As part of our initial training program, we may invite representatives from certain suppliers to provide training

programs relating to the utilization or sale of the goods or services manufactured or provided by the supplier. Currently, we anticipate the following suppliers will provide training as part of our initial training program:

SUPPLIER TRAINING PROGRAMS		
SUPPLIER	TOPIC	HOURS OF TRAINING
Crest Insurance	Insurance Matters	0.75
Paylocity	Payroll and HR Solutions	0.75
MindWire Predictive Index	Behavioral Assessments	1.5
ScentAir	Scent Marketing Solutions	.25
PNC Bank	Financial Services	.5
Total		3.25

Instructors

Brett Letourneau, who is our Operations Training Manager, is in charge of our training program. Our other current instructors include Cassidy Sanchez, Chris Crosby, Toni Teplitsky, Lorraine Rhoads, Neil Gill, Shelley Parnell, ~~Jeff Farnell, Kim Cramton, Liz Meyers~~ [Mischel Yosick](#), James Solley ~~and~~, [Lisa Goubeaux](#), [Allison Emanus](#), [Molly Messman](#), [Tracy Cross](#), Elizabeth Dimit, [Carolyn Rorer](#), [Jessica Crosby](#), [Theresa Gulbranson](#), [Jess Lazarz](#) and [Tracy Gordon](#).

TRAINING PROGRAM - INSTRUCTORS				
Name & Title	Topics Covered	Relevant Experience	Years with Dogtopia	Years in the Field
Brett Letourneau (Operations Training Manager)	Operations, staffing, IT, business planning, customer service, sales training, expectations of training, employee engagement and culture and utilizing the Learning Management System	Operations management, customer service and sales	7 8	15 16
Cassidy Sanchez (Senior Marketing Manager)	Marketing	Served as marketing manager/project manager, including traditional, digital and outdoor marketing	4 5	9 10
Chris Crosby (Sr. Director of Creative Director Strategy)	Dogtopia branding/ wellness positioning and tech	Creative design for advertising agencies, including dog-related accounts	3 4	12 13
Toni Teplitsky (Sr. Director of Marketing)	Marketing and social media	Social media manager for various verticals (entertainment, hospitality, real estate, consumer goods, non-profit and government programs)	6 7	11 12
Lorraine Rhoads (Director of Health and Safety)	Dog safety, behavior, health related topics and public relations	Environmental scientist, wildlife biologist and veterinary technician/manager	7 8	20 21
Neil Gill (President and CEO)	Management training, culture and engagement, business planning	Franchising, international franchising, brand launches and expansion	7 8	38 39
Shelley Parnell (Chief Experience Officer)	Marketing and public relations	Served as in-house marketing, traditional and digital marketing, public relations, social media management	6 7	26 27

TRAINING PROGRAM - INSTRUCTORS				
Name & Title	Topics Covered	Relevant Experience	Years with Dogtopia	Years in the Field
Jeff Farnell (Senior Director of Operations)	Operations	Operations management and franchise operations management	6	21
Kim Cramton (Sr. Director of Construction)	Real estate and construction process	Project engineer, project superintendent, project manager for a commercial general contractor	2	20
Liz Meyers (Dogtopia Foundation Executive Director)	Dogtopia Foundation	Served in various public relations roles, nonprofit work and nonprofit board of directors	23	35 <u>36</u>
<u>Mischel Yosick</u> (Contact Center Account Manager)	<u>Contact Center Role</u>	<u>Marketing, Advertising and Relationship management</u>	<u>1</u>	<u>21</u>
James Solley (Customer Acquisition and Engagement Expert)	Sales Training	Sales process and sales engine, lead conversion and acquisition	23	10 <u>11</u>
<u>Lisa Goubeaux</u> (Director of Design and Construction)	<u>Design and Construction process</u>	<u>Residential, Mixed-Use, Hotel, Retail design, Estimator and field laborer for Electrical Contractor</u>	<u>5</u>	<u>15</u>
<u>Allison Emanus</u> (Franchise Business Partner)	<u>Daily operations, Dogtopia systems and processes</u>	<u>Dog care facility manager</u>	<u>5</u>	<u>9</u>
<u>Molly Messman</u> (Marketing Specialist)	<u>Pre-opening marketing, marketing plans</u>	<u>Social media content creation and scheduling, multi-platform marketing strategies</u>	<u>2</u>	<u>7</u>
<u>Tracy Cross</u> (Director of Onboarding and Site Selection)	<u>Pre-opening process</u>	<u>Operations and new store opening developing</u>	<u>5</u>	<u>35</u>
Elizabeth Dimit (In-Store Trainer)	Operations	Operations management and new store opening support	45	45
<u>Carolyn Rorer</u> (Marketing Specialist)	<u>Pre-opening marketing, marketing plans</u>	<u>Marketing coordination and product management</u>	<u>2</u>	<u>6</u>
<u>Jessica Crosby</u> (Creative Director)	<u>Brand standards</u>	<u>Graphic design, art direction, copywriting</u>	<u>2</u>	<u>13</u>
<u>Theresa Gulbranson</u> (VP, Supply Chain, Procurement, Logistics & E-Commerce)	<u>Product testing, launches and improvement; new store opening and dog suite orders; and all storefront activities, onboarding, ordering and fulfillment</u>	<u>Experienced with leading cross functional teams, as franchisee & franchisor, launching full digital transformations & technology driven solutions, building relationships, developing brand partnerships, R&D and bringing product to market</u>	<u>4</u>	<u>19</u>
<u>Jess Lazarz</u> (Director of New Store Operations)	<u>New store opening, staffing</u>	<u>Dog daycare and boarding facility management, animal care, zookeeper and zoo management</u>	<u>5</u>	<u>9</u>
<u>Tracy Gordon</u> (New Store Opening Manager)	<u>New store opening, staffing</u>	<u>Multi-unit operations and management</u>	<u>4</u>	<u>9</u>

Ongoing Training

From time to time, we may require that your Managing Owner and management personnel attend system-wide refresher or additional training courses (these training programs may include training from suppliers).

If you appoint a new Managing Owner or Designated Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Center.

If we conduct an inspection of your facility and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner and management personnel attend remedial training addressing your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your Center). We are not required to provide this additional training.

Training Fees and Costs

We will provide our pre-opening initial training program at no additional charge for up to 3 individuals. ~~We may charge you an initial training fee of \$2,000 per person for:~~ We may charge you an initial training fee of \$2,000 per person for: (a) each additional person that attends initial training (either before or after opening); and (b) any person who retakes training after failing a prior attempt. You must pay us a training fee of up to \$400 per person per day for each person who attends: (a) remedial training; (b) system-wide refresher or supplemental training (other than initial training); or (c) additional training that you request. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur. You are responsible for all wages and Travel Expenses that you and your trainees incur for training. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee for any initial training we provide.

- ~~• each additional person that attends initial training (either before or after opening)~~
- ~~• any person who retakes training after failing a prior attempt~~

~~You must pay us a training fee of up to \$400 per person per day for:~~

- ~~• any remedial training that we require based on your operational deficiencies~~
- ~~• each person who attends a system-wide or additional training program (other than initial training)~~
- ~~• each person to whom we provide additional training that you request.~~

~~If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee for any initial training we provide.~~

Manual ~~(Section~~ (§7.1, 12.2 & 26.8)

We will provide you with access to our Manual in electronic form for the term of your Franchise Agreement. The Manual may include, among other things:

- ~~• a description of the authorized goods and services you may sell~~
- ~~• architectural plans and specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Dogtopia Centers~~
- ~~• reporting and insurance requirements~~
- ~~specifications~~ the design, dimensions, layout, equipping and ~~design~~ trade dress for a prototype Dogtopia Center
- ~~• policies and procedures pertaining to any gift card program or membership/enrollment program we establish~~
- ~~• policies and procedures pertaining to marketing and advertising (including extra-territorial marketing)~~
- ~~• policies and procedures relating to data ownership, protection, sharing and use~~

- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) any designated or approved suppliers for these goods and services
- a description of the authorized goods and services you may sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; (d) data ownership, protection, sharing and use; (e) gift card, loyalty, membership and enrollment models and programs

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions ~~contained~~ in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. ~~Any modification to the Manual is~~ Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes ~~resulting from modifications to the Manual~~ (for example, implementing new software ~~of~~ for technology). Other changes may require immediate adoption (such as those implemented for health or safety purposes). The Manual is confidential and remains our property. The Manual contains a total of 212 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "F".

Site Selection ~~(Section~~ (§3.1, 3.2, 7.2 & 8.2)

Under our current model, Dogtopia Centers typically range in size from ~~54,000~~ to ~~76,000~~ square feet. You must locate and obtain our approval of the site for your Center.

If we approve your site before you sign the Franchise Agreement, the address of your approved site will be listed in Part E of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before you sign, then the site for your Center must be located within a defined geographic area that we designate (your "Site Selection Area") and must conform to our minimum site selection criteria.

If you and we have agreed upon your Site Selection Area before you sign the Franchise Agreement, then your Site Selection Area will be identified in Part D of ~~ATTACHMENT "A"~~ ATTACHMENT "A" to the Franchise Agreement. In that case, you will have 180 days after you sign the Franchise Agreement to obtain our approval of your site and send us a fully executed lease or purchase agreement for your Center's premises.

If you and we have not agreed upon your Site Selection Area before you sign the Franchise Agreement, then we will identify an area in Part C of ~~ATTACHMENT "A"~~ ATTACHMENT "A" to the Franchise Agreement (your "Territory Search Area") that will include multiple potential Site Selection Areas. You will have a period of 30 days to select the Site Selection Area you want. Once you notify us of your choice, we will send you a written notice (the "Site Selection Area Notice") confirming your Site Selection Area. If you fail to notify us of your choice of Site Selection Area within the 30-day period, we may pick your Site Selection Area for you (and it will be identified in the Site Selection Area Notice we send to you). You will have a period of 180 days after we send you the Site Selection Area Notice to obtain our approval of your site and send us a fully executed lease or purchase agreement for your Center.

We do not select the site for your Center and we do not purchase the premises and lease it to you. However, we assist you in selecting a site by providing you with a demographic analysis of your Site Selection Area as part of the Consultation Services. We also entered into a Master Services Agreement with our designated Real Estate Company, pursuant to which the Real Estate Company will assist you in identifying and evaluating potential sites (you and the Real Estate Company must also sign the Client Services Agreement attached to this Disclosure Document as EXHIBIT "E"-1). You may also engage additional real estate professionals of your choosing who would work in conjunction with, and report to, the Real Estate Company. Although the Real Estate Company will assist you in finding potential sites, you retain ultimate responsibility for selecting the site (which we must approve).

You must send us a complete site report for each site you propose (containing the demographic, commercial and other information, photographs and video tapes we reasonably require). In reviewing a proposed site, we consider factors such as:

- geographical boundaries
- cultural demographics
- household income
- population density
- age
- dog ownership
- traffic/trip count
- daytime population
- competition
- housing density
- urban, industrial and rural characteristics

We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. Approval of the site indicates only that we believe the site meets our minimum criteria. It is not a representation that the site will be successful.

Within 5 business days after we approve your site, we will send you a written notice (the “Site Approval Notice”) that identifies the address of the approved site for your Center.

We must approve your lease or purchase agreement before you sign it. You may utilize our preferred commercial leasing attorney to review and negotiate your lease, in which case we will cover the associated legal fee. You must engage a real estate attorney of your choosing to advise and assist you with obtaining any necessary special use permits or zoning variances (our commercial leasing attorney does not assist with these matters). Although we may review the terms of your lease and provide you with feedback, our advice or recommendations are not a representation as to the reasonableness of the terms. The purpose of our review is limited to ensuring the lease terms are consistent with our minimum brand standards.

If you lease the premises for your Center, you must use your best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ~~ATTACHMENT "B"~~ ATTACHMENT "B". The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require that you find a new site for your Center.

If you fail to obtain our approval of your site and send us the fully executed lease or purchase agreement within the applicable time period listed above, we may terminate your Franchise Agreement.

Site Development (~~Section~~ §7.2, 8.1, 8.3, 8.5 & 12.13)

In consideration of the Real Estate and Facility Coordination Fee (described in Item 5), we provide you with certain Consultation Services relating to site selection, lease negotiation, and the design, construction and development of your Center. As part of the Consultation Services, we will, at our option, select one of the following options:

- utilize our in-house personnel to monitor the development and construction of your Center and coordinate with the various contractors and other professionals involved in the process;
- contract with a third-party company to provide these services (we contract with the company under this

option); or

(c) require that you contract with a third-party company we designate to provide these services.

The company that provides these services (either us or the third-party company) is referred to as the “Project Manager.” Currently, we are the only person that serves as the Project Manager. A portion of the Real Estate and Facility Coordinate Fee compensates us for the services we provide as the Project Manager. You must separately contract with certain professional service providers, such as architects, attorneys, general contractors, etc. With the exception of our recommended commercial leasing attorney and Project Manager, the cost to engage these professionals is separate and not included in the Real Estate and Facility Coordination Fee.

We provide you with prototype plans for a Dogtopia Center, including exterior and interior design and layout and required fixtures, equipment, décor and signage. You must contract with our designated Architect Company to modify and adapt these plans to conform to your premises and ensure compliance with local ordinances, building codes, permits requirements, M.E.P. requirements and lease terms. You must submit the final plans to us for approval. The Architect Company and our other approved or designated suppliers will assist you in obtaining all zoning classifications and clearances, special use permits, building permits, utility permits, signage permits, health permits and business permits and/or licenses that are necessary to develop, open and operate a Dogtopia Center at the approved site. We will also assist and advise you regarding special use and conditional use permitting strategies and support your efforts to obtain appropriate permitting for your location (you must separately hire an attorney to assist you with these matters as well). You must contract with a supplier we approve to prepare a site survey, site investigation report and schematic design for each site you propose.

After we approve the final construction plans, you must hire an approved general contractor to construct and equip the premises to the specifications contained in the approved final plans. The Project Manager will oversee, manage and coordinate the buildout and development of your facility. At least 14 days before opening, you must:

- purchase and install all signs, furniture, fixtures and equipment
- establish broadband or high-speed Internet access
- purchase and install the webcam system we require with cameras located in compliance with our specifications

We must designate or approve the suppliers you use to design and construct your Center. The Real Estate Company, Architect Company and Project Manager will inform you of the identities and qualifications of the engineers, M.E.P. engineers, contractors, attorneys and other professionals who have been approved by us and who are available to assist you with the design and development of your Center.

You must complete construction within 240 days after we approve your site. Before you open, we must approve the build-out and layout of your facility. You must remodel and make all improvements and alterations to your facility we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. However, we will not require you to significantly remodel your Center more than once during any 10-year period except as a condition to renewal or ~~Transfer~~. There are no limitations on the cost of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval.

If you sign an ADA, we must approve the site for each Center you develop according to our then-current site selection criteria.

Advertising and Marketing ~~(Section~~ (§7.5, 7.6, 11 & 12.12)

You must participate at your own expense in all advertising, promotional and marketing programs that we require. We will also provide you with certain advertising and marketing support as further discussed below. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Grand Opening Marketing

Prior to opening, you must spend at least \$15,000 (or \$5,000 if you are a Conversion Franchisee) on your grand opening marketing activities, including digital advertising, guerilla marketing and public relations. We may specify a grand opening marketing program that you must follow.

Ongoing Local Marketing By You

After opening, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is 2% of your Gross Sales) on local advertising. We measure your compliance with this requirement on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds the minimum Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment.

Brand fund ~~contributions~~fees and grand opening marketing expenditures are not credited towards your Local Marketing Commitment. However, cooperative advertising fees (if imposed) are credited towards your Local Marketing Commitment.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 30 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 30-day period constitutes our disapproval.

Local Marketing Assistance From Us

We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as-needed basis.

We will set up and manage your microsite (i.e. your local website page that is linked to our company website) and your social media account. At the time your microsite launches, you pay us a one-time \$700 setup fee for establishing your microsite and social media account. Each month thereafter, you pay us a digital marketing fee of \$125 per month, which we utilize to maintain, manage and update your microsite and social media account (or any successor platform(s) that we designate) and provide other related website and social media services, such as social media posting, monitoring, mobile app improvements, development of creative campaigns and new website features, hosting and maintenance of website, app and social media accounts, ~~etc.~~local digital marketing campaigns, etc. Some of these services may benefit the System as a whole and do not directly benefit your Center.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase.

Websites, Social Media and Digital Advertising

We will maintain a corporate website for the Dogtopia brand that will list all Dogtopia Centers in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion.

In exchange for the ~~technology~~digital marketing fee, we set up and manage your Center's microsite and provide certain social media services (as further described in the section above). We will own your microsite and domain name.

Under current policy, you may not: (a) develop, host, or otherwise maintain your own website or other digital presence relating to your Center (including any website bearing any of our Marks); ~~or~~ (b) utilize the Internet to conduct digital or online advertising; or (c) otherwise engage in ecommerce. However, we do permit you to market your Center through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy (as revised from time to time)
- you must immediately remove any post we disapprove (even if it complies with our social media policy)
- we may require that you contract with and utilize a ~~supplier~~social media company we designate ~~for social media marketing services~~

- you must provide us with full administrative rights to your social media accounts
- we ~~will own~~ must retain ownership of all ~~of your~~ social media accounts relating to your Center

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program (including utilization of a “membership” or “enrollment” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or ~~A~~apps and pay any fees relating to the use of that equipment, software and/or ~~A~~apps. If we establish a gift card or loyalty program, we have the right to determine how the proceeds from the sale of gift cards or membership/enrollment fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You must follow all of our policies regarding any gift card or loyalty program we establish.

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Dogtopia Centers located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries of an advertising cooperative will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the ~~manner in which~~way the cooperative is organized and governed. We may choose between (a) administering the cooperative ourselves or (b) establishing an advertising council, comprised by the cooperative’s members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Center is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 2% of Gross Sales. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Any company-owned Center located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We established, and our affiliate Dogtopia Advertising currently administers, ~~a brand and system development fund~~the Brand Fund to promote public awareness of our brand and improve our System. Dogtopia Advertising may use the ~~fund~~Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development, mobile app development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys

- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the ~~fund~~Brand Fund
- preparing and distributing financial accountings of the ~~fund~~Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us, Dogtopia Advertising and/or our other affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

Dogtopia Advertising directs and has complete control and discretion over all advertising programs paid for by the ~~fund~~Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. The ~~fund~~Brand Fund will not be used for pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must ~~contribute to pay~~ the ~~brand~~ fund ~~the amount fee~~ we specify from time to time (currently 2% of weekly Gross Sales, but not to exceed 3% of weekly Gross Sales). We deposit ~~into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees;~~ all brand fund fees and noncompliance fees into the Brand Fund. Company Stores contribute to the fund on the same basis as franchisees. However, if we modify the amount or timing of ~~brand fund required~~ contributions, any Company Store that is opened or acquired after the modification may contribute to the ~~fund~~Brand Fund utilizing the modified amount or timing. Except ~~as stated in this paragraph~~ for brand fund fees paid by Company Stores, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the ~~fund~~Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies ~~in the fund~~ may be invested and we or our affiliate may lend money ~~to the fund~~ if there is a deficit. An unaudited financial accounting of ~~the operations of the fund~~Brand Fund contributions and expenditures will be prepared within 90 days after the close of our fiscal year and made available to you upon request. During the fiscal year ended December 31, 202~~2~~3, Dogtopia Advertising spent the marketing funds in the following manner:

Allocation of Marketing Expenditures (202 2 3)				
Use of Funds	Production	Media Placement	Administrative Expenses	Other*
Percentage Allocation	20%	30 40%	20 10%	30%

* "Other" includes website/App enhancements, brand partnerships/licensing, and subscription services for services such as Listen 360, Constant Contact and CallCap.

The Brand Fund is not a trust. Neither we nor Dogtopia Advertising assume any direct or indirect liability or obligation to you with respect to the ~~maintenance, direction or~~ administration of the ~~fund. The fund is not a trust and neither~~Brand Fund. ~~Once established, we nor Dogtopia Advertising have any fiduciary obligations with respect to the administration of the fund. We~~ may discontinue the ~~fund at any time upon at least~~Brand Fund on 30 days' ~~prior~~ notice.

Advisory Council (~~Section~~ (§14))

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. There is no franchise advisory council currently in effect. We would consider all suggestions in good faith but would not be bound by

them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Company Store would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We have the power to form, change or dissolve the advisory council in our discretion.

Computer System ~~(Section 12.9, 12.10, 12.12, 17.3 & 18.1)~~

~~You must purchase and use all Technology Systems we designate from time to time. Our required Technology Systems may include computer systems, webcam systems, telecommunications systems, security systems, music systems, dog monitoring and wellness systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.~~

You must purchase and use all Technology Systems we designate. One component of our Technology Systems is the “computer system”, which consists of the following: (a) 1 to 2 computers with monitor, keyboard and mouse; (b) several handheld devices (such as iPads); (c) cloud-based POS system; and (d) printer. We may change the components of the Technology Systems from time to time, including your computer system.

Technology Packages

You must purchase a technology package from us. You are required to purchase our “Standard Package”. ~~You may (but need not) purchase our optional “Power BI Package” and/or “Email Package”. In exchange for beginning at the technology package, we provide time you sign the Franchise Agreement. Our Standard Package includes: 5 Microsoft licenses (including 5 Dogtopia email addresses); 1 registered domain name (for your Center’s microsite as well as the email addresses you will use. We also provide); a license to our Learning Management System (LMS); and various software applications Salesforce licenses for “Dogtopia Hub”. Once your Center opens, you have the option (but not the obligation) to purchase any (or all) of our 3 optional technology package upgrades (i.e., Salesforce Add-On, Email Add-On and Power BI). The table below lists the various technology packages, including the items included and the associated technology fee.~~

Our “Standard Package” (which is required) includes:

- ~~SharePoint~~
- ~~Microsoft Office 365~~
- ~~Digital Orange Book (our operational platform and resource to support Center owns and general managers)~~
- ~~1 registered domain name~~
- ~~5 Dogtopia email addresses~~

~~The optional “Power BI Package” (extra \$50 per month) includes 2 BI licenses and~~

<u>Tech Packages</u>	<u>Items Included</u>	<u>Required/Optional</u>	<u>Tech Fee*</u>
<u>Standard Package</u>	<u>5 Microsoft Office 365 Licenses (includes 5 Dogtopia Email Addresses)</u> <u>1 Registered Domain Name (for microsite)</u> <u>License to our Learning Management System</u> <u>6 Salesforce Sales Cloud Licenses</u> <u>2 Salesforce Digital Engagement Licenses</u> <u>1 Salesforce Partner Community Member License</u> <u>30 Salesforce Partner Community Pooled Licenses</u>	<u>Required</u>	<u>\$250 per month (pre-opening)</u> <u>\$899 per month (post-opening)</u>

<u>Tech Packages</u>	<u>Items Included</u>	<u>Required/Optional</u>	<u>Tech Fee*</u>
<u>Salesforce Add-On Package</u>	<u>2 Salesforce Sales Cloud Licenses</u> <u>6 Salesforce Digital Engagement Licenses</u> <u>2 Salesforce Partner Community Member Licenses</u> <u>20 Salesforce Partner Community Pooled Licenses</u>	<u>Optional</u>	<u>\$100 per month</u>
<u>Email Add-On Package</u>	<u>5 Additional Dogtopia Email Addresses</u>	<u>Optional</u>	<u>\$75 per month</u>
<u>Power BI Package</u>	<u>2 BI Licenses</u> <u>"Top 10" Power BIs</u>	<u>Optional</u>	<u>\$100 per month</u>

* Our technology packages and technology fee are subject to change from time to time. We will list our current technology package(s) and technology fee in the Manual. We will notify you of any increase to the technology fee at least 60 days before the increased fee goes into effect.

~~"Top 10" Power BIs.~~

~~The optional "Email Package" (extra \$70 per month) includes 5 additional Dogtopia email accounts.~~

How Computer System is Used

~~You will use your~~The computer system ~~for recording~~is used to record sales, processing credit card transactions, preparinging financial reports, preparinging financial statements, ~~internal communications and~~communicationsmanage customer relationships, manage orders, communicate with us, staff members and pet parents.~~You will use the Online Business Health Check to,~~ view daily metrics pertaining to the operation of your Center and access LMS.

You must exclusively use the email addresses we provide for all communications with us, pet parents, suppliers and other persons relating to your Business. You may not use any other email address to conduct Dogtopia business, including equity groups, related business entities or personal email addresses. You may not use any email address we provide for any purpose unrelated to your Business. We will own the Dogtopia email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

Fees and Costs

We estimate the initial cost to purchase your computer and POS system will range from \$1,000 to \$4,000.

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. ~~Our current~~The technology fee ~~varies depending on the technology package you select.~~The table below listsfor our ~~current~~Standard Package is \$250 per month (\$3,000 per year) prior to opening and \$899 per month (\$10,788 per year) after opening. The technology fee:

Technology Package	Technology Fee	
	Monthly	Annual
Standard Package	(Pre-Opening) \$175 per month	(Pre-Opening) \$2,100 per year
	(Post-Opening) \$275 per month	(Post-Opening) \$3,300 per year
Standard Package Plus "Power BI Package"	(Pre-Opening) \$225 per month	(Pre-Opening) \$2,700 per year
	(Post-Opening) \$325 per month	(Post-Opening) \$3,900 per year
Standard Package Plus "Email Package"	(Pre-Opening) \$245 per month	(Pre-Opening) \$2,940 per year

Technology Package	Technology Fee	
	Monthly	Annual
	(Post-Opening) \$345 per month	(Post-Opening) \$4,140 per year
Standard Package Plus “Email Package” & “Power BI Package”	(Pre-Opening) \$295 per month	(Pre-Opening) \$3,540 per year
	(Post-Opening) \$395 per month	(Post-Opening) \$4,740 per year

for each of our optional technology package upgrades is: (a) \$100 per month (\$1,200 per year) for the Salesforce Add-On Package; (b) \$75 per month (\$900 per year) for the Email Add-On Package; and (c) \$100 per month (\$1,200 per year) for the Power BI Package. We can modify the amount of the technology fee at any time based on changes to the technology ~~included in the package we provide~~, changes to the features associated with the technology, or changes in the prices charged by third-party licensors relating to technology included in the package. We will notify you at least 60 days prior to any technology fee increase.

You must license your point-of-sale system from a third-party licensor. You must pay this licensor a monthly licensing fee of \$95 per month (\$1,140 per year). The amount of the monthly fee may increase or decrease from time to time (including potential volume discounts triggered by increases in the number of Dogtopia Centers using the system). You will sign a Site Terms of Use Agreement with the licensor of the point-of-sale system.

Maintenance, Support, Updates and Upgrades

In exchange for the \$95 monthly fee, the licensor of the point-of-sale system will provide all required maintenance, support, upgrades and updates. However, certain updates and upgrades are not guaranteed to be covered and may be at an additional fee. In exchange for the monthly technology fee, the licensor of Salesforce will provide any required maintenance or updates.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer and POS system will collect sales data, data regarding pet parents and their dogs, and business operations data. This information will be stored in the cloud, but not on your computer or POS system. We will have independent unlimited access to all cloud-based data collected through your computer and POS system and there are no contractual limits imposed on our access.

We own all data that is collected relating to your operations, dogs and pet parents. We grant you a license to use this data solely for purposes of operating your Center. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade ~~or~~ update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Opening Requirements ~~(Section 8.4)~~ (§8.4)

We ~~anticipate a typical~~ expect most Non-Conversion Franchisees will open ~~their Center within~~ between 7 ~~to~~ and 12 months after signing the Franchise Agreement. We ~~anticipate a typical~~ expect most Conversion Franchisees will complete the conversion process and commence operating under our Marks ~~within~~ between 3 ~~to~~ and 6 months after

signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits (including, when needed, special use permits or zoning variances)
- the amount of time needed to comply with zoning restrictions and environmental regulations
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open your Center prior to receipt of our written authorization to open. ~~We will not issue our authorization to open until all of the following conditions are met:~~

- ~~• the Managing Owner and Designated Manager successfully complete the initial training program~~
- ~~• you purchase all required insurance and provide us with proof of coverage~~
- ~~• you obtain, and certify to us that you obtained, all required licenses, permits and governmental approvals~~
- ~~• you pay all amounts owed to us, our affiliates and suppliers that are due as of the opening date~~
- ~~• we review and approve the construction, build-out and layout of your Center~~

Unless we agree to the contrary, you must open your Center to the public within 1 year after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

Approximately 90 days prior to the physical opening of your Center, you will have a “virtual store opening” through the launch of your Center’s microsite, which will be fully capable of processing e-commerce transactions.

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Location of Your Business

Each Franchise Agreement grants you the right to operate one Dogtopia Center at the site we approve. You must ~~You will receive a protected geographic area surrounding your approved site (your “Territory”). You will be required to~~ identify a site for your Center within a designated Site Selection Area.

You may relocate your Center with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must:

- ~~• identify and~~ (a) obtain our approval of ~~a~~ the new site for your Center within your designated Territory (or within any other area we approve)
- ~~•~~ ; (b) comply with our then-current site selection and development requirements

; (c) ~~remove trade dress and alter the premises of the closed (i.e., former) Center to eliminate any resemblance to a Dogtopia Center;~~ (d) pay us our then-current relocation fee and any other fees we impose for assistance provided by us and/or our designated or approved suppliers relating to site selection, design, planning and construction of your new Center; and (e) open your Center at the new site and resume operations within 30 days* after closing your Center at the former site. We may revise the boundaries of your Territory if you relocate to a new site.

- ~~• open*~~ If your new Center and resume operations within: (a) 120 days after closing your prior Center if

~~the reason for relocation is that your premises is destroyed, condemned or otherwise rendered unusable or (b) 30 days after closing your prior Center if due to the physical condition of the premises, you will instead have 120 days to relocate for any other reason~~

~~We may revise the boundaries of your Territory if you relocate to a~~ and resume operations at the new site.

Site Selection Area

Your Center must be located within the Site Selection Area (which is a larger area than a territory under a Franchise Agreement but is only capable of supporting 1 Center). The process for determining your Site Selection Area is described in Item 11 in the Section entitled “Site Selection.” Once your Site Selection Area has been determined, you have 180 days to find an approved site and secure a fully executed lease or purchase agreement. ~~During the period of time beginning with the date your Site Selection Area is determined and ending upon the earlier of (a) 30 days after you sign the Franchise Agreement or (b) the date we designate the boundaries of your Territory (the “Site Selection Area Protection Period”), we will not develop or operate, or grant a franchise or license to a third party to develop or operate, a Dogtopia Center that is physically located within the Site Selection Area, except as otherwise provided below with respect to Captive Venues and Acquisitions. After the expiration of the Site Selection Area Protection Period, you have no territorial rights or protections to any area that is within the Site Selection Area but outside your assigned Territory.~~

Territory Search Area

If your Site Selection Area is undetermined when you sign the Franchise Agreement, you must choose from one of multiple proposed Site Selection Areas within the Territory Search Area described in Item 11 (or we will choose for you if you fail to make your selection within 30 days). ~~You have no territorial rights or protections to your Territory Search Area. The only territorial protections are those that attach to your Site Selection Area (for the limited period of time described above) and ultimately your Territory (for the term of your Franchise Agreement).~~

Your Description of Territory

~~If we approve your site before you sign the Franchise Agreement, your Territory will be identified in Part F of ATTACHMENT "A" to your Franchise Agreement. If we do not approve your site before you sign the Franchise Agreement, we will send you a written notice designating the boundaries of your Territory within 15 days after you send us a fully executed copy of the lease or purchase agreement for the premises for your Dogtopia Center.~~

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You will receive a protected geographic area surrounding your approved site (your “Territory”). Your Territory will be determined as follows:

- If there are fewer than 50,000 Core Profile Individuals that reside and/or work within a 3-mile radius from the approved site for your Center, then your Territory will consist of the geographic area within a 3-mile radius from the approved site for your Center.
- If there are more than 50,000 Core Profile Individuals that reside and/or work within a 3-mile radius from the approved site for your Center, then your Territory will consist of a geographic area designated by us that includes a minimum of 50,000 Core Profile Individuals that reside and/or work in the area. Under this scenario, we may designate the boundaries of your Territory in any manner we desire, such as by radius (which may be less than 3 miles), area codes, municipal boundaries, streets, polygons or any other method we deem appropriate.

A “Core Profile Individual” is an individual that meets certain criteria or characteristics that we establish from time to time that we have found indicate a person is more likely to become a Dogtopia customer. We may change the criteria and/or characteristics that define a Core Profile Individual at any time in our sole discretion, provided that we uniformly apply the change for purposes of designating franchised territories. We may use any demographic software, census, database or other data repository we designate for purposes of determining the number of Core Profile Individuals within a geographic area. A single “Core Profile Individual” may be counted

twice if such person both works and resides within the same area. We consider the characteristics that determine a “Core Profile Individual” to be a trade secret.

~~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.~~

~~Although~~ If we approve your site before you sign the Franchise Agreement, your Territory will be identified in Part F of ATTACHMENT "A" to your Franchise Agreement. If we do not approve your site before you sign the Franchise Agreement, we will send you a written notice designating the boundaries of your Territory within 15 days after you send us a fully executed copy of the lease or purchase agreement for the premises for your Dogtopia Center.

Description of Development Territory (ADA)

If you sign an ADA, you will receive a protected geographic area (your “Development Territory”). A Development Territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a Development Territory. In determining the size of a Development Territory, we primarily consider the number of Centers you intend to develop.

You must sign a separate Franchise Agreement for each Center you develop under the ADA. Each Center you develop under the ADA must be located within the Development Territory. You may only develop Centers at sites we approve under the Franchise Agreements according to our then-current site selection criteria. Each Franchise Agreement you sign will be our then-current form of Franchise Agreement. We identify your Development Territory, the development fee and the development schedule in the ADA before you sign it.

Development Territory Search Area

If your Development Territory is undetermined when you sign the ADA, we will designate a geographic area (your “Development Territory Search Area”) that will contain multiple potential development territories that you can choose from. The Development Territory Search Area (if applicable) will be described in Part F of ATTACHMENT "A" to your ADA. You must choose your Development Territory within 60 days after signing the ADA. If you fail to do so, we have the right (but not the obligation) to choose your Development Territory for you. Within 5 business days after we receive your notice of election of Development Territory, we will send you a written Development Territory Notice that will identify the boundaries of your Development Territory.

If we designate your Development Territory before you sign the ADA, your Development Territory will be identified in Part E of ATTACHMENT "A" to your ADA. If we do not designate your Development Territory before you sign the ADA, we will send you a written notice designating the boundaries of your Development Territory within 5 business days after your Development Territory is selected.

Territorial Rights and Protections

The Franchise Agreement provides you with the following territorial protections:

Territory Search Area

~~You have no territorial rights or protections to your Territory Search Area. is not exclusive, we do not grant~~ The only territorial protections are those that attach to your Site Selection Area (for the limited period of time described below) and ultimately your Territory (for the term of your Franchise Agreement).

Site Selection Area

The Franchise Agreement grants you certain territorial protections. ~~Specifically, we will not~~ for the Site Selection Area during the period of time beginning with the date your Site Selection Area is determined and ending upon the earlier of (a) 30 days after you sign the Franchise Agreement or (b) the date we designate the boundaries of your Territory (the “Site Selection Area Protection Period”). During the Site Selection Area Protection Period we will not (a) develop or operate, or ~~grant a franchise or~~ license to a third party to develop or operate, a Dogtopia Center that is ~~physically~~ located within the Site Selection Area, except as otherwise

provided below with respect to Captive Venues and Acquisitions. After the expiration of the Site Selection Area Protection Period, you have no territorial rights or protections to any area that is within the Site Selection Area but outside your assigned Territory-during.

Territory

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Dogtopia Center that is located within your Territory, except as otherwise provided below with respect to Captive Venues, Acquisitions and the potential subdivision of your Territory.

The ADA provides you with the following territorial protections:

Development Territory Search Area

The ADA grants you certain territorial protections for the Development Territory Search Area (if applicable) during the period of time beginning with the date you sign the ADA and ending upon the earlier of (a) 60 days after you sign the ADA or (b) the date we designate the boundaries of your Development Territory (the “Development Territory Search Area Protection Period”). During the Development Territory Search Area Protection Period we will not (a) develop or operate, or license a third party to develop or operate, a Dogtopia Center that is located within the Development Territory Search Area or (b) grant a development territory to any other person that is located within the Development Territory Search Area, except as otherwise provided below with respect to Captive Venues and Acquisitions. After the expiration of the Development Territory Search Area Protection Period, you have no territorial rights or protections to any area that is within the Development Territory Search Area but outside your assigned Development Territory.

Development Territory

During the term of the ADA we will not develop or operate, or license a third party to develop or operate, a Dogtopia Center that is located within your Development Territory other than: (a) any Dogtopia Center that is located within your Development Territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues, Acquisitions and the potential subdivision of your Development Territory.

Limitations on Territorial Protections

The territorial rights and protections described above are subject to the limitations and reservation of rights described below.

Captive Venues

We reserve the right to develop and operate, and grant licenses to third parties to develop and operate, Dogtopia Centers that are located in Captive Venues, including Captive Venues located within your Site Selection Area, Territory, Development Territory Search Area and/or Development Territory. A “Captive Venue” means a non-traditional outlet for a Dogtopia Center that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Dogtopia Center. Examples include Dogtopia Centers located within:

- hotels and apartment complexes
- office buildings or other businesses (i.e., a Dogtopia Center located within another business facility to offer Dogtopia services and products to the employees of such business)
- college campuses or universities
- airports, bus stations and train stations
- co-branded facilities
- fitness facilities
- stadiums or sporting arenas

- shopping malls
- other similar types of establishments or new concept locations

Acquisitions

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Dogtopia Centers operating under the Marks regardless of their location (an “Acquisition”). Any such acquired or converted businesses may be located within your Site Selection Area, Territory, Development Territory Search Area and/or Development Territory.

Subdivision of Territory

We reserve the right to subdivide your Territory into multiple franchised territories if the total number of Core Profile Individuals in your Territory equals or exceeds 65,000 and we determine, in our sole discretion, that your original Territory can support 1 or more additional Dogtopia Centers. In order to exercise our option, we must: (a) provide you with a written notice of our election to subdivide your Territory (the “Notice of Territory Subdivision”) at least 30 days before we subdivide your Territory; and (b) include within the Notice of Territory Subdivision a description of the boundaries of your new Territory (which will include at least 50,000 Core Profile Individuals) and a description of the boundaries of the new territory or territories that will become available for further development (each, an “Option Territory”). Each Option Territory may either: (a) consist of a geographic area that was entirely within your original Territory; or (b) consist of a geographic area that was partially within your original Territory and partially outside your original Territory. Each Option Territory will include a minimum of 50,000 Core Profile Individuals. Effective 30 days after the date of the Notice of Territory Subdivision (the “Territory Amendment Date”), the Franchise Agreement will be automatically amended to delete the original Territory description and replace it with the description of your new Territory as described in the Notice of Territory Subdivision.

During the period of time between the issuance of the Notice of Territory Subdivision and the Territory Amendment Date (the “Option Period”), you have the exclusive option to acquire franchise development rights to each Option Territory. To exercise your option, you must: (a) be in compliance with the Franchise Agreement and all other agreements with us and our affiliates; and (b) follow all of the steps required by Section §3.7 of the Franchise Agreement, including notifying us in a timely manner, signing our then-current form of Franchise Agreement and paying our then-current initial franchise fee. If your Territory is divided into multiple Option Territories, you may exercise your option to either purchase all of the Option Territories or only some of them.

If you do not exercise your option for a given Option Territory, we have the right to develop and operate, or ~~grant a franchise or license to~~ a third party to develop and operate, a Dogtopia Center within the Option Territory at any time after the Territory Amendment Date. After the Territory Amendment Date, you will have no territorial rights or protections relating to any Option Territory for which you and we have not executed a Franchise Agreement.

Development Territory Search Area (Area Developers)

~~If you sign an ADA, you will receive a protected geographic area (your “Development Territory”). Each Center you develop under the ADA must be located within the Development Territory.~~

~~If your Development Territory is undetermined when you sign the ADA, we will designate a geographic area (your “Development Territory Search Area”) that will contain multiple potential development territories that you can choose from. The Development Territory Search Area (if applicable) will be described in Part E of ATTACHMENT “A” to your ADA. You must choose your Development Territory within 60 days after signing the ADA. If you fail to do so, we have the right (but not the obligation) to choose your Development Territory for you. Within 5 business days after we receive your notice of election of Development Territory, we will send you a written Development Territory Notice that will identify the boundaries of your Development Territory.~~

~~During the period of time beginning with the date you sign the ADA and ending upon the earlier of (a) 60 days after you sign the ADA or (b) the date we designate the boundaries of your Development Territory (the “Development Territory Search Area Protection Period”), we will not (a) develop or operate, or grant a franchise or license to a third party to develop or operate, a Dogtopia Center that is physically located within the~~

~~Development Territory Search Area or (b) grant a development territory to any other person that is located within the Development Territory Search Area, except as otherwise provided below with respect to Captive Venues and Acquisitions. After the expiration of the Development Territory Search Area Protection Period, you have no territorial rights or protections to any area that is within the Development Territory Search Area but outside your assigned Development Territory.~~

Development Territory (Area Developers)

~~If we designate your Development Territory before you sign the ADA, your Development Territory will be identified in Part D of ATTACHMENT "A" to your ADA. If we do not designate your Development Territory before you sign the ADA, we will send you a written notice designating the boundaries of your Development Territory within 5 business days after your Development Territory is selected.~~

~~A Development Territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a Development Territory. In determining the size of a Development Territory, we primarily consider the number of Centers you intend to develop.~~

~~You will not receive an exclusive Development 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.~~

~~Although your Development Territory is not exclusive, we do grant you certain territorial protections. Specifically, we will not develop or operate, or grant a franchise or license to a third party to develop or operate, a Dogtopia Center that is physically located within your Development Territory during the term of the ADA except: (a) for any Dogtopia Centers that are located within your Development Territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues, Acquisitions and the potential subdivision of your Development Territory.~~

~~You must sign a separate Franchise Agreement for each Center you develop under the ADA. You may only develop Centers at sites we approve under the Franchise Agreements according to our then-current site selection criteria. Each Franchise Agreement you sign will be our then-current form of Franchise Agreement. We identify your Development Territory, the development fee and the development schedule in the ADA before you sign it. If you fail to satisfy the development schedule under the ADA, we may terminate the ADA.~~

Subdivision of Development Territory

We reserve the right to subdivide your Development Territory into multiple territories if the total number of Core Profile Individuals in your Development Territory increases by at least 15,000 and we determine, in our sole discretion, that your original Development Territory can support more Dogtopia Centers than you are required to develop under your ADA. In order to exercise our option, we must: (a) provide you with a written notice of our election to subdivide your Development Territory (the "Notice of Development Territory Subdivision") at least 30 days before we subdivide your Development Territory; and (b) include within the Notice of Development Territory Subdivision a description of the boundaries of each franchise territory (each of which will include at least 50,000 Core Profile Individuals). Within 30 days after the date of Notice of Development Territory Subdivision, you must select a franchise territory for each Dogtopia Center that remains to be developed under the ADA. If you fail to notify us of your selections before the end of this 30-day period, we will select your franchise territories in our sole discretion and notify you in writing of the franchise territories we selected for you. Each franchise territory that is not retained by you is referred to as an "Option Territory". Each Option Territory may either: (a) consist of a geographic area that was entirely within your original Development Territory; or (b) consist of a geographic area that was partially within your original Development Territory and partially outside your original Development Territory. Each Option Territory will include a minimum of 50,000 Core Profile Individuals. At the time that you or we, as applicable, select the franchise territories you will retain and develop (the "Development Territory Amendment Date"), the ADA will be automatically amended to delete the original Development Territory description and replace it with the geographic area that is comprised by your original Development Territory but excluding each Option Territory.

During the period of time between the issuance of the Notice of Development Territory Subdivision and the

Development Territory Amendment Date (the “Option Period”), you have the exclusive option to acquire franchise development rights to each Option Territory. To exercise your option, you must: (a) be in compliance with the ADA, all Franchise Agreements and all other agreements with us and our affiliates; and (b) follow all of the steps required by Section §3.6 of the ADA, including notifying us in a timely manner, signing our then-current form of Franchise Agreement and paying us our then-current initial franchise fee. If there are multiple Option Territories, you may exercise your option to either purchase all of the Option Territories or only some of them. Any Center you develop in an Option Territory will not be counted for purposes of determining compliance with your development schedule.

If you do not exercise your option for a given Option Territory, we have the right to develop and operate, or ~~grant a franchise or license to~~ a third party to develop and operate, a Dogtopia Center within the Option Territory at any time after the Development Territory Amendment Date. After the Development Territory Amendment Date, you will have no territorial rights or protections relating to any Option Territory for which you and we have not signed a Franchise Agreement.

Limitations on Your Territorial Rights

~~We reserve the right to develop and operate, and grant franchises or licenses to third parties to develop and operate, Dogtopia Centers that are located within Captive Venues, including Captive Venues located in your Site Selection Area, Territory, Development Territory Search Area and/or Development Territory. A “Captive Venue” means a non-traditional outlet for a Dogtopia Center that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing Dogtopia products or services. Examples include Dogtopia Centers located within:~~

- ~~• hotels and apartment complexes~~
- ~~• office buildings or other businesses (i.e., a Dogtopia Center located within another business facility to offer Dogtopia services and products to the employees of such business)~~
- ~~• college campuses or universities~~
- ~~• airports, bus stations and train stations~~
- ~~• co-branded facilities~~
- ~~• fitness facilities~~
- ~~• stadiums or sporting arenas~~
- ~~• shopping malls~~
- ~~• other similar types of establishments or new concept locations~~

~~We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Dogtopia Centers operating under the Marks regardless of their location (an “Acquisition”). Any such acquired or converted businesses may be located within your Site Selection Area, Territory, Development Territory Search Area and/or Development Territory.~~

Alternative Channels of Distribution

We reserve the right to sell, ~~or~~ and license others to sell, competitive or identical goods or services (including under our Marks or different trademarks) through Alternative Channels of Distribution. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers while present at a Dogtopia Center. Examples include:

- (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- ; (b) sales through retail stores that do not operate under the Marks, such as pet stores, convenience stores or department stores
- ; and (c) sales made at wholesale

We may sell, ~~or~~ and license third parties to sell, competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your Site Selection

Area, Territory, Development Territory Search Area and/or Development Territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You may not market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) within or outside your Territory or Development Territory (other than any marketing of your Center through the microsite we provide). However, you can promote your Center through approved social media sites subject to the restrictions described in Item 11 under the Section entitled “Advertising and Marketing”.

You can market and advertise outside your Territory as long as: (a) you do not use any domain names, social media accounts or directory listings related to areas outside your Territory; (b) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (c) you do not engage in any targeted marketing directed into a territory or development territory assigned to us, our affiliate or another franchisee (except as otherwise noted below).

You may not engage in targeted marketing directed into a territory or development territory assigned to us, our affiliate or another franchisee unless: (a) the marketing is conducted as part of an advertising cooperative that includes the affected territory; or (b) we, our affiliate or the other franchisee, as applicable, provide written consent to the marketing. Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (b) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate, or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up promotional events that take place within a given territory.

You must comply with any minimum advertised pricing policy we establish.

There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory or Development Territory.

Minimum Performance Requirements

~~You~~[Under the Franchise Agreement, you](#) must generate the following minimum Gross Sales during each 12-month measuring period after your opening date:

Measuring Period (Months after Opening)	Minimum Gross Sales [*]
0 through 12 th month	\$200,000
13 th through 24 th month	\$300,000
25 th through 36 th month	\$400,000
Each subsequent 12-month period	\$500,000

^{*} The minimum Gross Sales are non-cumulative from measuring period to measuring period.

If you fail to meet these [minimum Gross Sales](#) requirements, we may either (a) terminate the Franchise Agreement or (b) modify or eliminate your Territory and/or the territorial protections granted to you.

[If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Dogtopia Centers within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your Development Territory.](#)

Additional Territories and Franchises

As discussed above, you are granted the option to purchase any “Option Territory” resulting from the subdivision of your Territory or Development Territory. If you sign an ADA, you are granted the right and obligation to develop multiple Dogtopia Centers within your Development Territory. You are not granted any other options, rights of first refusal or similar rights to acquire additional territories or franchises.


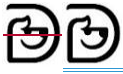
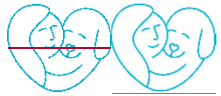
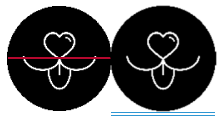

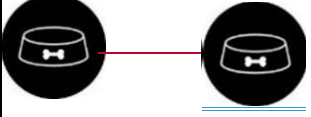
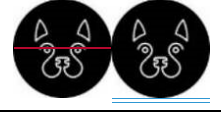
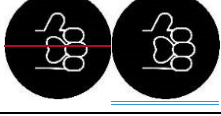
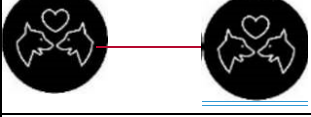
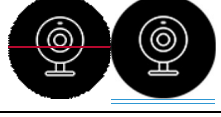
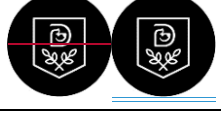
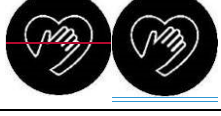
Competitive Businesses Under Different Marks


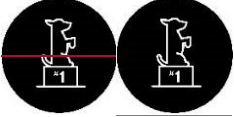

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Dogtopia Center. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

Our affiliate, Trusted Authority, is the owner of the following trademarks that have been registered on the United States Patent and Trademark Office principal register:


REGISTERED MARKS		
MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
DOGTOPIA	4857442	November 24, 2015
THE HAPPY PUP	3410450	April 8, 2008 (October 17, 2018)
BEST FURRY FRIENDS FOREVER	5117626*	January 10, 2017
BFFF	5117629*	January 10, 2017
IT’S THE MOST EXCITING DAY EVER!	5399305	February 13, 2018
SHOWING THE DOGS LOVE SINCE 2002	5538169	August 14, 2018
I’M A REALLY BIG DEAL AROUND HERE	5552961	September 4, 2018
DOGTOPIA CONNECT	5245973	July 18, 2017
FETCH IT FORWARD	5245979	July 18, 2017
ENABLING DOGS TO POSITIVELY CHANGE OUR WORLD	5503105	June 26, 2018
DOGS THINK I’M COOL	7300425	February 6, 2024
	4857156	November 24, 2015
	4932307	April 5, 2016




REGISTERED MARKS		
MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
	5578032	October 9, 2018
	5049640	September 27, 2016
	5264874	August 15, 2017
	5399356	February 13, 2018
	5404606	February 20, 2018
	5572912	October 2, 2018
	5572913	October 2, 2018
	5710265	March 26, 2019
	5710266	March 26, 2019
	5710272	March 26, 2019
	5716102	April 2, 2019
	5716101	April 2, 2019

REGISTERED MARKS		
MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
	5716099	April 2, 2019
	5926949	December 3, 2019
	6977264	February 14, 2023
<u>DOGTOPIA MANDARIN MIST</u>	<u>7,008,087</u>	<u>March 21, 2023</u>

* See Section below entitled “Determinations Affecting the Marks” for a discussion of material determinations affecting these Marks.

Trusted Authority also applied to register the following trademarks on the Principal Register at the United States Patent and Trademark Office:

UNREGISTERED MARKS		
MARK	SERIAL NUMBER (APPLICATION TYPE)	APPLICATION DATE
DOGTOPIA	97116699 (intent to use application)	November 9, 2021
DOGS SAVE LIVES	97333783 (intent to use application)	March 28, 2022
DOGTOPIA MANDARIN MIST	97333798 (converted to actual use application)	March 28, 2022
DOGS THINK I'M COOL	97334800 (actual use application)	March 28, 2022
DOGS ARE MY COWORKERS	97334789 (actual use application)	March 28, 2022
DOGTOPIA	97747075 (intent to use application)	January 9, 2023
	<u>98017070</u> (intent to use application)	<u>May 28, 2023</u>
<u>DOGTOPIA CARE</u>	<u>98017064</u> (actual use application)	<u>May 28, 2023</u>
<u>THE ORANGE CLUB</u>	<u>98017073</u> (intent to use application)	<u>May 28, 2023</u>
<u>DOGTOPIA ORANGE CLUB</u>	<u>98017078</u> (intent to use application)	<u>May 28, 2023</u>

UNREGISTERED MARKS		
MARK	SERIAL NUMBER (APPLICATION TYPE)	APPLICATION DATE
<u>DOGTOPIA DOGGIE BUBBLES</u>	<u>98058534</u> (intent to use application)	<u>June 26, 2023</u>
<u>KETO-DOG</u>	<u>98204997</u> (intent to use application)	<u>September 30, 2023</u>
	<u>98215398</u> (actual use application)	<u>October 9, 2023</u>
	<u>98215064</u> (actual use application)	<u>October 9, 2023</u>
	<u>98215183</u> (actual use application)	<u>October 9, 2023</u>
<u>DOGS SAVE LIVES</u>	<u>98248295</u> (actual use application)	<u>October 31, 2023</u>
<u>DASH BY DOGTOPIA</u>	<u>98306701</u> (intent to use application)	<u>December 9, 2023</u>

We do not have a federal registration for the Marks in the table above labeled “Unregistered Marks”. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

Agreements Limiting Use of the Marks

On January 1, 2016, we entered into a License Agreement (the “License Agreement”) with our affiliate, Trusted Authority. Under the terms of the License Agreement, Trusted Authority granted us the right to use the Marks in the Dogtopia System and to sublicense the Marks to our franchisees. The term of the License Agreement continues indefinitely until it is terminated in accordance with its terms. We pay Trusted Authority a monthly royalty fee of \$1 per month. Either party is permitted to terminate the License Agreement if the other party breaches and fails to cure within a 30 day period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above (including as described in the notes to the trademark table), no agreements limit our right to use or sublicense the use of the Marks.

Determinations Affecting the Marks

Trusted Authority was a named party in a TTAB proceeding (92066414) in which Creative Concepts and Manufacturing, LLC (“CCM”) sought to cancel Trusted Authority’s registrations for the Marks, BEST FURRY FRIENDS FOREVER (Registration #5117626) and BFFF (Registration #5117629) based on CCM’s prior registered marks for #BFF BEST FRIENDS FOREVER (Registration # 5172180) and #BFF (Registration # 5172156) . On December 5, 2017, a Mutual Co-Existence Agreement was reached with CCM and the TTAB proceeding was dismissed. As a result, BFFF (Registration #5117629) and Best Furry Friends Forever (Registration #5117626) are registered trademarks subject to a Mutual Co-Existence Agreement with CCM trademarks of #BFF and #BFF BEST FRIENDS FOREVER.

Except as disclosed above, there are currently no: (a) effective material determinations of the Patent and Trademark Office, the TTAB, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; ~~and/or~~ (c) pending material litigation involving any of the Marks. ~~We do not know of any; or~~ (d) infringing uses we are aware of that could materially affect your use of the Marks.

Use of the Marks

We grant you the right to operate your Center under the name “~~Dogtopia~~”**DOGTOPIA**[®] and the logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logo**types** used to identify your Center or the products or services you sell. We may change the trademarks you may use from time to time—~~including by discontinuing use of the Marks listed in this Item 13.~~**Item 13**. If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You may not use our name or Marks relating to the sale of any product or service we have not authorized or approved. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent.

You must obtain a fictitious or assumed name registration if required by your state or local law. The fictitious or assumed name registration must be for “DOGTOPIA of (name of your designated territory)”. You must submit your proposed tradename to us for approval. We will notify you of our approval through the issuance of a written Tradename Approval Notice. You may not use any tradename that we have not approved. You must surrender, cancel or abandon the tradename upon the termination, expiration or transfer of the Franchise Agreement.

You may not establish, create or operate an Internet site or website using any domain name containing the word “DOGTOPIA” or any variation of “DOGTOPIA” without our prior written consent. You may not establish, create or operate a social media platform using or containing the Marks without our prior written consent. We retain the sole right to advertise on the Internet and create websites or social media platforms using the “DOGTOPIA” name and any other names we may designate in the Manual.

Infringements

You must notify us immediately ~~when~~**if** you ~~learn about~~**discover** an infringing ~~or challenging~~ use **(or challenge to your use)** of the Marks. We will take the action we ~~think~~**deem** appropriate, ~~but we~~. **We** are not required to take any action if we do not feel it is warranted. We may require your assistance, but you ~~are~~**may** not ~~permitted to~~ control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Trusted Authority’s rights **to** the Marks.

Indemnification and Protection of Use of the Marks

We will indemnify you against, and reimburse you for: (a) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of the Marks in strict compliance with the Franchise Agreement and Manual; and (b) all costs you reasonable incur in defending against any such claim brought against you in any proceeding in which you are named as a party. Our indemnification obligation will not include or cover (and you are solely responsible for): (a) any costs you incur for changing signage or discontinuing the use of any Mark; and (b) any legal fees you incur for separate, independent legal counsel that you choose to hire. Our indemnification obligation only applies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks ~~or~~; **(b)** protect you against claims of infringement or unfair competition arising out of your use of the Marks; or **(b)** participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our ~~m~~**M**arks or if the proceeding is resolved in a manner ~~that is~~ unfavorable to you.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of your Franchise Agreement, we will allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a

Dogtopia Center. Examples include:

- architectural plans, drawings and specifications for a prototype Dogtopia Center
- site selection criteria
- ~~methods and~~ techniques
- , policies, procedures, standards and specifications
- ~~policies and procedures~~
- supplier lists and information
- ~~marketing strategies~~
- and merchandising strategies
- financial information
- information comprising the System

~~We~~We will own all ideas, improvements, inventions, marketing materials (including the associated copyrights) and other concepts you develop relating to a Dogtopia Center. We will also own all operational and customer data relating to your Business ~~and you.~~ You must treat this data as confidential and proprietary. We license you the right to ~~utilize~~use this data during the term of your Franchise Agreement. ~~We consider all information in the Manual to be confidential.~~

We provide you with access to our confidential information through our Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Center in compliance with the ~~terms of the~~ Franchise Agreement and Manual. You may not disclose our confidential information to ~~any person (anyone~~ other than your employees, on a need-to-know basis), without our prior permission. We consider all information in the Manual to be confidential. All of your employees, agents and representatives (other than a Designated Manager) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you give them access to our confidential information.

You must promptly notify us if you discover any unauthorized use of our proprietary information ~~or copyrighted materials.~~ We are not obligated to act, but will respond ~~to this information~~ as we deem appropriate. You may not control any proceeding or litigation ~~alleging the~~ involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information ~~or copyrighted materials.~~ There are no infringements known to us at this time.

~~All ideas, improvements, inventions, marketing materials (including the associated copyrights), and other concepts you develop relating to the operation of your Center will be owned by us.~~

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

Owner Participation

You must designate an owner who will be primarily responsible for the overall management and supervision of your Center (the "Managing Owner"). The Managing Owner must:

- ~~(a)~~ be approved by us
- ~~;~~ (b) successfully complete all training programs we require
- ~~;~~ and (c) have authority to bind you on all business decisions

Any new Managing Owner you appoint must successfully complete our then-current initial training program before becoming involved with the supervision, management or operation of the Business.

Your other owners are not required to be actively involved with the operation of your Center. If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "C". By signing the

Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

Designated Manager and Assistant Managers

You must designate an individual who will provide daily on-site management and supervision of your Center (the "Designated Manager"). Your Managing Owner may, but need not, serve as the Designated Manager. Any person you hire as a Designated Manager must:

- (a) be approved by us
- (b) successfully complete all training programs we require
- (c) dedicate a minimum of 40 hours per week (50 weeks per year) to on-site management of the Center

; and (d) sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "E" ATTACHMENT "E" (your Managing Owner is not required to sign the Brand Protection Agreement).

At all times during normal business hours, either the Managing Owner or a Designated Manager must be present at your Center to provide onsite management and supervision. The Managing Owner must monitor and supervise the ~~activities of the~~ Designated Manager to ensure your Center is operated in accordance with the Franchise Agreement and the Manual.

You may also hire assistant managers who would report to the Managing Owner or your Designated Manager. ~~Any assistant manager you hire must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F". We do not impose any other requirements on your assistant managers.~~

We do not require that your Designated Manager or assistant managers hold any ownership interest in the franchise (unless the Managing Owner serves as the Designated Manager).

~~All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement.~~

~~If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "C".~~

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change.

You may only offer and provide Dogtopia products and services from your Dogtopia Center. You may not provide any off-site services without our prior written approval. You may only sell Dogtopia products to retail customers while they are present at your Center. In the future, we may authorize you to provide certain "off-site" services (for example, mobile grooming, pet pick-up, etc.). If we authorize off-site services, you must follow all policies and procedures we establish in the Manual relating to these off-site services.

From time to time, we negotiate agreements with businesses or other organizations ("System Account Customers"), pursuant to which certain individuals associated with the System Account Customer ("System Account Beneficiaries") may receive preferential pricing and/or other benefits at participating Dogtopia Centers. These relationships are referred to as "System Accounts". If we offer you the right to participate in a System Account and you agree to do so, you must honor the terms we negotiate in the System Account Agreement and provide the System Account Beneficiaries with the preferential pricing or other benefits. You are not required to participate in a System Account.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of the franchise term	FA: Section 4.1 FA: 1 (Definition of “Term”) & 4.1	Term expires 10 years after date you sign the lease or purchase agreement for your facility. If you already own or lease the facility when you sign the Franchise Agreement, the term expires 10 years after the date you sign the Franchise Agreement.
	ADA: Section 2 ADA: 1 (definition of “Term”)	Term expires on <u>earlier of (a) opening of last Center to be developed under date listed in development schedule for the last Center you are required to develop or (b) the actual opening date of the last Center you are required to develop.</u>
b. Renewal or extension of the term	FA: Section 4.1 & 4.2 FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 1 consecutive successor franchise agreement. The renewal term will be 10 years, for a total maximum term of 20 years. The parties may mutually agree to enter into additional <u>further</u> renewals, but neither party is obligated to do so (subject to state law).
	ADA: Section 4.4 ADA: 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2 FA: 4.1 & 4.2	You must: not be in default; give us timely notice; have substantially complied with the Franchise Agreement; sign then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign general release (subject to state law); pay renewal fee; remodel Center and upgrade furniture, fixtures and equipment to current standards; complete refresher training (if we require it); and maintain possession of your facility under your lease. <u>extend lease for duration of renewal term.</u> If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: Section 4.4 ADA: 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: Section 22.1 FA: 22.1	You can terminate only if we <u>default and</u> fail to <u>timely</u> cure a material default within the cure period.
	ADA: Section 9 ADA: 9	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Section 22.4 FA: 22.3	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	You can terminate under any grounds permitted by law. <u>Not applicable</u>
f. Termination by us with cause	FA: Section 22.2 & 22.3 FA: 22.2	We can terminate if you default.
	ADA: Section 9 ADA: 9.2	We can terminate if you default.
g. “Cause” defined - curable defaults	FA: Section 22.2 & 22.3 FA: 22.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under “non-curable defaults.”) <u>.”</u>
	ADA: Section 9 ADA: 9.2	You have 30 days to cure any default, other than defaults described below under “non-curable defaults.” <u>.”</u>

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	FA: Section 22.2 FA: 22.2	The following defaults cannot be cured: <u>insolvency, bankruptcy or seizure of assets</u> ; failure to successfully complete training; failure to find approved site, complete construction <u>sign lease</u> or open in timely manner; insolvency, bankruptcy or seizure of assets ; abandonment; failure to cure defaults under agreements with suppliers or customers ; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; 2nd failure to honor terms of System Account Agreement ; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3% ; unauthorized transfers ; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse ; failure to submit required reports 3 times in 12-month period ; <u>breach of legal compliance representations</u> ; failure to meet minimum performance requirements; termination of your lease due to your default; <u>2nd failure to honor terms of System Account Agreement</u> ; <u>2nd underreporting of Gross Sales by 3%</u> ; 2 or more <u>default</u> notices of default from us for similar breach in any 12-month period (even if cured); 3 or more <u>default</u> notices of default from us in any <u>for similar or dissimilar breaches in a</u> 18-month period (even if cured); or termination of any other agreement between you and us (or any <u>your</u> affiliate) and us (or our <u>affiliate</u>) due to your default. However, the termination of an ADA due to your default <u>breach of the development schedule</u> is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 9 ADA: 9.2	You cannot cure any default relating to the termination of <u>If we terminate</u> a franchise agreement based on <u>due to</u> your default. Any termination of a franchise agreement is a default under, we may terminate the ADA allowing us to terminate without <u>opportunity to cure period</u> .
i. Your obligations on termination/non-renewal	FA: Section 23.1 FA: 23.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Dogtopia Center; cease use of intellectual property; return Manuals and branded materials; assign telephone numbers, listings and domain names; pay liquidated damages (if applicable); cease use of email accounts and phone numbers; assign customer information, agreements, data and accounts; assign supplier agreements, warranties and services plans; cancel fictitious names; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any specific <u>post-term</u> obligations on you after it is terminated or expires.
j. Assignment of contract by us	FA: Section 21.1 FA: 21.1	No restriction on our right to assign.
	ADA: Section 8.1 ADA: 8.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 11 (definition of "Transfer") & 21.2 21.2	Includes transfer of contract or assets, or ownership change.
	ADA: Section 11 (definition of "Transfer") & 8.2 8.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 21.2 FA: 21.2	We have the right to <u>must</u> approve all transfers but will not unreasonably withhold approval.
	ADA: Section 8.2 ADA: 8.2	You may not assign your ADA or your right to develop additional locations <u>except as other provided in row "p"</u> (subject to state law).

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	FA: Section 21.2 FA: 21.2	<p>Transferee must: meet our qualifications; successfully complete training (or commit<u>arrange</u> to do so); obtain all required licenses and permits; assume your contracts and obligations to 3rd parties; and sign a new then-current form of franchise agreement for the remainder of the term (or, at our option, take assignment of existing franchise agreement). <u>assume your Franchise Agreement; and remodel Center and upgrade furniture, fixtures and equipment to current standards within 12 months after Transfer or such shorter period of time we specify.</u></p> <p>You must: submit transfer application; be in compliance with Franchise Agreement; assign lease, if applicable; remodel Center and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so); pay transfer fee; <u>subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us;</u> and sign general release (subject to state law); subordination agreement and termination agreement (if transferee signs a new franchise agreement). <u>.</u></p> <p>We must notify you that we do not intend to exercise our right of first refusal.</p> <p>We may waive some of the conditions for transfer listed above for transfers to an entity controlled by the original owners, or certain transfers of ownership interests between existing owners previously approved by us.</p>
	ADA: Section 8.2 ADA: 8.2	No transfers are Transfers permitted <u>except as provided in row "p"</u> (subject to state law).
n. Our right of first refusal to acquire your business	FA: Section 21.4 FA: 21.4	We can match any bona fide arms length offer for your Center business.
	ADA: Not Applicable	<u>Not Applicable</u> ADA does not include a right of first refusal.
o. Our option to purchase your business	FA: Section 23.3 FA: 23.3	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	ADA does not include a purchase option.
p. Your death or disability	FA: Section 21.3 FA: 21.3	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other T Transfers. We may designate manager to operate the Center prior to T Transfer.
	ADA: Section 8.3 ADA: 8.3	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers <u>we approve.</u>
q. Non-competition covenants during the term of the franchise	FA: Section 16.2 & 16.3 FA: 16.3	No involvement in competing business; comply with non-disclosure covenants.
	ADA: Not Applicable	ADA does not impose any noncompetitive covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 16.2 & 23.1	No involvement for 2 years in competing business located in your Territory or within 15 miles of another Dogtopia Center; comply with nondisclosure covenants; cease use of intellectual property.
	ADA: Not Applicable	ADA does not impose any noncompetitive covenants.
<u>r. Non-competition covenants after the franchise is terminated or expires</u>	FA: 16.3 & 23.1	<u>No involvement for 2 years in competing business located in your Territory or within 15 miles of another Dogtopia Center.</u>
	ADA: Not Applicable	<u>The ADA does not impose any noncompetition covenants.</u>

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
s. Modification of the agreement	FA: Section 26.3 & 26.8 <u>FA: 26.3 & 26.8</u>	Requires writing signed by both parties (except for unilateral changes to we may unilaterally change Manual or unilateral reduction of reduce scope of restrictive covenants by us). Other modifications primarily to comply with various states <u>state</u> laws.
	ADA: Section 12.6 <u>ADA: 12.7</u>	Requires writing signed by both parties. Other modifications primarily to comply with various states <u>state</u> laws.
t. Integration/_merger clause	FA: Section 26.8 <u>FA: 26.8</u>	Only the terms of the Franchise Agreement, <u>ADA (if applicable)</u> and attachments to Franchise Agreement <u>and ADA</u> are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement <u>and ADA</u> may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
	ADA: Section 12.6 <u>ADA: 12.7</u>	Only the terms of the ADA and attachments to ADA are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	FA: Section 24 <u>FA: 24</u>	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: Section 10 <u>ADA: 10</u>	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: Section 24 <u>FA: 24</u>	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.
	ADA: Section 10 <u>ADA: 10</u>	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.
w. Choice of law	FA: Section 26.1 <u>FA: 26.1</u>	Subject to state law, Arizona law governs.
	ADA: Section 12.1 <u>ADA: 12.1</u>	Subject to state law, Arizona law governs.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

Franchise Disclosure Document (2024 Multi-State)

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

Overview

We have provided ~~2~~two categories of financial performance representation (“FPR”):

(1) 2022~~2023~~ Key Operating Metrics (“Key Operating Metrics FPR”)

~~(1) 2023~~ Gross Sales Analysis (“Gross Sales FPR”)

~~(2) 2022 Net Profit~~ (“Net Profit Analysis FPR”)

The Key Operating Metrics FPR and Gross Sales ~~FPR~~ and Net Profit Analysis FPR are broken down into multiple subsets based on sales brackets and the total number of years months of operation of each outlet and ~~based on sales ranking or quartile.~~ as described more fully below.

The FPR data is contained within the tables in the Section below entitled “Financial Performance Representation”. We have provided data for franchised stores, Company Stores and Affiliated Stores (defined in Footnote 54 in Item 20). Under NASAA Guidelines, both Company Stores and Affiliated Stores qualify as “company-owned” stores ~~for purposes of this FPR.~~

The ~~FPR data is broken out into the following tables:~~

~~Table 1: Count of Qualifying Outlets Summary—Gross Sales FPR and Net Profit FPR~~

~~Table 2: Count of Qualifying Outlets for Gross Sales FPR~~

~~Table 3: Statistics for Gross Sales FPR Subsets~~

~~Table 4: Count of Qualifying Outlets for Net Profit FPR~~

~~Table 5: Statistics for Net Profit FPR Subsets~~

~~Table 6: 2022 Gross Sales for All Qualifying Outlets~~

~~Table 7: 2022 Gross Sales for All Qualifying Outlets—By Age~~

~~Table 8: 2022 Gross Sales for All Qualifying Outlets—By Sales Ranking~~

~~Table 9: 2022 Gross Sales for Franchised Qualifying Outlets—By Age~~

~~Table 10: 2022 Gross Sales for Franchised Qualifying Outlets—By Sales Ranking~~

~~Table 11: 2022 Gross Sales for Company Owned and Affiliated Qualifying Outlets—By Age~~

~~Table 12: 2022 Gross Sales for Company Owned and Affiliated Qualifying Outlets—By Sales Ranking~~

~~Table 13: 2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets—All Quartiles (107 Outlets)~~

~~Table 14: 2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets—Top Quartile (27 Outlets)~~

~~Table 15: 2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets—Middle Quartiles (53 Outlets)~~

~~Table 16: 2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets—Bottom Quartile (27 Outlets)~~

~~Table 17: 2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets—By Age~~

~~Table 18: 2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—All Quartiles (20 Outlets)~~

~~Table 19: 2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—Top Quartile (5 Outlets)~~

~~Table 20: 2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—Middle Quartiles (10 Outlets)~~

~~Table 21: 2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—Bottom Quartile (5 Outlets)~~

~~Table 22: 2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—By Age~~

~~Table 23: 2022 Adjusted Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets—By Age~~

The ~~FPR~~FPRs only includes data for Dogtopia Centers that are “Qualifying Outlets”. The ~~FPR is~~FPRs are based on the historical results from all Qualifying Outlets, which are described below in more detail.

~~In 2013, we changed the trade dress for Dogtopia Centers. Some Centers that opened before 2013 still reflect the older trade dress. Despite the difference in trade dress, these Centers may still be considered “Qualifying Outlets” because they are substantially similar to the franchised Dogtopia Center offered under this Disclosure Document. There are no other material differences between the operations of the Qualifying Outlets (including Company Stores and Affiliated Stores) and the franchised Dogtopia business offered under this Disclosure Document.~~

System Statistics & Subsets Utilized

Both categories of FPR include data for all Dogtopia Centers that met certain qualifying criteria (referred to as a “Qualifying Outlet”). Each of the categories has different qualifying criteria—while all Centers that are Qualifying Outlets for purposes of the ~~Net Profit~~Key Operating Metrics FPR are also Qualifying Outlets for purposes of the Gross Sales Analysis FPR, some Centers are Qualifying Outlets for purposes of the Gross Sales Analysis FPR but are not Qualifying Outlets for purposes of the ~~Net Profit~~Key Operating Metrics FPR. The following table summarizes the number of Qualifying Outlets for each category:

TABLE 1 Count of Qualifying Outlets Summary – Gross Sales <u>Analysis</u> FPR and Net Profit <u>Key Operating Metrics</u> FPR			
Outlet Type	Total Outlets (12/31/202 3)	Qualifying Outlets (Gross Sales <u>Analysis</u> FPR)	Qualifying Outlets (Net Profit <u>Key Operating Metrics</u> FPR)
All Outlets	205 <u>244</u>	157 <u>8</u>	121 <u>7</u>
Franchised Stores	174 <u>205</u>	132 <u>1</u>	107 <u>91</u>
Company Stores	4	2	2
<u>Company & Affiliated Stores</u>	27 <u>39</u>	23 <u>27</u>	18 <u>26</u>

Qualifying Outlets – Gross Sales Analysis FPR

In order to be a Qualifying Outlet for purposes of the Gross Sales Analysis FPR, the Center must have been open and operating for 18 consecutive months as of the entire 2022 end of our fiscal year–, which was December 30, 2023. In addition, the Dogtopia Centers need to be financially and operationally in good standing with their franchise agreement. These standards include meeting the Minimum Performance Requirements defined in the Franchise Agreement. In addition, to be included as a Qualifying Outlet Dogtopia Centers are required to operate

within the staffing requirements in the franchise playbook.

Of the ~~205~~244 open Centers as of December ~~31, 2022, 48~~30, 2023, 86 did not qualify as “Qualifying Outlets” because they were not open for ~~the entire 2022~~18 consecutive months prior to the end of our fiscal year, which was December 30, 2023, or they failed to remain in good standing because they not satisfy their financial or operational obligations under their franchise agreements, or both, including:

- ~~42~~74 of the ~~174~~205 franchised ~~outlets~~stores open as of December ~~31, 2022, including 35 franchised outlets that opened in 2022 and 7 franchise outlets that did not submit all 52 weekly reports during 2022~~30, 2023.
- ~~6~~12 of the ~~31~~39 Company Stores and Affiliated Stores open as of December ~~31, 2022, which is comprised of 6 Company Stores and Affiliated Stores that opened in 2022~~30, 2023.

The tables below summarize the outlet statistics and the number of Qualifying Outlets for the Gross Sales FPR:

The Gross Sales Analysis FPR is also broken down into separate subset tables that segregate Qualifying Outlets based on months of operation, including Qualifying Outlets that were operating for a minimum of 18 months and a maximum of 24 months and Qualifying Outlets that were open for more than 24 months.

TABLE 2 COUNT OF QUALIFYING OUTLETS Statistics for Gross Sales Analysis FPR Subsets					
Outlet Type	Open Outlets (1/1/2022) 18-24 Months Old	Outlets not operating for the entire FY 2022 25+ Months Old	Open Total Qualifying Outlets (12/31/2022)	Net Change in Outlets	Outlets Open all of 2022
All Outlets	1667	48151	205158	39	157
Franchised Stores	1437	42124	174131	31	132
Company Stores	4	2	4	0	2
Company & Affiliated Stores	190	427	27	8	23

The Gross Sales FPR is also broken down into separate subset tables that segregate Qualifying Outlets based on years—Key Operating Metrics FPR

In order to be a “Qualifying Outlet” for purposes of operation, including the Key Operating Metrics FPR, the Dogtopia Center: (a) must be a “Qualifying Outlet” for purposes of the Gross Sales Analysis FPR; and (b) must have provided us with a complete profit and loss statement no later than our deadline of February 15, 2024. In January 2024, we requested a profit and loss statement from all 158 Qualifying Outlets. We received 117 before the February 15, 2024, deadline. We excluded 41 that were opened and operating: (a) in fiscal year 2021; (b) in fiscal year 2020; (c) in fiscal year 2019; and (d) in fiscal years before 2019. The following table identifies not complete. Therefore, we have included a total of 91 franchised Qualifying Outlets and 26 Company-Owned and Affiliated Qualifying Outlets for purposes of the Key Operating Metrics FPR. The tables below summarize the outlet statistics and the number of Qualifying Outlets in each of these subsets for the Key Operating Metrics FPR:

TABLE 3 STATISTICS Count of Qualifying Outlets for GROSS SALES Key Operating Metrics FPR SUBSETS						
	1-2 Years Old	2-3 Years Old			3-4 Years Old	4+ Years Old
Outlet Type	Qualifying Outlets (Opened in FY 2021) under Gross Sales Analysis FPR	January 2023 Survey Incomplete Qualifying Outlets (Opened in FY 2020)	Qualifying Outlets (Opened in FY 2019)	Qualifying Outlets (Opened Before FY 2019)	Total Qualifying Outlets	
All Outlets	29158	2541			35117	68
Franchised Stores	25131	2040			3391	54
Company Stores	0	0			0	2
Company & Affiliated Stores	427	51			226	12

Qualifying Outlets—Net Profit FPR

In order to be a “Qualifying Outlet” for purposes of the Net Profit FPR, the Dogtopia business: (i) must be a “Qualifying Outlet” for purposes of the Gross Sales FPR; and (ii) must have provided us with a complete profit and loss statement no later than our February 15, 2023 deadline for submission of the profit and loss statements. We have included a total

~~of 107 franchised Qualifying Outlets and 20 company-owned and affiliated Qualifying Outlets for purposes of the Net Profit FPR. In January 2023, we requested a profit and loss statement from all 157 Qualifying Outlets. We received 127 before the February 15, 2023 deadline. We excluded 30 that were not complete.~~

The tables below summarize the outlet statistics and the number of Qualifying Outlets for the Net Profit FPR:

Table 4:

The Key Operating Metrics is broken down into separate subset tables that segregate Qualifying Outlets based on sales brackets. These sales brackets generally follow operating milestones outlined by the franchisor.

TABLE 4 Count of Qualifying Outlets for NET PROFIT FPR <u>Key Operating Metrics</u>					
Outlet Type	Qualifying Outlets under Gross Sales FPR <u>Brackets</u>			January 2023 Survey Incomplete	Total Qualifying Outlets
All Outlets	157 <u>\$0-\$900,000</u>	30 <u>\$900,000-\$1,000,000</u>	127 <u>\$1,000,000-\$1,500,000</u>	<u>\$1,500,000+</u>	
Franchised Stores <u>All Outlets</u>	132 <u>50</u>	25 <u>11</u>	107 <u>51</u>	<u>5</u>	<u>117</u>
Company <u>Franchised</u> Stores	<u>238</u>	<u>0</u> <u>11</u>	<u>239</u>	<u>3</u>	<u>91</u>
<u>Company & Affiliated</u> Stores	<u>23</u> <u>12</u>	<u>50</u>	<u>18</u> <u>12</u>	<u>2</u>	<u>26</u>

The Net Profit FPR is also broken down into separate subset tables that segregate Qualifying Outlets based on years of operation, including Qualifying Outlets that were opened and operating: (i) in fiscal year 2021; (ii) in fiscal year 2020; (iii) in fiscal year 2019; and (iv) in fiscal years before 2019. The following table identifies the number of Qualifying Outlets in each of these subsets:

Table 5 Statistics for Net Profit FPR Subsets					
Outlet Type	Qualified Outlets Opened in				Total Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
All Outlets	17	21	30	59	127
Franchise Outlets	15	18	28	46	107
Company Stores	0	0	0	2	2
Affiliated Stores	2	3	2	11	18

Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below:

~~“Adjusted Net Profit” equals Net Profit less franchise-related adjustments.~~

“Cost of Goods Sold” includes all ~~hard~~ costs incurred for care of dogs at the facility, including the costs for dog food, dog treats, fresh water and environmental/cleaning costs of the dog areas.

“Gross Operating Margin” means Total Revenue less Total Prime Operating Costs.

“Gross Sales”, “Gross Revenue” and “Total Revenue” have the same meaning given to the term “Gross Sales” in Note 2 of Item 6 of this Disclosure Document. -

“Net Operating Margin” means Gross Operating Margin less Royalty & Marketing Fees less Other Operating Costs.

~~“Occupancy Expenses” includes rent and property maintenance expenses. “Imputed Fees and Expenses” includes the Royalty Fees and Marketing Fees that would have been imposed if the Company Store or Affiliated Store was a franchised outlet. The Royalty Fee is calculated as 7% of Gross Sales and the Marketing Fee is calculated as 2% of Gross Sales. Where applicable, Imputed Fees and Expenses include the difference between the amount of each fee a franchisee would pay and the actual expense incurred by the outlets (this is applicable where outlets paid less than 7% of Gross Sales for Royalty Fee and less than 2% of Gross Sales for Marketing Fee).~~

~~“Local Store Marketing Expenses”~~

“Other Operating Costs” means and includes digital marketing fees paid to us, expenses incurred for local store marketing that are paid directly to third-party suppliers, ~~and~~ expenditures for promotions and events.

~~“Marketing Fees” includes contributions to the brand and system development fund. The variance in Marketing Fees is attributable to disparate accounting methods, including accrual vs. cash basis accounting, and different accounting periods, including calendar year accounting vs. fiscal year accounting, utilized by franchised Centers and Affiliated Stores.~~

~~“Net Profit” is calculated as Total Revenues minus Cost of Goods and all expenses listed above. For purposes of this FPR, “Net Profit” does not include any deduction for interest, income taxes, depreciation or amortization.~~

~~“Noncontrollable Expenses” includes~~ utilities, insurance, licenses and fees, personal property ~~taxes, and tax,~~ related professional fees.

~~“Occupancy Expenses” includes rent and property maintenance expenses.~~

~~“Operating Expenses” includes all~~ office related expenses, ~~equipment, office cleaning supplies,~~ bank fees, software, computers, printing, postage and delivery, dues and ~~subscriptions~~subscription fees, and IT support.

~~“Royalty Fees” includes Royalties paid to us. The variance in Royalty Fees is attributable to disparate accounting methods, including accrual vs. cash basis accounting, and different accounting periods, including calendar year accounting vs. fiscal year accounting, utilized by franchised locations and affiliated locations.~~

~~“Prime Operating Costs” included the total of Cost of Goods Sold, Occupancy Expenses and Wages & Benefits.~~

“Royalty & Marketing Fees” includes royalties paid to us and contributions to the Brand Fund.

“Wages and Benefits” includes payroll, payroll tax, payroll processing fees, workers’ compensation, training and professional development costs, recruitment costs, employee uniform costs, employee medical expenses relating to dog scuffles, and payroll benefits, but excludes distributions and personal payments made to the business owner.

Financial Performance Representations

A. ~~Gross~~Key Operating Metrics FPR

TABLE 5 2023 Key Operating Metrics for all Qualifying Outlets					
<u>Financial Metric</u>	<u>Percentage of Revenue</u>				
	<u>\$0-\$900,000</u> <u>(50 Outlets)</u>	<u>\$900,000-\$1,000,000</u> <u>(11 Outlets)</u>	<u>\$1,000,000-\$1,500,000</u> <u>(51 Outlets)</u>	<u>\$1,500,000+</u> <u>(5 Outlets)</u>	<u>All Qualifying</u> <u>Outlets</u> <u>(117 Outlets)</u>
<u>Total Revenue</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Cost of Goods Sold</u>	<u>2.21%</u>	<u>1.47%</u>	<u>2.78%</u>	<u>2.13%</u>	<u>2.43%</u>
<u>Wages and Benefits</u>	<u>47.91%</u>	<u>43.60%</u>	<u>41.39%</u>	<u>37.41%</u>	<u>43.38%</u>
<u>Occupancy</u>	<u>19.67%</u>	<u>16.36%</u>	<u>13.98%</u>	<u>10.21%</u>	<u>15.73%</u>
<u>Total Prime Operating Costs</u>	<u>69.82%</u>	<u>61.42%</u>	<u>58.15%</u>	<u>49.75%</u>	<u>61.55%</u>
<u>Gross Operating Margin</u>	<u>30.18%</u>	<u>38.58%</u>	<u>41.85%</u>	<u>50.25%</u>	<u>38.45%</u>
<u>Royalty & Marketing</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
<u>Other Operating Costs</u>	<u>11.61%</u>	<u>10.24%</u>	<u>10.00%</u>	<u>8.35%</u>	<u>10.42%</u>
<u>Net Operating Margin</u>	<u>9.57%</u>	<u>19.33%</u>	<u>22.87%</u>	<u>32.90%</u>	<u>19.04%</u>

<p><u>TABLE 5(a)</u> <u>2023 Key Operating Metrics for Franchised Qualifying Outlets</u></p>					
<u>Financial Metric</u>	<u>Percentage of Revenue</u>				
	<u>\$0-\$900,000</u> <u>(38 Outlets)</u>	<u>\$900,000-\$1,000,000</u> <u>(11 Outlets)</u>	<u>\$1,000,000-\$1,500,000</u> <u>(39 Outlets)</u>	<u>\$1,500,000+</u> <u>(3 Outlets)</u>	<u>All Qualifying</u> <u>Outlets</u> <u>(91 Outlets)</u>
<u>Total Revenue</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Cost of Goods Sold</u>	<u>2.03%</u>	<u>1.47%</u>	<u>2.92%</u>	<u>2.37%</u>	<u>2.45%</u>
<u>Wages and Benefits</u>	<u>49.95%</u>	<u>43.60%</u>	<u>44.24%</u>	<u>45.87%</u>	<u>46.03%</u>
<u>Occupancy</u>	<u>19.14%</u>	<u>16.36%</u>	<u>13.11%</u>	<u>10.53%</u>	<u>15.22%</u>
<u>Total Prime Operating Costs</u>	<u>71.11%</u>	<u>61.42%</u>	<u>60.27%</u>	<u>58.77%</u>	<u>63.70%</u>
<u>Gross Operating Margin</u>	<u>28.89%</u>	<u>38.58%</u>	<u>39.73%</u>	<u>41.23%</u>	<u>36.30%</u>
<u>Royalty & Marketing</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
<u>Other Operating Costs</u>	<u>11.15%</u>	<u>10.24%</u>	<u>9.88%</u>	<u>8.16%</u>	<u>10.22%</u>
<u>Net Operating Margin</u>	<u>8.74%</u>	<u>19.33%</u>	<u>20.85%</u>	<u>24.07%</u>	<u>17.08%</u>

<p><u>TABLE 5(b)</u> <u>2023 Key Operating Metrics for Company-Owned and Affiliated Qualifying Outlets</u></p>					
<u>Financial Metric</u>	<u>Percentage of Revenue</u>				
	<u>\$0-\$900,000</u> <u>(12 Outlets)</u>	<u>\$900,000-\$1,000,000</u> <u>(0 Outlets)</u>	<u>\$1,000,000-\$1,500,000</u> <u>(12 Outlets)</u>	<u>\$1,500,000+</u> <u>(2 Outlets)</u>	<u>All Qualifying</u> <u>Outlets</u> <u>(26 Outlets)</u>
<u>Total Revenue</u>	<u>100%</u>	<u>=</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Cost of Goods Sold</u>	<u>2.80%</u>	<u>=</u>	<u>2.28%</u>	<u>1.81%</u>	<u>2.39%</u>
<u>Wages and Benefits</u>	<u>41.59%</u>	<u>=</u>	<u>31.56%</u>	<u>25.91%</u>	<u>34.21%</u>
<u>Occupancy</u>	<u>21.37%</u>	<u>=</u>	<u>17.00%</u>	<u>9.77%</u>	<u>17.51%</u>
<u>Total Prime Operating Costs</u>	<u>65.76%</u>	<u>=</u>	<u>50.84%</u>	<u>37.50%</u>	<u>54.12%</u>
<u>Gross Operating Margin</u>	<u>34.24%</u>	<u>=</u>	<u>49.16%</u>	<u>62.50%</u>	<u>45.88%</u>
<u>Royalty & Marketing</u>	<u>9.00%</u>	<u>=</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
<u>Other Operating Costs</u>	<u>13.05%</u>	<u>=</u>	<u>10.44%</u>	<u>8.61%</u>	<u>11.08%</u>
<u>Net Operating Margin</u>	<u>12.19%</u>	<u>=</u>	<u>29.72%</u>	<u>44.89%</u>	<u>25.84%</u>

TABLE 6 2023 Key Operating Metrics for all Qualifying Outlets					
Financial Metric	Percentage of Revenue				
	\$0-\$900,000 (50 Outlets)	\$900,000-\$1,000,000 (11 Outlets)	\$1,000,000-\$1,500,000 (51 Outlets)	\$1,500,000+ (5 Outlets)	All Qualifying Outlets (117 Outlets)
Highest Operating Margin	38.82%	28.86%	46.98%	45.18%	45.18%
Lowest Operating Margin	-31.24%	2.60%	-0.67%	16.79%	-31.24%
Median Operating Margin	8.78%	21.48%	21.65%	31.63%	17.61%
Average Net Operating Margin	9.57%	19.33%	22.87%	32.90%	19.04%
Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average	25 of 50 (50.00%)	7 of 11 (63.64%)	27 of 51 (52.94%)	3 of 5 (60.00%)	60 of 117 (51.28%)

TABLE 6(a) 2023 Key Operating Metrics for Franchised Qualifying Outlets					
Financial Metric	Percentage of Revenue				
	\$0-\$900,000 (38 Outlets)	\$900,000-\$1,000,000 (11 Outlets)	\$1,000,000-\$1,500,000 (39 Outlets)	\$1,500,000+ (3 Outlets)	All Qualifying Outlets (91 Outlets)
Highest Operating Margin	32.38%	28.86%	37.74%	31.63%	37.24%
Lowest Operating Margin	-31.24%	2.60%	2.01%	16.79%	31.24%
Median Operating Margin	8.78%	22.42%	21.10%	24.23%	16.79%
Average Net Operating Margin	8.74%	19.33%	20.85%	24.07%	17.08%
Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average	20 of 38 (52.63%)	7 of 11 (63.64%)	17 of 39 (43.59%)	2 of 3 (66.67%)	45 of 91 (49.45%)

TABLE 6(b) 2023 Key Operating Metrics for Company-Owned and Affiliated Qualifying Outlets					
Financial Metric	Percentage of Revenue				
	\$0-\$900,000 (12 Outlets)	\$900,000-\$1,000,000 (0 Outlets)	\$1,000,000-\$1,500,000 (12 Outlets)	\$1,500,000+ (2 Outlets)	All Qualifying Outlets (26 Outlets)
Highest Operating Margin	38.82%	=	46.98%	45.18%	46.98%
Lowest Operating Margin	-9.46%	=	-0.67%	44.64%	-9.46%
Median Operating Margin	10.48%	=	33.72%	44.89%	27.87%
Average Net Operating Margin	12.19%	=	29.78%	44.89%	25.84%
Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average	4 of 12 (33.33%)	=	8 of 12 (66.67%)	1 of 2 (50.00%)	14 of 26 (53.85%)

B. Sales Analysis FPR

TABLE 6 2022 Gross Sales for All Qualifying Outlets	
Financial Criteria	All Qualifying Outlets
Number of Qualifying Outlets in Subset	157
Average Gross Sales	\$ 942,717
Highest Gross Sales	\$ 1,723,157
Lowest Gross Sales	\$ 372,265
Median Gross Sales	\$ 945,835
Number of Qualifying Outlets Attaining or Surpassing Average Gross Sales	80
Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	51%

TABLE 7 2022 Gross Sales for All Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	29	25	35	68	157
Average Gross Sales	\$786,482	\$1,047,397	\$906,923	\$989,285	\$942,717
Highest Gross Sales	\$1,402,483	\$1,644,699	\$1,560,594	\$1,723,157	\$1,723,157
Lowest Gross Sales	\$372,265	\$542,040	\$416,435	\$477,877	\$372,265
Median Gross Sales	\$765,619	\$1,008,441	\$916,432	\$1,007,844	\$945,835
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	14	11	18	36	80
	48%	44%	51%	53%	51%

TABLE 8 2022 Gross Sales for All Qualifying Outlets – By Sales Ranking					
Financial Criteria	Sales Ranking				All Qualifying Outlets
	Bottom 25%	Next 25%	Next 25%	Top 25%	
Number of Qualifying Outlets	39	39	39	40	157
Average Gross Sales	\$602,175	\$829,188	\$1,021,757	\$1,308,371	\$942,717
Highest Gross Sales	\$722,954	\$944,438	\$1,111,664	\$1,723,157	\$1,723,157
Lowest Gross Sales	\$372,265	\$727,137	\$945,835	\$1,112,257	\$372,265
Median Gross Sales	\$610,215	\$833,433	\$1,016,028	\$1,245,803	\$945,835
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	21	22	18	16	80
	54%	56%	46%	40%	51%

TABLE 9 2022 Gross Sales for Franchised Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	25	20	33	54	132
Average Gross Sales	\$782,344	\$1,044,302	\$882,787	\$967,770	\$923,001
Highest Gross Sales	\$1,402,483	\$1,644,699	\$1,468,028	\$1,723,157	\$1,723,157
Lowest Gross Sales	\$372,265	\$542,040	\$416,435	\$477,877	\$372,265
Median Gross Sales	\$765,619	\$1,001,733	\$883,342	\$984,661	\$921,747
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	12	8	17	27	66
	48%	40%	52%	50%	50%

TABLE 10 2022 Gross Sales for Franchised Qualifying Outlets – By Sales Ranking					
Financial Criteria	Sales Ranking				All Qualifying Outlets
	Bottom 25%	Next 25%	Next 25%	Top 25%	
Number of Qualifying Outlets	33	33	33	33	132
Average Gross Sales	\$584,379	\$807,671	\$1,003,919	\$1,296,036	\$923,001
Highest Gross Sales	\$716,921	\$916,432	\$1,096,074	\$1,723,157	\$1,723,157
Lowest Gross Sales	\$372,265	\$717,514	\$927,062	\$1,096,185	\$372,265
Median Gross Sales	\$594,264	\$797,237	\$1,003,929	\$1,239,876	\$921,747
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	17	16	17	13	66
	52%	48%	52%	39%	50%

TABLE 11 2022 Gross Sales for Company-Owned and Affiliated Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	4	5	2	14	25
Average Gross Sales	\$812,340	\$1,059,780	\$1,305,164	\$1,072,270	\$1,046,815
Highest Gross Sales	\$1,092,727	\$1,361,176	\$1,560,594	\$1,609,048	\$1,609,048
Lowest Gross Sales	\$594,031	\$722,954	\$1,049,735	\$721,856	\$594,031
Median Gross Sales	\$781,302	\$1,079,619	\$1,305,164	\$1,018,730	\$1,022,679
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	2	3	1	6	12
	50%	60%	50%	43%	48%

TABLE 12 2022 Gross Sales for Company-Owned and Affiliated Qualifying Outlets – By Sales Ranking					
Financial Criteria	Sales Ranking				All Qualifying Outlets
	Bottom 25%	Next 25%	Next 25%	Top 25%	
Number of Qualifying Outlets	6	6	6	7	25
Average Gross Sales	\$727,077	\$964,938	\$1,084,268	\$1,358,953	\$1,046,815
Highest Gross Sales	\$830,879	\$1,014,782	\$1,134,140	\$1,609,048	\$1,609,048
Lowest Gross Sales	\$594,031	\$848,821	\$1,022,679	\$1,153,081	\$594,031
Median Gross Sales	\$727,339	\$985,875	\$1,086,173	\$1,361,176	\$1,022,679
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Gross Sales	3	4	3	4	12
	50%	67%	50%	57%	48%

TABLE 7 2023 Gross Sales for All Qualifying Outlets – By Outlet Type			
Financial Metric	2023 Gross Sales By Outlet Type		
	Company & Affiliated Stores (27 Outlets)	Franchised Stores (131 Outlets)	All Qualifying Outlets (158 Outlets)
Highest Gross Sales	\$1,931,186	\$1,638,888	\$1,931,186
Lowest Gross Sales	\$478,784	\$444,130	\$444,130
Median Gross Sales	\$1,001,350	\$915,139	\$916,396
Average Gross Sales	\$995,830	\$947,972	\$956,151

<u>TABLE 7</u> <u>2023 Gross Sales for All Qualifying Outlets – By Outlet Type</u>			
<u>Financial Metric</u>	<u>2023 Gross Sales By Outlet Type</u>		
	<u>Company & Affiliated Stores</u> <u>(27 Outlets)</u>	<u>Franchised Stores</u> <u>(131 Outlets)</u>	<u>All Qualifying Outlets</u> <u>(158 Outlets)</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>14 of 27</u> <u>(51.85%)</u>	<u>59 of 131</u> <u>(45.03%)</u>	<u>72 of 158</u> <u>(45.57%)</u>

<u>TABLE 8</u> <u>2023 Gross Sales for All Qualifying Outlets – By Operating Period</u>			
<u>Financial Metric</u>	<u>2023 Gross Sales By Operating Period</u>		
	<u>Operating 18 to 24 Months</u> <u>(7 Outlets)</u>	<u>Operating 24+ Months</u> <u>(151 Outlets)</u>	<u>Operating 18+ Months</u> <u>(158 Outlets)</u>
<u>Highest Gross Sales</u>	<u>\$1,131,437</u>	<u>\$1,931,186</u>	<u>\$1,931,186</u>
<u>Lowest Gross Sales</u>	<u>\$744,325</u>	<u>\$444,182</u>	<u>\$444,120</u>
<u>Median Gross Sales</u>	<u>\$836,026</u>	<u>\$918,182</u>	<u>\$916,396</u>
<u>Average Gross Sales</u>	<u>\$892,467</u>	<u>\$959,103</u>	<u>\$956,151</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>2 of 7</u> <u>(28.57%)</u>	<u>70 of 151</u> <u>(46.36%)</u>	<u>72 of 158</u> <u>(45.57%)</u>

<u>TABLE 8(a)</u> <u>2023 Gross Sales for Franchised Qualifying Outlets – By Operating Period</u>			
<u>Financial Metric</u>	<u>2023 Gross Sales By Operating Period</u>		
	<u>Operating 18 to 24 Months</u> <u>(7 Outlets)</u>	<u>Operating 24+ Months</u> <u>(124 Outlets)</u>	<u>Operating 18+ Months</u> <u>(131 Outlets)</u>
<u>Highest Gross Sales</u>	<u>\$1,131,437</u>	<u>\$1,638,888</u>	<u>\$1,638,888</u>
<u>Lowest Gross Sales</u>	<u>\$744,325</u>	<u>\$444,120</u>	<u>\$444,120</u>
<u>Median Gross Sales</u>	<u>\$836,026</u>	<u>\$917,918</u>	<u>\$915,139</u>
<u>Average Gross Sales</u>	<u>\$892,467</u>	<u>\$951,106</u>	<u>\$947,972</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>2 of 7</u> <u>(28.57%)</u>	<u>56 of 124</u> <u>(45.16%)</u>	<u>59 of 131</u> <u>(45.04%)</u>

TABLE 8(b) 2023 Gross Sales for Company-Owned and Affiliated Qualifying Outlets – By Operating Period			
Financial Metric	2023 Gross Sales By Operating Period		
	Operating 18 to 24 Months (0 Outlets)	Operating 24+ Months (27 Outlets)	Operating 18+ Months (27 Outlets)
<u>Highest Gross Sales</u>	=	<u>\$1,931,186</u>	<u>\$1,931,186</u>
<u>Lowest Gross Sales</u>	=	<u>\$478,784</u>	<u>\$478,784</u>
<u>Median Gross Sales</u>	=	<u>\$1,001,350</u>	<u>\$1,001,350</u>
<u>Average Gross Sales</u>	=	<u>\$995,830</u>	<u>\$995,830</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	=	<u>14 of 27 (51.85%)</u>	<u>14 of 27 (51.85%)</u>

TABLE 9 2023 Gross Sales for All Qualifying Outlets – By Sales Quartiles					
Financial Metric	2023 Gross Sales By Sales Quartiles				
	Bottom 25% (40 Outlets)	Next 25% (39 Outlets)	Next 25% (39 Outlets)	Top 25% (40 Outlets)	All Outlets (158 Outlets)
<u>Highest Gross Sales</u>	<u>\$759,771</u>	<u>\$915,139</u>	<u>\$1,136,236</u>	<u>\$1,931,186</u>	<u>\$1,931,186</u>
<u>Lowest Gross Sales</u>	<u>\$444,120</u>	<u>\$765,637</u>	<u>\$917,654</u>	<u>\$1,136,249</u>	<u>\$444,120</u>
<u>Median Gross Sales</u>	<u>\$671,433</u>	<u>\$819,743</u>	<u>\$1,044,752</u>	<u>\$1,242,041</u>	<u>\$916,396</u>
<u>Average Gross Sales</u>	<u>\$647,032</u>	<u>\$835,245</u>	<u>\$1,033,779</u>	<u>\$1,307,464</u>	<u>\$956,151</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>22 of 40 (55.00%)</u>	<u>18 of 39 (46.15%)</u>	<u>22 of 39 (56.41%)</u>	<u>13 of 40 (32.50%)</u>	<u>72 of 158 (45.57%)</u>

TABLE 9(a) 2023 Gross Sales for Franchised Qualifying Outlets – By Sales Quartiles					
Financial Metric	2023 Gross Sales By Sales Quartiles				
	Bottom 25% (33 Outlets)	Next 25% (32 Outlets)	Next 25% (33 Outlets)	Top 25% (33 Outlets)	All Outlets (131 Outlets)
<u>Highest Gross Sales</u>	<u>\$759,771</u>	<u>\$899,470</u>	<u>\$1,115,962</u>	<u>\$1,638,888</u>	<u>\$1,638,888</u>
<u>Lowest Gross Sales</u>	<u>\$444,120</u>	<u>\$770,331</u>	<u>\$915,139</u>	<u>\$1,122,230</u>	<u>\$444,120</u>
<u>Median Gross Sales</u>	<u>\$662,319</u>	<u>\$825,484</u>	<u>\$1,039,509</u>	<u>\$1,248,233</u>	<u>\$915,139</u>
<u>Average Gross Sales</u>	<u>\$644,959</u>	<u>\$837,723</u>	<u>\$1,018,181</u>	<u>\$1,287,685</u>	<u>\$947,972</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>17 of 33 (51.51%)</u>	<u>13 of 32 (40.63%)</u>	<u>17 of 33 (51.51%)</u>	<u>13 of 33 (39.39%)</u>	<u>59 of 131 (45.04%)</u>

<p style="text-align: center;"><u>TABLE 9(b)</u> <u>2023 Gross Sales for Company-Owned and Affiliated Qualifying Outlets – By Sales Quartiles</u></p>					
<u>Financial Metric</u>	<u>2023 Gross Sales By Sales Quartiles</u>				
	<u>Bottom 25%</u> <u>(7 Outlets)</u>	<u>Next 25%</u> <u>(6 Outlets)</u>	<u>Next 25%</u> <u>(7 Outlets)</u>	<u>Top 25%</u> <u>(7 Outlets)</u>	<u>All Outlets</u> <u>(27 Outlets)</u>
<u>Highest Gross Sales</u>	<u>\$749,779</u>	<u>\$881,910</u>	<u>\$1,171,507</u>	<u>\$1,931,186</u>	<u>\$1,931,186</u>
<u>Lowest Gross Sales</u>	<u>478,784</u>	<u>\$765,637</u>	<u>\$1,001,350</u>	<u>\$1,191,791</u>	<u>\$478,784</u>
<u>Median Gross Sales</u>	<u>\$673,443</u>	<u>\$791,797</u>	<u>\$1,136,236</u>	<u>\$1,235,850</u>	<u>\$1,001,350</u>
<u>Average Gross Sales</u>	<u>\$656,805</u>	<u>\$808,713</u>	<u>\$1,103,447</u>	<u>\$1,387,625</u>	<u>\$995,830</u>
<u>Number & Percentage of Qualifying Outlets Attaining or Surpassing Stated Average</u>	<u>5 of 7</u> <u>(71.43%)</u>	<u>2 of 6</u> <u>(33.33%)</u>	<u>4 of 7</u> <u>(57.14%)</u>	<u>2 of 7</u> <u>(28.57%)</u>	<u>14 of 27</u> <u>(51.85%)</u>

Notes to Gross Sales Analysis FPR Tables:

1. The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

B. Net Profit FPR

TABLE 13					
2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets					
All Quartiles (107 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	2.70%	2.81%	2.98%	2.94%	2.86%
Wages and Benefits	48.63%	44.87%	46.57%	48.18%	47.00%
Operating Expenses	3.43%	3.52%	3.25%	3.43%	3.40%
Occupancy Expenses	16.34%	14.70%	14.72%	15.26%	15.21%
Noncontrollable Expenses	6.03%	5.64%	6.12%	5.66%	5.86%
Royalty Fees	7.26%	6.98%	7.10%	6.32%	6.91%
Marketing Fees	1.28%	1.31%	1.33%	1.47%	1.35%
Local Store Marketing Expenses	2.02%	2.00%	1.87%	2.00%	1.97%
Total Expenses	87.70%	81.82%	83.94%	85.25%	84.57%
Net Profit	12.30%	18.18%	16.06%	14.75%	15.43%

TABLE 14					
2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets					
Top Quartile (27 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	1.63%	1.88%	2.00%	1.90%	1.86%
Wages and Benefits	38.71%	36.37%	37.28%	39.74%	38.00%
Operating Expenses	3.21%	3.17%	2.64%	2.67%	2.91%
Occupancy Expenses	13.69%	12.17%	10.74%	11.37%	11.91%
Noncontrollable Expenses	5.70%	5.03%	5.86%	5.07%	5.41%
Royalty Fees	7.51%	7.29%	7.29%	6.69%	7.18%
Marketing Fees	1.11%	1.04%	1.16%	1.15%	1.12%
Local Store Marketing Expenses	1.67%	1.79%	1.68%	1.79%	1.73%
Total Expenses	73.25%	68.75%	68.65%	70.37%	70.13%
Net Profit	26.75%	31.25%	31.35%	29.63%	29.87%

TABLE 15					
2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets					
Middle Quartiles (53 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	3.64%	3.53%	3.66%	3.86%	3.67%
Wages and Benefits	49.63%	45.79%	48.09%	49.75%	48.27%
Operating Expenses	3.16%	3.59%	3.24%	3.62%	3.41%
Occupancy Expenses	14.26%	13.38%	13.89%	14.44%	13.98%
Noncontrollable Expenses	5.77%	5.44%	5.94%	5.56%	5.68%
Royalty Fees	7.06%	6.75%	7.01%	6.02%	6.71%
Marketing Fees	1.37%	1.45%	1.41%	1.67%	1.48%
Local Store Marketing Expenses	1.85%	1.73%	1.62%	1.85%	1.76%
Total Expenses	86.75%	81.64%	84.88%	86.76%	84.94%
Net Profit	13.25%	18.36%	15.12%	13.24%	15.06%

TABLE 16					
2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets					
Bottom Quartile (27 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	1.69%	2.31%	2.72%	2.19%	2.25%
Wages and Benefits	63.91%	57.50%	59.22%	58.91%	59.71%
Operating Expenses	4.72%	3.94%	4.42%	4.22%	4.31%
Occupancy Expenses	27.89%	23.31%	24.72%	24.68%	25.03%
Noncontrollable Expenses	7.48%	7.40%	7.18%	6.98%	7.25%
Royalty Fees	7.45%	7.11%	7.01%	6.52%	7.00%
Marketing Fees	1.27%	1.35%	1.39%	1.46%	1.37%
Local Store Marketing Expenses	3.22%	3.19%	2.98%	2.83%	3.05%
Total Expenses	117.64%	106.10%	109.64%	107.80%	109.97%
Net Profit	-17.64%	-6.10%	-9.64%	-7.80%	-9.97%

TABLE 17					
2022 Net Profit as a Percentage of Total Revenue for Franchised Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	15	18	28	46	107
Lowest Net Profit	-31.32%	-9.23%	-41.89%	-39.33%	-41.89%
Highest Net Profit	39.24%	40.96%	31.72%	39.92%	40.96%
Median Net Profit	11.79%	20.95%	9.52%	15.96%	15.44%
Average Net Profit	7.23%	18.52%	6.77%	14.18%	12.50%
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Net Profit	9	10	16	28	62
	60%	56%	57%	61%	58%

TABLE 18					
2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets					
All Quartiles (20 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	4.02%	4.03%	3.47%	3.33%	3.70%
Wages and Benefits	43.18%	36.36%	31.32%	35.92%	36.29%
Operating Expenses	2.60%	5.90%	6.00%	6.43%	5.34%
Occupancy Expenses	18.05%	13.41%	11.86%	15.37%	14.45%
Noncontrollable Expenses	5.15%	6.76%	7.58%	7.93%	6.93%
Royalty Fees	6.94%	6.97%	6.98%	7.00%	6.97%
Marketing Fees	2.00%	1.96%	1.97%	1.95%	1.97%
Local Store Marketing Expenses	3.05%	2.45%	1.83%	2.76%	2.48%
Total Expenses	84.99%	77.85%	71.02%	80.69%	78.13%
Net Profit	15.01%	22.15%	28.98%	19.31%	21.87%
Imputed Royalty Fees	0.06%	0.03%	0.02%	0.00%	0.03%
Imputed Marketing Fees	0.00%	0.04%	0.03%	0.05%	0.03%
Adjusted Net Profit	14.95%	22.08%	28.93%	19.26%	21.81%

TABLE 19					
2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets					
Top Quartile (5 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	3.67%	3.20%	2.31%	2.08%	2.78%
Wages and Benefits	35.68%	32.04%	26.17%	30.11%	30.70%
Operating Expenses	2.14%	4.48%	4.58%	5.30%	4.18%
Occupancy Expenses	12.24%	9.13%	8.33%	10.58%	9.96%
Noncontrollable Expenses	4.15%	6.06%	6.27%	6.29%	5.75%
Royalty Fees	6.85%	6.93%	6.97%	7.00%	6.94%
Marketing Fees	1.96%	1.98%	1.99%	1.84%	1.94%
Local Store Marketing Expenses	1.40%	1.04%	0.70%	1.71%	1.19%
Total Expenses	68.09%	64.86%	57.33%	64.91%	63.44%
Net Profit	31.91%	35.14%	42.67%	35.09%	36.56%
Imputed Royalty Fees	0.15%	0.07%	0.03%	0.00%	0.06%
Imputed Marketing Fees	0.04%	0.02%	0.01%	0.16%	0.06%
Adjusted Net Profit	31.72%	35.05%	42.63%	34.93%	36.45%

TABLE 20					
2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets					
Middle Quartiles (10 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	3.20%	3.53%	3.68%	3.76%	3.56%
Wages and Benefits	44.12%	36.16%	31.55%	35.99%	36.49%
Operating Expenses	2.62%	5.88%	6.36%	7.05%	5.60%
Occupancy Expenses	18.59%	13.81%	12.24%	16.12%	14.93%
Noncontrollable Expenses	5.73%	6.82%	7.21%	7.97%	6.98%
Royalty Fees	6.98%	6.98%	6.99%	7.00%	6.99%
Marketing Fees	2.02%	1.93%	1.94%	2.01%	1.97%
Local Store Marketing Expenses	4.07%	2.95%	2.10%	3.24%	3.01%
Total Expenses	87.33%	78.05%	72.07%	83.15%	79.53%
Net Profit	12.67%	21.95%	27.93%	16.85%	20.47%
Imputed Royalty Fees	0.02%	0.02%	0.01%	0.00%	0.01%
Imputed Marketing Fees	0.00%	0.07%	0.06%	0.00%	0.03%
Adjusted Net Profit	12.65%	21.86%	27.86%	16.85%	20.43%

TABLE 21					
2022 Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets					
Bottom Quartile (5 Units)					
Financial Criteria	Percentage of Revenue				
	Fiscal Quarter 1	Fiscal Quarter 2	Fiscal Quarter 3	Fiscal Quarter 4	Full Fiscal Year
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Cost of Goods	6.29%	6.27%	4.70%	4.22%	5.32%
Wages and Benefits	52.55%	42.68%	38.28%	44.06%	43.88%
Operating Expenses	3.26%	7.91%	7.30%	6.75%	6.45%
Occupancy Expenses	25.73%	18.40%	16.16%	20.63%	19.88%
Noncontrollable Expenses	5.43%	7.59%	10.30%	10.18%	8.54%
Royalty Fees	7.00%	7.00%	6.99%	6.99%	7.00%
Marketing Fees	2.00%	2.00%	2.00%	2.00%	2.00%
Local Store Marketing Expenses	3.39%	3.28%	2.87%	3.25%	3.18%
Total Expenses	105.65%	95.12%	88.61%	98.07%	96.24%
Net Profit	-5.65%	4.88%	11.39%	1.93%	3.76%
Imputed Royalty Fees	0.00%	0.00%	0.01%	0.01%	0.00%
Imputed Marketing Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Net Profit	-5.65%	4.88%	11.38%	1.92%	3.76%

TABLE 22					
2022 Net Profit as a Percentage of Total Revenue for Company Stores-Owned and Affiliated Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	2	3	2	13	20
Average Net Profit	8.57%	13.03%	23.85%	22.34%	19.72%
Highest Net Profit	16.91%	17.13%	35.19%	45.76%	45.76%
Lowest Net Profit	0.23%	10.89%	12.51%	-6.39%	-6.39%
Median Net Profit	8.57%	11.08%	23.85%	24.47%	19.22%
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Net Profit	1	1	1	8	10
	50.00%	33.33%	50.00%	61.54%	50.00%

TABLE 23					
2022 Adjusted Net Profit as a Percentage of Total Revenue for Company-Owned and Affiliated Qualifying Outlets – By Age					
Financial Criteria	Opening Year & Age of Qualifying Outlets				All Qualifying Outlets
	2021 (1-2 Years Old)	2020 (2-3 Years Old)	2019 (3-4 Years Old)	Before 2019 (4+ Years Old)	
Number of Qualifying Outlets	2	3	2	13	20
Average Adjusted Net Profit	8.57%	13.03%	23.85%	22.34%	19.72%
Highest Adjusted Net Profit	16.91%	17.13%	35.19%	45.76%	45.76%
Lowest Adjusted Net Profit	0.23%	10.89%	12.51%	-6.39%	-6.39%
Median Adjusted Net Profit	8.57%	11.08%	23.85%	24.47%	19.22%
Number and Percentage of Qualifying Outlets Attaining or Surpassing Average Adjusted Net Profit	1	1	1	8	10
	50.00%	33.33%	50.00%	61.54%	50.00%

Notes to Net Profit FPR Tables:

1. Each fiscal quarter represents the following 90-day period:

~~Fiscal Quarter 1: January 1, 2022 – March 26, 2022~~

~~Fiscal Quarter 2: March 27, 2022 – June 25, 2022~~

~~Fiscal Quarter 3: June 26, 2022 – September 24, 2022~~

~~Fiscal Quarter 4: September 25, 2022 – December 31, 2022~~

Notes to All Tables:

- In making the above financial performance representations for Franchised Stores, we have relied upon Gross Sales reports and annual profit and loss statements submitted by franchisees. In making the above financial performance representation for Company Stores and Affiliated Stores, we have relied upon unaudited financial statements for these outlets. ~~Neither we nor any independent certified public accountant has independently audited or verified the information.~~ The data has not been audited.

Some Dogtopia businesses have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request and must be viewed at our headquarters.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Company or Affiliate-owned outlet, however, we may provide you with the actual records of that outlet in the form of a written Supplemental Franchise Performance Representation. 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 our Chief Executive Officer at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016 or by phone at (602) 730-6000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 20201 TO 20223

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020 <u>1</u>	95 <u>114</u>	<u>114</u> 3	+19 <u>29</u>
	2021 <u>2</u>	<u>114</u> 3	<u>174</u> 3	+29 <u>31</u>
	2022 <u>3</u>	<u>174</u> 3	174 <u>205</u>	+31
Company-Owned	2020 <u>1</u>	17 <u>22</u>	22 <u>23</u>	+5 <u>1</u>
	2021 <u>2</u>	22 <u>23</u>	23 <u>31</u>	+1 <u>8</u>
	2022 <u>3</u>	23 <u>31</u>	31 <u>39</u>	+8
Total Outlets	2020 <u>1</u>	112 <u>136</u>	<u>136</u> 6	+24 <u>30</u>
	2021 <u>2</u>	<u>136</u> 6	166 <u>205</u>	+30 <u>39</u>
	2022 <u>3</u>	166 <u>205</u>	205 <u>244</u>	+39

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 20201 TO 20223

State	Year	Number of Transfers
Arizona	2020 <u>1</u>	0
	2021 <u>2</u>	0 <u>2</u>
	2022 <u>3</u>	2 <u>1</u>
California	2020 <u>1</u>	0
	2021 <u>2</u>	0 <u>1</u>
	2022 <u>3</u>	1 <u>0</u>
Colorado	2020 <u>1</u>	0
	2021 <u>2</u>	0 <u>1</u>
	2022 <u>3</u>	1 <u>0</u>
Florida	2020 <u>1</u>	0
	2021 <u>2</u>	0 <u>1</u>
	2022 <u>3</u>	1
Illinois	2020 <u>1</u>	0 <u>1</u>
	2021 <u>2</u>	1
	2022 <u>3</u>	1 <u>0</u>
Louisiana <u>Michigan</u>	2020 <u>1</u>	1 <u>0</u>
	2021 <u>2</u>	0 <u>3</u>
	2022 <u>3</u>	3 <u>1</u>
<u>South Carolina</u> Michigan	2020 <u>1</u>	0
	2021 <u>2</u>	0
	2022 <u>3</u>	3 <u>1</u>
Texas	2020 <u>1</u>	1
	2021 <u>2</u>	1
	2022 <u>3</u>	1

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2020~~1~~ TO 2022~~3~~

State	Year	Number of Transfers
Utah	2020 1	0 <u>1</u>
	2021 2	1 <u>0</u>
	2022 3	0
Total	2020 1	2 <u>3</u>
	2021 2	3 <u>10</u>
	2022 3	10 <u>5</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020~~1~~ TO 2022~~3~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2020 1	0	0	0	0	0	0	0
	2021 2	0	0 <u>1</u>	0	0	0	0	0 <u>1</u>
	2022 3	0 <u>1</u>	1 <u>2</u>	0	0	0	0	1 <u>3</u>
Arizona	2020 1	5 <u>7</u>	2 <u>0</u>	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	2	0	0	0	0	9
	<u>2023</u>	<u>9</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
California	2020 1	7	0 <u>1</u>	0	0	0	0	7 <u>8</u>
	2021	7	1	0	0	0	0	8
	2022	8	3	0	0	0	0	11
	<u>2023</u>	<u>11</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
Colorado	2020 1	3 <u>4</u>	1 <u>0</u>	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	3	0	0	0	0	7
	<u>2023</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Connecticut	2020 1	0 <u>1</u>	1	0	0	0	0	1 <u>2</u>
	2021 2	1 <u>2</u>	1 <u>0</u>	0	0	0 <u>1</u>	0	2 <u>1</u>
	2022 3	2 <u>1</u>	0	0	0	1 <u>0</u>	0	1
Delaware	2020 1	1	0	0	0	0 <u>1</u>	0	1 <u>0</u>
	2021	1	0	0	0	1	0	0
	2022	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>
Florida	2020 1	5 <u>6</u>	1 <u>5</u>	0	0	0	0	6 <u>11</u>
	2021	6	5	0	0	0	0	11
	2022	11	1	0	0	0	0	12
Georgia	2020 3	1 <u>12</u>	2	0	0	0	0	3 <u>14</u>
<u>Georgia</u>	2021	3	3	0	0	0	0	6
	2022	6	0	0	0	0	0	6

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	<u>2023</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Idaho	2020 1	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>
Illinois	2020 1	6 <u>7</u>	1	0	0	0	0	7 <u>8</u>
	2021	7	1	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	<u>2023</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Indiana	2020 1	1	0 <u>1</u>	0	0	0	0	1 <u>2</u>
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kansas	2020 3	2	0	0	0	0	0	2
<u>Iowa</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Kansas</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Kentucky	2020 1	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Louisiana	2020 1	2	0 <u>1</u>	0	0	0	0	2 <u>3</u>
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Maryland	2020 3	2 <u>3</u>	1 <u>0</u>	0	0	0	0	3
<u>Maryland</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>4</u>
<u>Massachusetts</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Michigan	2020 1	7 <u>8</u>	1	0	0	0	0	8 <u>9</u>
	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	<u>2023</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Minnesota	2020 1	1 <u>2</u>	1	0	0	0	0	2 <u>3</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020~~1~~ TO 202~~2~~3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2021	2	1	0	0	0	0	3
	2022	3	2	0	0	0	0	5
	<u>2023</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Missouri	2020 1	2	0 1	0	0	0	0	2 3
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Nebraska	2020 1	3 4	1 0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Nevada	2020 1	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
New Jersey	2020 1	1 2	1	0	0	0	0	2 3
	2021	2	1	0	0	0	0	3
	2022	3	2	0	0	2	0	3
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
New Mexico	2020 1	1	0	0	0	0	0	1
	2021	1	0	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>
New York	2020 1	1	0 1	0	0	0	0	1 2
	2021	1	1	0	0	0	0	2
	2022	2	3	0	0	1	0	4
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
North Carolina	2020 1	0 1	1 0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020 3	2 1	0	0	0	0	0	2 1
<u>Ohio</u>	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Oklahoma	2020 1	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Oregon	2020 1	0 2	2 1	0	0	0	0	2 3

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Pennsylvania	2020	3	0 <u>3</u>	0	0	0 <u>1</u>	0	3 <u>5</u>
	2021	3	3	0	0	1	0	5
	2022	5	2	0	0	0	0	7
	<u>2023</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>6</u>
Rhode Island	2020	0 <u>1</u>	1 <u>0</u>	0	0	0	0	1
	2021	1	0	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>
South Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Tennessee	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	2	0	0	0	0	5
Texas	2020 <u>3</u>	14 <u>5</u>	0	0	0	0	0	14 <u>5</u>
<u>Texas</u>	2021	14	7	0	0	0	0	21
	2022	21	9	0	0	0	0	30
Utah	2020 <u>3</u>	0 <u>30</u>	1 <u>6</u>	0	0	0	0	1 <u>36</u>
<u>Utah</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020 <u>3</u>	10 <u>1</u>	3 <u>1</u>	0	0	2 <u>0</u>	0	11 <u>2</u>
<u>Virginia</u>	2021	11	1	0	0	0	1	11
	2022	11	1	0	0	0	0	12
	<u>2023</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
Washington	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Wisconsin	2020	3	0 <u>1</u>	0	0	0	0	3 <u>4</u>
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Total	2020 <u>3</u>	95 <u>4</u>	21 <u>0</u>	0	0	2 <u>0</u>	0	114 <u>4</u>
<u>Total</u>	2021	114	32	0	0	2	1	143

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 1 TO 202 2 <u>3</u>								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2022	143	35	0	0	4	0	174
	<u>2023</u>	<u>174</u>	<u>33</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>205</u>

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020 1 <u>1</u>	1	0	0	0	0	1
	2021 2 <u>2</u>	1	0	0	0	0	1
	2022 3 <u>3</u>	1	0	0	0	0	1
California	2020 1 <u>1</u>	3 <u>2</u>	0	0	1 <u>0</u>	0	2
	2021 2 <u>2</u>	2	0	0	0	0 <u>2</u>	2 <u>0</u>
	2022 3 <u>3</u>	2 <u>0</u>	0	0	0	2 <u>0</u>	0
Connecticut	2020 1 <u>1</u>	0 <u>1</u>	1 <u>0</u>	0	0	0	1
	2021 1 <u>1</u>	1 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	1 <u>1</u>
	2022	1	2	1	0	0	4
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Delaware	2020 1 <u>1</u>	1	0	0 <u>1</u>	0	0	1 <u>2</u>
	2021 1 <u>1</u>	1 <u>0</u>	0 <u>0</u>	1 <u>1</u>	0 <u>0</u>	0 <u>0</u>	2 <u>2</u>
	2022	2	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
District of Colombia	2020 1 <u>1</u>	0 <u>2</u>	2 <u>0</u>	0	0	0	2
	2021 2 <u>2</u>	2	0	0	0	0	2
	2022 3 <u>3</u>	2	0	0	0	0	2
Florida	2020 1 <u>1</u>	0	0	0	0	0	0
	2021 1 <u>1</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>
	2022	0	2	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Maryland	2020 1 <u>1</u>	2	0	0	0	0	2
	2021 1 <u>1</u>	2 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	2 <u>2</u>
	2022	2	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
Massachusetts	2020 1 <u>1</u>	1	0	0	0	0	1
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>New Hampshire</u>	2021	1 <u>0</u>	0	0	0	0	1 <u>0</u>
	2022	1 <u>0</u>	1 <u>0</u>	0	0	0	2 <u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New Jersey	2020 1	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	2	0	0	3
	<u>2023</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
New York	2020 1	2 <u>3</u>	1	0	0	0	3 <u>4</u>
	2021	3	1	0	0	0	4
	2022	4	1	1	0	0	6
	<u>2023</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
North Carolina	2020 1	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	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>1</u>
Pennsylvania	2020 1	0	0	0 <u>1</u>	0	0	0 <u>1</u>
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>
Virginia	2020 1	3 <u>5</u>	0	2 <u>0</u>	0	0	5
	2021 2	5	0	0	0	0	5
	2022 3	5	0	0	0	0	5
Totals	2020 1	17 <u>22</u>	4 <u>1</u>	2	1	0 <u>1</u>	22 <u>23</u>
	2021	22	1	2	1	1	23
	2022	23	6	4	0	2	31
	<u>2023</u>	<u>31</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>39</u>

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022~~3~~

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	2	2	0
Alaska	1	0 <u>1</u>	0
Arizona	2 <u>1</u>	3 <u>1</u>	0
Arkansas	1	1	0
California	5 <u>6</u>	2 <u>6</u>	0
Colorado	5 <u>3</u>	2 <u>3</u>	0
Connecticut	2 <u>1</u>	0 <u>1</u>	1
Florida	5 <u>3</u>	2 <u>3</u>	2 <u>0</u>
Georgia	2	1 <u>2</u>	0
Idaho	1	0 <u>1</u>	0
Illinois	1	1	0
Indiana	1	0 <u>1</u>	0
Iowa	1	0	0
Kansas	1	1	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Kentucky	1	0	0
Maryland	4	2	0
Massachusetts	2	0	3
Michigan	3	0	0
Minnesota	2	0	0
Missouri	2	1	0
Nebraska	1	0	0
Nevada	1	1	0
New Hampshire	0	0	1
New Jersey	3	0	2
New York	3	0	3
North Carolina	1	0	0
Ohio	2	4	0
Oklahoma	1	0	0
Oregon	1	1	0
Pennsylvania	3	0	0
Rhode Island	1	1	0
South Carolina	3	1	0
Tennessee	3	0	0
Texas	19	7	0
Utah	1	1	0
Virginia	5	1	0
Washington	2	1	0
West Virginia	1	1	0
Wisconsin	1	0	0
TOTALS	94	35	11

Notes:

1. In Table 3, the outlet that opened in Michigan in 2019 is an experimental location that we authorized an existing franchisee to develop as a satellite location. This facility only offers dog daycare services and is materially different than other Dogtopia Centers.
1. In 2022, ~~out one~~ of the franchised outlets listed in Table 3 for Arizona was reacquired by the franchisor ~~in 2022~~ and subsequently resold to a new franchisee before the end of the year. The outlet was temporarily closed during the transition but reopened before the end of the year.
2. In 2023, the franchisee of one of the franchised outlets listed in Table 3 for Louisiana ceased operations of the outlet and the outlet was subsequently resold to a new franchisee before the end of the year. The outlet was temporarily closed during the transition but reopened before the end of the year.
3. ~~In 2022, 1 franchisee opened their outlet in one franchise agreement for Colorado and subsequently sold it to a third party franchisee.~~
4. ~~3. In 2022, 6 outlets in California, Colorado, Oklahoma, was terminated prior to opening. No franchise agreements South Carolina and Texas were terminated prior to opening in 2021 or 2023.~~
5. ~~4. We have reclassified outlets opened by Red Barn (Chris Kempner), who was a franchisee and area developer prior to acquiring a controlling interest in the franchisor in 2020. Because Mr. Kempner is now listed in Item 2 of this Disclosure Document, we have reclassified his franchised outlets as company-owned outlets (referred to in this Disclosure Document as "Affiliated Stores"). Therefore, we have modified Table 3 and Table 4 this year to remove Red Barn's outlets from Table 3 and add them to Table 4 as Affiliated Stores") as company-owned outlets.~~ Despite

the change in classification, Red Barn continues to operate all Affiliated Stores under Franchise Agreements in the same manner as other franchisees.

~~6.5.~~ Of All 5 of the 10 projected company-owned openings listed in Table 5, ~~6 outlets~~ are Affiliated Stores owned by Chris Kempner ~~and the remaining 4 outlets are Company Stores.~~

A list of all current Dogtopia franchisees and company-owned outlets is attached to this Disclosure Document as ~~EXHIBIT "G"~~ EXHIBIT "G" (Tables 1, 2 and 3), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022~~3~~. In addition, ~~EXHIBIT "G"~~ EXHIBIT "G" (Table 4) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Better Together, LLC for the fiscal years ending December ~~26, 2020~~ 25, 2021, December ~~25, 2021~~ 31, 2022 and December ~~31, 2022~~ 30, 2023 are attached to this Disclosure Document as ~~EXHIBIT "H"~~ EXHIBIT "H". ~~In addition, an unaudited balance sheet as of April 26, 2023 and an unaudited income statement from December 25, 2022 through April 26, 2023 are attached to this Disclosure Document as EXHIBIT "H".~~ Our fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement	
EXHIBIT "E"	EXHIBIT "E"-1	Real Estate Client Services Agreement
EXHIBIT "E"-2	Conversion Addendum	
EXHIBIT "E"-3	Franchisee Disclosure Questionnaire	(Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)
EXHIBIT "E"-4	General Release	
EXHIBIT "E"-5	Site Approval Notice	
EXHIBIT "E"-6	Site Selection Area Notice	
EXHIBIT "E"-7	Territory Notice	
EXHIBIT "E"-8	Development Territory Notice	
EXHIBIT "E"-9	Tradename Approval Notice	
EXHIBIT "I"	Multi-State Addenda	

Attachments to Franchise Agreement

ATTACHMENT "B"	ATTACHMENT "B"	Lease Addendum
ATTACHMENT "C"	ATTACHMENT "C"	Franchise Owner Agreement
ATTACHMENT "D"	ACH Authorization Form	

~~ATTACHMENT "E"~~ ATTACHMENT "E" Brand Protection Agreement

~~ATTACHMENT "F"~~ ATTACHMENT "F" Confidentiality Agreement

Attachments to ADA

ATTACHMENT "B" Development Schedule Extension Amendment

ITEM 23 RECEIPT

EXHIBIT "K" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

List of State Administrators and Agents for Service of Process

<p><u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>MICHIGAN</u> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 335-7567</p> <p><u>MINNESOTA</u> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><u>NEW YORK</u> New York Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street New York, NY 10005 (212) 416-8222 <u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231</p> <p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p> <p><u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p> <p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219</p> <p><u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

Franchisor's Agent for Service of Process

Capitol Services Inc.
1675 S. State St., Suite B
Dover, Delaware 19901
800-316-6660

In states listed in ~~EXHIBIT "A"~~ EXHIBIT "A", the additional agent
for Service of Process is listed in ~~EXHIBIT "A"~~ EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT

Franchise Agreement

[See Attached]



DOGTOPIA FRANCHISE AGREEMENT

FRANCHISEE: _____
UNIT #: _____
CONTRACT DATE: _____
OPENING DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Lease Addendum
ATTACHMENT "C"	Franchise Owner Agreement
ATTACHMENT "D"	ACH Authorization Form
ATTACHMENT "E"	Brand Protection Agreement
ATTACHMENT "F"	Confidentiality Agreement

DOGTOPIA FRANCHISE AGREEMENT

This Dogtopia Franchise Agreement (this “Agreement”) is entered into as of the “Effective Date” listed in Part A of ATTACHMENT "A" between Better Together, LLC, a Delaware limited liability company (“we” or “us”) and the “Franchisee” listed in Part B of ATTACHMENT "A" (“you”).

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with ~~Section 15.5.~~ §15.5.

“ACH Agreement” means the ACH Authorization Agreement attached ~~hereto as ATTACHMENT "D"~~ as ATTACHMENT "D" which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Acquisition” means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Acquired Assets” means any assets associated with your Center that we elect to purchase upon termination or expiration of this Agreement, as further described in ~~Section 23.3.~~ §23.3(a).

“Agencies” is defined in ~~Section 23.1.~~ §23.1.

“Agreement” is defined in the Introductory Paragraph.

“Alternative Channels of Distribution” means ~~all channels~~ any channel of distribution other than retail sales made to customers while present at a Dogtopia Center, including, but not limited to: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through retail stores that do not operate under the Marks, such as pet stores, convenience stores or department stores; and (c) sales made at wholesale.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Appraised Value” means the fair market value of ~~any~~ the Acquired Assets ~~we elect to purchase upon termination or expiration of this Agreement,~~ as determined by independent appraisers in accordance with ~~Section 23.3.~~ §23.3(b).

“Architect Company” means an architectural company that we approve and you engage in accordance with ~~Section 7.2.~~ §7.2 to obtain site surveys and site investigation reports, design your Center, prepare construction plans and facilitate the submission of applications for required permits on your behalf.

“Architectural Services Agreement” means the contract you sign with the Architect Company in accordance with ~~Section 8.1(a).~~ §8.1(a).

“Brand Protection Agreement” means the Brand Protection Agreement that must be signed by certain of your personnel, the current form of which is attached ~~hereto as ATTACHMENT "E"~~ as ATTACHMENT "E".

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Pet Parent & Dog Data and Operational Data.

“Captive Venues” means a non-traditional outlets ~~for a~~ Dogtopia Centers ~~that are~~ is located within, or ~~are~~ is a part of, another establishment or facility that consumers may visit for a purpose ~~other than purchasing unrelated to the Dogtopia products or services~~ Center. Examples of Captive Venues include

Dogtopia Centers that are located within hotels, apartment complexes, office buildings, college campuses, universities, airports, train stations, other businesses (i.e., a Dogtopia Center located within another business facility to offer Dogtopia services and products to the employees of such business), co-branded facilities, fitness facilities, stadiums, sporting arenas, bus stations, shopping malls, or within other similar types of establishments or new concept locations.

~~“Center” means a Dogtopia Center.~~

~~“Claim” or “Claims” means any and all claims, actions, demands, assessments~~action, allegation, assessment, claim, demand, litigation, proceeding ~~or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries~~procedure, investigation or inquiry.

~~“Collateral” is defined in Section 15.7.~~

~~“Competitive”~~“Collateral” means the assets described in §15.7 that are used as collateral to secure your financial obligations owed to us.

“Competing Business” means either (a) any business that meets at least one of the following criteria: (a) any business competitive with a Dogtopia Center that derives, or is reasonably expected to derive, at least 30% of its revenues from any combination of dog daycare services, dog boarding services and/or dog spa and wellness services; or (b) a business that grants franchises or licenses to other Persons for the operation of a business meeting the criteria in clause (a) of this definition; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any Dogtopia Center operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to this Agreement, the current form of which is attached hereto as ATTACHMENT “F” as ATTACHMENT “F”.

“Consultation Services” means the advice and consultation services we provide pursuant to Section 3.1, Section 7.2 and Section 8§3.1, §7.2 and §8 in connection with various aspects of the development of your Center, including site selection, lease negotiation, design, construction and development.

“Conversion Franchisee” means a franchisee that converts an independent dog daycare facility to a Dogtopia Center. You are deemed to be a “Conversion Franchisee” if the Center you develop and operate pursuant to this Agreement was, immediately prior to the Effective Date, an independent dog daycare facility you intend to convert to a Dogtopia Center.

~~“Copyrights”~~“Copyrighted Materials” means all works and copyrightable materials for which we or our

affiliate ~~has secured~~ secure common law or registered copyright protection and that we allow Dogtopia franchisees to use, sell or display in connection with the marketing and/or operation of a Dogtopia Center, ~~whether now in existence or created in the future.~~

“Core Profile Customer” is defined in Section 3.4 §3.4.

“Definitive Agreements” means, collectively, ~~;~~ (a) this Agreement; ~~;~~ (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); ~~;~~ (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Dogtopia Center or any other franchised concept; ~~;~~ and (d) all ancillary agreements executed in connection with any of the foregoing, including, ~~without limitation,~~ ~~each related~~ Franchise Owner Agreements.

“Designated Manager” means the Person you designate to provide daily on-site management and supervision of your Center in accordance with Section 9.2 §9.2.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Dogtopia Center” or “Center” means a ~~Dogtopia business~~ dog daycare, boarding and spa facility authorized to operate under ~~our~~ the Marks and use our System, including any ~~Dogtopia~~ Center operated by us, our affiliate, you or another ~~franchisee~~ Person.

“Dogtopia Marketplace” means our designated ecommerce platform that leverages system-wide buying power to deliver preferential quality and pricing to franchisees for the purchase of various items needed for the development and/or operation of a Dogtopia Center.

“Effective Date” is defined in the Introductory Paragraph and listed in Part A of ATTACHMENT "A" ATTACHMENT "A".

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Excluded Claim” means any Claim that, according to §24.6, is not subject to mandatory negotiate, mediation or arbitration.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure ~~event within three (3) days of becoming aware of the occurrence of such event~~; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Dogtopia Center as a result of such epidemic or pandemic.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §10, the current form of which is attached as ATTACHMENT "C".

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (~~i.e., “you”~~); if this Agreement is signed by an Entity; ~~;~~ or (b) assumes this Agreement subsequent to its execution by the original Owners.

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to Section 4.2 §4.2 (in connection with a renewal of your franchise rights) or Section

~~21.2~~ §21.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” includes all amounts invoiced and/or collected by you from all goods and services sold at, from, or relating to your Business, regardless of manner of payment, including payments by cash, check, credit card, debit card, on credit or via barter transaction. Gross Sales also includes all other revenues that you receive relating to your Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. The full amount of the invoiced sale is included in Gross Sales at the time the order is placed, including amounts paid on credit and deposits on account that are applied at a later date (such as pre-paid items for services to be performed, subscription fees and membership/enrollment fees). For barter transactions, at the time the order is placed you must include in Gross Sales the full standard non-discounted price that you charge for the applicable good or service. If we pay you any amounts based on your participation in a Special Account, you must include the full amount we pay to you in Gross Sales. With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the customer provided that the discount is part of a national promotion that we have sponsored or endorsed. You may offer other discounts or promotional programs to specific customers or targeting a certain type of customer (for example, veterans, teachers, etc.) and you may offer free goods or services to your owners, employees, friends and family members, but for purposes of reporting Gross Sales, the maximum discount allowable will be 10% (except as otherwise discussed below for dog daycare for your owners and employees). If you discount the good or service more than 10% from your standard pricing (including by providing free goods or services), then you may only deduct 10% of the standard price from Gross Sales but must include the remainder of the standard price for the good or service. You may offer free or discounted dog daycare for your owners and employees and you are not required to include the value of these daycare services in Gross Sales.

The following amounts are excluded from ~~“Gross Sales”~~:

- (a) sales taxes you collect from customers and pay to the applicable taxing authority;
- (b) tips and gratuities paid by customers;
- (c) proceeds from the sale of gift certificates and gift cards (the proceeds price are added to Gross Sales when the gift certificate or gift card is redeemed);
- (d) amounts paid by customers as contributions to the Dogtopia Foundation or contributions to another 501(c)(3) organization that we approve (the organization must relate to dogs and must be approved by us before you may promote the organization and/or accept donations at your facility); and
- (e) amounts initially advanced by you to a veterinarian to treat a dog that are subsequently reimbursed by the pet parent.

If you previously included any amount in Gross Sales that is subsequently refunded to a customer (as part of a bona fide refund or discount) or written off as uncollectible (in accordance with any write-off policies in the Manual), then you may adjust your Gross Sales for the reporting period in which the refund or write off takes place by deducting the amount of the refund or write off. We may require that you provide us with written documentation supporting the refund or write off. Instead of allowing you to deduct refunds and write offs from Gross Sales, we may instead provide you with a “credit” against future royalty fees in the amount of the refunds and write offs. If you do not strictly follow the policies in the Manual regarding the determination and reporting of refunds, discounts and write offs, you will not be entitled to deduct these amounts from Gross Sales and you will not receive a credit against future royalty fees. We reserve the right to make reasonable adjustments to the calculation of Gross Sales from time to time to reflect changes to:

(a) the programs, products or services offered at Dogtopia Centers; (b) the point-of-sale system utilized at Dogtopia Centers; (c) our policies regarding permissible discounts and/or exclusions from Gross Sales; or (d) our policies regarding refunds, write-offs, gift certificates or gift cards.

“Improvement” means any idea, addition, modification or improvement to ~~the~~ (a) ~~the~~ goods or services offered or sold at a Dogtopia Center, (b) ~~the~~ method of operation of a Dogtopia Center, (c) ~~the~~ processes, systems or procedures utilized by a Dogtopia Center, (d) ~~the~~ marketing, advertising or promotional materials, programs or strategies utilized by a Dogtopia Center or (e) ~~the~~ trademarks, service marks, logos or other intellectual property utilized by a Dogtopia Center, whether developed by you, your Owners, your employees or any other Person ~~associated with you or your Center.~~

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our ~~parent companies~~ parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, ~~Copyrights~~ Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Manager” means the Person we designate to temporarily manage your Center under the circumstances described in ~~Section 9.4~~ §9.4.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in ~~Section 4.3~~ §4.3.

“IP Dispute” means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

“Know-how” means ~~all of our~~ and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, development, construction, marketing and/or operation of a Dogtopia Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Dogtopia Center; site selection criteria; methods; and techniques; standards and specifications; policies and procedures; policies; marketing strategies and programs; merchandising strategies; supplier lists, relationships, and information; and information comprising the System and/or included in the Manual. ~~Know-how does not include: (a) information that is in the public domain or becomes part of the public domain through no fault of yours or your employees; (b) information that you can clearly and convincingly demonstrate was in your legitimate possession prior to entering into discussions with us regarding the franchise opportunity; or (c) information disclosed to you by third parties who had a lawful right to disclose such information to you without any obligation to restrict its further use or disclosure.~~

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Local Marketing Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Center in accordance with ~~Section 11.3(b)~~ §11.3(b).

“Losses and Expenses” means ~~all~~ any includes any of the following: compensatory, exemplary, and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to ~~our~~ reputation ~~and/or~~ goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party ~~as a result of a Claim.~~

“Managing Owner” means the Owner you designate and we approve with primary responsibility for the management and supervision of the Center in accordance with ~~Section 9.1~~ §9.1.

“Manual” means our confidential Operating Standards Manual for the operation of a Dogtopia Center, as further described in ~~Section 12.2~~ §12.2. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

“Marks” means ~~the logotypes, and includes all~~ service marks, ~~and trademarks now or hereafter involved in the operation of a Dogtopia Center, trade names and logos that we designate from time to time and authorize~~

Centers to use, including “Dogtopia” DOGTOPIA® and the associated logo, ~~and any other trademarks, service marks or trade names that we designate for use by a Dogtopia Center.~~ The Marks also include any distinctive trade dress used to identify a Dogtopia Center or the products it sells, ~~whether now in existence or hereafter created.~~

“Notice of Territory Subdivision” means the notice we provide to you if we elect to subdivide your Territory under the circumstances described in Section 3.6 §3.6.

“Operational Data” means and includes all data and information pertaining to the operation of your Center, including, ~~without limitation,~~ employee data, expense data, financial accounting data and Gross Sales data.

“Option Acceptance Notice” means the notice you provide to us if you elect to exercise your option to purchase franchise development rights to an Option Territory in accordance with Section 3.7 §3.7.

“Option Period” means the period of time described in Section 3.6 §3.6 during which you must decide whether to exercise your option to purchase franchise development rights to an Option Territory.

“Option Territory” is defined in Section 3.6 §3.6.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee ~~(either alone or in conjunction with one or more other Persons);~~ or (b) directly or indirectly ~~(through one or more intermediaries)~~ owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Pet Parent & Dog Data” means all data pertaining to pet parents, dogs, potential pet parents and business operations, including, ~~without limitation,~~ pet parent and dog contracts, pet parent information and other information about pet parents and dogs, whether collected by you, us or any other Person.

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however,* that if a court of competent jurisdiction determines ~~that~~ the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or ~~the~~ Franchisee Entity, as applicable; *provided, however,* that if a court of competent jurisdiction determines ~~that~~ the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or ~~the~~ Franchisee Entity, as applicable.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership, enrollment or other system-wide program we implement pursuant to §12.14.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of ~~five percent (5%)~~ 5% or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, ~~any of our affiliates,~~ the System and/or any Dogtopia Center; (c) diverting or attempting to divert any business from us ~~(or one of our affiliates or franchisees);~~ another franchisee; (d) inducing any ~~customer of ours (or of one of our affiliates or franchisees)~~ Person to transfer their business from a Center to a competitor; or (e) utilizing any supplier

relationship established through your association with us for any purpose unrelated to the operation of your Center.

“Project Manager” means the project management company we designate in accordance with [Section 7.2](#)§7.2 to oversee the development and construction of your Center and coordinate with the various contractors and other professionals involved with the process.

“Real Estate and Facility Coordination Fee” means the fee described in [Section 8.1\(e\)](#)§8.1(e) that you pay us in exchange for the Consultation Services we provide.

“Real Estate Company” means the real estate company we designate in accordance with [Section 3.1](#)§3.1 to assist you in identifying and evaluating potential sites and negotiating your lease.

“Restricted Territory” means: the geographic area within: (a) your Territory (including the premises of your Center); and (b) a 15-mile radius from all other ~~Dogtopia~~ Centers that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) your Territory (including the premises of your Center); and (b) a 10-mile radius from all other ~~Dogtopia~~ Centers that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that the both~~ each of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) your Territory (including the premises of your Center); and (b) a five (5) mile radius from all other ~~Dogtopia~~ Centers that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ all of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within your Territory (including the premises of your Center).

“Site Approval Notice” means our then-current form of Site Approval Notice that we issue to you in accordance with [Section 3.1](#)§3.1 to identify the approved site for your Center.

“Site Selection Area” means the geographic area within which you must identify an approved site for your Center, as further described in [Section 3.2](#)§3.2.

“Site Selection Area Notice” means our then-current form of Site Selection Area Notice that we issue to you in accordance with [Section 3.3](#)§3.3 to identify your Site Selection Area.

“Site Selection Area Protection Period” means the limited period of time described in [Section 3.2](#)§3.2 during which you receive certain territorial protections with respect to your Site Selection Area.

“Successor Agreement” means our then-current form of Dogtopia Franchise Agreement you must sign pursuant to [Section 4.2](#)§4.2 in order to renew your franchise rights.

“System” means our distinctive business format and set of specifications and operating procedures for the operation of a Dogtopia Center, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; the Marks; health and safety protocols; enrollment model; marketing strategies and programs; merchandising strategies; customer service standards; product and service offering; techniques and methods; standards and specifications; policies and procedures; training programs; technology solutions; and operating system.

“System Account” refers to a relationship we establish with a System Account Customer pursuant to a System Account Agreement.

“System Account Agreement” means an agreement we enter into with a System Account Customer in accordance with [Section 12.6](#)§12.8 that enables System Account Beneficiaries to receive preferential pricing and/or other benefits at participating Dogtopia Centers.

“System Account Beneficiary” means an individual associated with a System Account Customer who is entitled to receive preferential pricing and/or other benefits at participating Dogtopia Centers under the terms of a System Account Agreement.

“System Account Customer” means a business or other organization with whom we negotiate a System Account Agreement in accordance with ~~Section 12.6.~~ §12.8.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems, dog monitoring and wellness systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring 10 years after: (a) the date the lease or purchase agreement for the premises is fully executed (if you do not own the premises as of the Effective Date); or (b) the Effective Date (if you or your affiliate owns the premises as of the Effective Date).

~~“Territory” is defined in Section 3.4.~~

“Territory” means the protected territory for your Center, as further described in §3.4.

“Territory Amendment Date” is defined in ~~Section 3.6.~~ §3.6.

“Territory Notice” means our then-current form of Territory Notice that we issue to you in accordance with ~~Section 3.4.~~ §3.4 to identify your approved Territory (if your Territory is unknown as of the Effective Date).

“Territory Search Area” means the geographic area within which you must identify your Site Selection Area (if your Site Selection Area is unknown as of the Effective Date), as further described in ~~Section 3.3.~~ §3.3.

“Tradename Approval Notice” means our then-current form of Tradename Approval Notice that we issue to you in accordance with ~~Section 19.3 for purposes of notifying~~ §19.3 to notify you of our approval of the tradename you propose ~~to use in connection with~~ for your Center.

“Transfer” means any direct or indirect, voluntary or involuntary ~~(including by judicial award, order or decree);~~ assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise ~~rights~~ or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business ~~conducted by you~~ conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage the Center or occupy ~~the Center’s~~ sits premises;
- (e) the Center’s assets ~~(, other than the sale of fixtures or equipment in the ordinary course of business);~~ ; or
- (f) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation, ~~by; judicial award, order or decree;~~ issuance of additional Equity Interests in the Franchisee Entity, ~~or by; foreclosure of a security interest by a lender; or~~ operation of Law, will or a trust upon the death of an Owner ~~(, including the Laws of intestate succession);~~ ;

“Travel Expenses” means and includes all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Center; or (b) by you and your personnel to attend training programs or conferences.

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. **GRANT OF FRANCHISE.** We hereby grant you the right, license and ~~license~~ obligation to own and operate one (1) franchised Dogtopia Center using our Intellectual Property, ~~from the site we approve.~~ As a franchisee, you will establish and operate a dog daycare, boarding and spa facility under the name “DOGTOPIA” ~~®~~ ® that: (a) offers the services for dogs that we require from time to time, including daycare,

boarding, grooming and training; and (b) sells the dog-related products that we authorize or require from time to time. If you are a Conversion Franchisee, you must sign a Conversion Addendum concurrently with the execution of this Agreement. We reserve all rights not expressly granted to you.

3. SITE SELECTION AND TERRITORY.

3.1. Site Selection. You must develop your Center at a site we approve. You must (a) obtain our approval of your site and (b) send us a copy of the fully executed lease or purchase agreement for your site, no later than 180 days after:

- (i) the Effective Date (if we designate your Site Selection Area prior to execution of this Agreement); or
- (ii) the date we send you a Site Selection Area Notice in accordance with [Section 3.3](#)§3.3 (if we have not designated your Site Selection Area prior to execution of this Agreement).

The site for your Center must be located within the Site Selection Area described in [Section 3.2](#)§3.2 and conform to our minimum site selection criteria. We ~~will~~ assist you in selecting a site by providing a demographic analysis of your Site Selection Area. To further assist you in identifying and evaluating potential sites, you must either: (a) contract with and utilize the Real Estate Company we designate; or (b) contract with both the Real Estate Company we designate and another real estate professional of your choosing who must work in conjunction with, and report to, the Real Estate Company we designate. Although the Real Estate Company assists you in finding potential sites, you retain ultimate responsibility for selecting your site (which we must approve). You must send us a site report, in the format we prescribe, for each site you propose. The site report must include all information, photographs and video we require. We will accept or reject sites you propose in our commercially reasonable judgment. We will use best efforts to notify you of our decision within 30 days after we receive all requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. We will list the address of your approved site in Part E of [ATTACHMENT "A"](#)ATTACHMENT "A" if we approve your site prior to execution of this Agreement. If we do not approve your site prior to execution of this Agreement, we will send you a Site Approval Notice identifying the approved site for your Center within five (5) business days after we approve it. Within five (5) business days after receipt of the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site identified in the Site Approval Notice is immediately effective and binding on you at the time we issue such notice, regardless of whether you sign the acknowledgment and/or send us a copy. Our approval of your site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Dogtopia Center. Our approval indicates only that we believe the site meets our minimum site selection criteria.

3.2. Site Selection Area. Your Center must be located within the geographic area we designate (the “Site Selection Area”). Your Site Selection Area will be identified in: (a) Part D of [ATTACHMENT "A"](#)ATTACHMENT "A" if we designate your Site Selection Area prior to execution of this Agreement; or (b) the Site Selection Area Notice issued to you in accordance with [Section 3.3](#)§3.3 if we have not designated your Site Selection Area prior to execution of this Agreement. During the Site Selection Area Protection Period, your Site Selection Area will receive the same territorial protections, and be subject to the same limitations on territorial protections pertaining to Captive Venues and Acquisitions, that are described in [Section 3.5](#)§3.5 with respect to your Territory, except we will not subdivide your Site Selection Area under any circumstances. The “Site Selection Area Protection Period” means the period of time commencing with our designation of your Site Selection Area and expiring upon the earlier to occur of: (a) 30 days after the Effective Date; or (b) the date we designate the boundaries of your Territory in accordance with [Section 3.4](#)§3.4. All territorial rights and protections associated with your Site Selection Area automatically terminate when the Site Selection Area Protection Period expires.

3.3. Territory Search Area. If we have not designated your Site Selection Area prior to execution of

this Agreement, then Part C of ~~ATTACHMENT "A"~~ ATTACHMENT "A" will describe your "Territory Search Area". We will promptly notify you of all available Site Selection Areas within the Territory Search Area. You must select one of these Site Selection Areas, and notify us in writing of your selection, within 30 days after the Effective Date. You may only select a Site Selection Area that is available on the date you notify us of your selection. If you fail to notify us of your selection within the 30-day period, we may either: (a) grant you a reasonable extension (but only if no other franchisees are searching for Site Selection Areas within the same Territory Search Area); or (b) designate your Site Selection Area, which you must accept. We will send you a Site Selection Area Notice identifying the boundaries of your Site Selection Area within five (5) business days after you (or we, if applicable) select it. Within five (5) business days after receipt of the Site Selection Area Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the Site Selection Area identified in the Site Selection Area Notice is immediately effective and binding on you at the time we issue such notice, regardless of whether you sign the acknowledgment and/or send us a copy. You do not receive any territorial rights or protections to the Territory Search Area.

3.4. Designation of Territory. We will grant you a protected territory (your "Territory") that will be determined as follows:

- (i) if there are fewer than 50,000 Core Profile Individuals that reside and/or work within a three (3) mile radius from the approved site for your Center, then your Territory shall consist of the geographic area within a three (3) mile radius from the approved site for your Center; or
- (ii) if there are more than 50,000 Core Profile Individuals that reside and/or work within a three (3) mile radius from the approved site for your Center, then your Territory shall consist of a geographic area designated by us that includes a minimum of 50,000 Core Profile Individuals that reside and/or work in the area (we may define the boundaries of the Territory in any manner we deem appropriate).

A "Core Profile Individual" is an individual meeting certain criteria or characteristics we establish from time to time that we have found indicate a Person is more likely to become a customer of a Dogtopia Center. We may change the criteria and/or characteristics that define a Core Profile Individual at any time in our sole discretion, provided that we uniformly apply such change for purposes of designating franchised territories. The number of Core Profile Individuals in your Territory is measured only as of the date we establish your Territory. We may use any demographic software, census, database or other data repository we designate for purposes of determining the number of Core Profile Individuals within a geographic area. A single "Core Profile Individual" may be counted twice if such Person both works and resides within the same area. Your Territory will be identified in: (a) Part F of ATTACHMENT "A" if we approve the site for your Center prior to execution of this Agreement; or (b) a Territory Notice that we will issue to you within 15 days after you send us the fully executed copy of the lease or purchase agreement for your Center's premises (if we have not approved your site prior to execution of this Agreement). Within five (5) business days after receipt of the Territory Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our designation of your Territory in the Territory Notice is immediately effective and binding on you at the time we issue such notice, regardless of whether you sign the acknowledgement and/or send us a copy.

3.5. Territorial Rights and Limitations. ~~Your Territory is "protected", meaning~~ During the Term we will not develop or operate, or ~~grant a franchise or license to a~~ third party to develop or operate, a Dogtopia Center that is ~~physically~~ located within your Territory ~~during the Term~~, except as otherwise provided in: (a) ~~Section §3.5~~ (Captive Venues and Acquisitions); and (b) ~~Section §3.6~~ (Subdivision of your Territory). ~~We~~ At any time during the Term we reserve the right to: (a) develop and operate, ~~or grant franchises or licenses to~~ and license third parties to develop and operate, Dogtopia Centers in Captive Venues that are located in your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition either (i) one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your

Territory or (ii) you are required to begin using the trademarks of the acquiring company and such company has other competitive businesses located within your Territory using the same trademarks. We reserve the right to sell, ~~or grant franchises or licenses to~~ and license third parties to sell, competitive or identical goods ~~or~~ and services (including under the Marks) within the Territory through Alternative Channels of Distribution, irrespective of whether these sales take place in your Territory.

3.6. Subdivision of Territory. At any time during the Term, we have the option to subdivide your Territory into multiple franchised territories if: (a) the total number of Core Profile Individuals in your Territory equals or exceeds 65,000; and (b) we determine, in our sole discretion, that your original Territory can support one or more additional Dogtopia Centers. In order to exercise our option, we must: (a) provide you with a written notice of our election to subdivide your Territory (the “Notice of Territory Subdivision”) at least 30 days before we subdivide your Territory; and (b) include within the Notice of Territory Subdivision a description of the boundaries of your new Territory (which shall include at least 50,000 Core Profile Individuals) and a description of the boundaries of the new territory or territories that will become available for further development (each, an “Option Territory”). Each Option Territory may either: (a) consist of a geographic area that was entirely within your original Territory; or (b) consist of a geographic area that was partially within your original Territory and partially outside your original Territory. Each Option Territory will include a minimum of 50,000 Core Profile Individuals. Effective 30 days after the date of the Notice of Territory Subdivision (the “Territory Amendment Date”), this Agreement shall be automatically amended, without the need for further action by either party, to delete the original Territory description in Part F of ~~ATTACHMENT "A"~~ ATTACHMENT "A" or in the Territory Notice, as applicable, and replace it with the description of your new Territory as set forth in the Notice of Territory Subdivision. During the period of time beginning on the date we issue the Notice of Territory Subdivision and ending on the Territory Amendment Date (the “Option Period”), you shall have the option to acquire franchise development rights to each Option Territory in accordance with ~~Section §~~ 3.7. Following the Territory Amendment Date, you shall have no territorial rights or protections relating to any Option Territory for which you and we have not executed a Franchise Agreement.

3.7. Option to Acquire Option Territory. During the Option Period, you have an exclusive option, but not the obligation, to purchase franchise rights to develop and operate a Dogtopia Center within each Option Territory. In order to exercise your option, you must: (a) send us a written notice of your election to purchase the franchise rights (an “Option Acceptance Notice”) at least two (2) business days prior to the Territory Amendment Date; and (b) complete the purchase of franchise rights within 30 days after we receive your Option Acceptance Notice (or such longer period of time we designate in our discretion) by signing our then-current form of Franchise Agreement and paying the then-current initial franchise fee in full. If your Territory is divided into multiple Option Territories, you may exercise your option to either purchase all of the Option Territories or only some of them. You must sign a separate Franchise Agreement and pay a separate initial franchise fee for each Option Territory you purchase. We have the unrestricted right to develop and operate, or grant rights to any other Person to develop and operate, a Dogtopia Center anywhere within a given Option Territory if any of the following are true: (a) you notify us that you will not exercise your option; (b) you fail to send us the Option Acceptance Notice at least two (2) business days before the Territory Amendment Date; (c) you send us the Option Acceptance Notice in a timely manner but fail to sign the Franchise Agreement and/or pay us the initial franchise fee within the required period of time; or (d) you or your affiliate is in default under any Definitive Agreement at any time between the date we send you the Notice of Territory Subdivision and the date you sign a Franchise Agreement for the Option Territory.

4. TERM AND RENEWAL.

4.1. Generally. This Agreement grants you the right to operate your ~~Dogtopia~~ Center only during the Term. ~~If this Agreement is the initial franchise agreement for your Business, you may~~ Provided that you satisfy all conditions for renewal specified below, you may enter into a one (1) Successor

Agreement following the expiration of the Term ~~provided that you satisfy all conditions for renewal specified below.~~ The Successor Agreement shall be the current form of franchise agreement we use in granting Dogtopia franchises as of the expiration of the Term. ~~The terms of the Successor Agreement~~ which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. The renewal term will be 10 years. ~~You have no.~~ The parties may agree to further ~~right to operate your Center following the renewals after~~ expiration of the first (1st) renewal term, ~~but neither party is obligated to do so (unless both parties mutually agree to further renewals in their sole discretion.~~ required by applicable state Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement ~~as well as~~ and your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than ~~180~~ 270 days nor more than ~~365 days~~ one (1) year before the expiration of the Term;
- (ii) not be in default under any Definitive Agreement ~~at the time~~ when you send the renewal notice or ~~the time you~~ sign the Successor Agreement;
- (iii) have substantially and timely complied with your obligations under all Definitive Agreements (except a termination of an Area Development Agreement for breach of the development schedule shall not be a basis for non-renewal);
- (iv) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (v) sign a General Release;
- (vi) concurrently with the execution of the Successor Agreement, pay us a renewal fee equal to 50% of our then-current non-discounted initial franchise fee applicable to the purchase of a first (1st) franchise by a Person who is not a Conversion Franchisee;
- (vii) remodel ~~your~~ the Center and upgrade ~~your~~ all furniture, fixtures and equipment to ~~comply with~~ conform to our then-current standards and specifications;
- (viii) extend the term of your lease (if applicable) for the duration of the renewal term;
- (ix) complete any refresher training we require and pay us our then-current training fee; and
- (x) take any additional actions we reasonably require.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement but continue to operate your Center after the expiration of the Term ~~and you continue to accept the benefits of, we may either treat~~ this Agreement, ~~then at our option, this Agreement may be treated either~~ as: (a) expired as of the ~~date of the Term~~ expiration date with you ~~then operating without a franchise to do so and~~ in violation of our

rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

~~Except as otherwise permitted by this Section 4, you have no right to continue to operate your Center following the expiration of the Term.~~

5. TRAINING

5.1. Initial Training Program. The Managing Owner and your Designated Manager must attend and successfully complete our then-current initial training program at least 30 days before the opening date of your Center. The initial training program may include multiple phases that take place at different times and at different locations. ~~Certain phases of initial training may be conducted at our corporate headquarters while other phases of initial training may be conducted at a Dogtopia Center of our choosing or virtually.~~

5.2. Initial Training For New Managing Owner/Designated Manager. If you hire or contract with a new Designated Manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new Designated Manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

5.3.5.2. Periodic Ongoing Training Programs. We may offer periodic refresher or ~~additional~~ supplemental training courses for your Managing Owner, Designated Manager and other ~~employees~~ management personnel. ~~Attendance at these training programs is~~ We may designate each course as mandatory.

5.4. Additional Training Upon Request. ~~Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.~~

5.5. Remedial Training, or optional. If we determine ~~you are not operating~~ your Center ~~is not being~~ operated in full compliance with this Agreement and/or the Manual, we may require that your Managing Owner, ~~Designated Manager~~ and ~~other employees~~ management personnel attend remedial training relevant to your operational deficiencies. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.

5.6.5.3. Supplier Training Your Managing Owner and Designated Manager must attend all supplier training programs we specify relating to the utilization or sale of the goods or services manufactured or provided by the supplier.

5.7.5.4. Training Fees and Expenses Locations. ~~We will.~~ Our training programs may take place at any location we designate, including our corporate headquarters, a Dogtopia Center of our choosing or any other location we designate. We reserve the right to conduct training programs virtually.

5.5. Training Fees and Expenses. We provide our pre-opening initial training program at no additional charge for up to three (3) individuals. We may charge you an initial training fee of \$2,000 per Person for: (a) each additional Person that attends our initial training program, whether before or after the opening of your Center; and (b) any Person who retakes initial training after failing a prior attempt. You must pay us a training fee of up to \$400 per Person per day for any Person who attends: (a) ~~any~~ a remedial training ~~we require based on your operational deficiencies~~ program; (b) ~~each Person that attends a required system-wide~~ a refresher or ~~additional~~ supplemental training ~~program~~ course we conduct (other than our initial training program); and (c) ~~each Person to whom we provide~~ any additional training ~~that~~ you request. If we provide onsite training or assistance, you must also reimburse us for all ~~costs incurred by our representative for meals, travel and lodging.~~ Travel Expenses we incur. You are responsible for all ~~expenses~~ wages and ~~costs~~ Travel Expenses you and

your ~~trainees~~ personnel incur ~~for~~ to attend training, ~~including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then current initial training fee. All training fees and expense reimbursements are due 10 days after invoicing programs.~~

6. **CONFERENCES AND MEETINGS.** We may require that the Managing Owner attend periodic conferences we conduct. If the Managing Owner cannot attend and we excuse his or her absence, you must send the Designated Manager (or an assistant manager if the Managing Owner serves as your Designated Manager). The Managing Owner or Designated Manager as applicable, must stay at the hotel or resort where the conference is held unless the conference is held in your local area. In connection with each conference, we may charge you a ~~non-refundable~~ nonrefundable conference registration fee of up to \$389 for each attendee. This fee is due one (1) month prior to the conference. If neither the Managing Owner nor the Designated Manager attends a required conference, you must pay us a \$1,000 participation fee ~~within 10 days after invoicing, and we will provide you with relevant training materials from the conference.~~ You are responsible for all ~~expenses~~ wages and Travel Expenses you and your ~~attendees~~ personnel incur to attend conferences, ~~including wages, travel and living expenses.~~ In addition to these conferences, we may require your Managing Owner, Designated Manager, assistant managers and other employees attend monthly meetings we conduct via webinar or teleconference.

7. **OTHER FRANCHISOR ASSISTANCE.**

- 7.1. **Manual.** ~~During the Term, we will~~ We provide you with access to our Manual ~~in electronic form during the Term.~~ The Manual may also incorporate and include our Electronic Training Programs. The Manual will help you ~~establish~~ develop and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

- 7.2. **Site Selection and Project Development Assistance.** ~~Pursuant to Section~~ In accordance with §3.1, Section §8.1, Section §8.2 and Section §8.3, you must utilize: (a) the Real Estate Company we designate to assist you with site selection, lease negotiation and related real estate services; (b) an Architect Company we approve to obtain a site survey and site investigation report for each site you propose, design your Center, prepare construction plans and facilitate the submission of applications for required permits on your behalf; and (c) the Project Manager we designate to oversee the development and construction of your Center and coordinate with the various contractors and other professionals involved with the process. We may, at our option, either directly serve as the Project Manager or contract with a third-party company we designate (or require you to contract with a third-party company we designate) to serve as the Project Manager. We provide certain site selection, market analysis and construction-related assistance in conjunction with the Real Estate Company, Architect Company and Project Manager. Specifically, we will:

- (i) provide you with a demographic analysis to assist you in choosing your Site Selection Area and finding an approved site for your Center;
- (ii) provide you (either directly or through the Real Estate Company) with a template “Letter of Intent” for the lease or purchase agreement for your Center;
- (iii) review the site survey and site investigation report obtained by the Architect Company and provide suggestions for modifications to the Letter of Intent based on the results of the site survey and site investigation report;
- (iv) review the terms of your proposed lease and provide you with advice and recommendations on the lease terms to ensure compliance with our brand standards (this advice is non-binding and you are ultimately responsible for negotiating and accepting the terms of the lease, other than the mandatory terms in the required Lease Addendum);
- (v) review and provide feedback on the architectural plans prepared by the Architect Company (we must approve the final plans in accordance with Section §8.3); *provided, however,* that you are solely responsible for reviewing the M.E.P. Engineer’s design for your mechanical,

electrical and plumbing systems to ensure compliance with local Laws and compliance with your environmental comfort standards and needs); and

- (vi) assist and advise you on special use and conditional use permitting strategies and support you in seeking appropriate permitting for your proposed site (you must also hire an attorney to assist you with these matters).

We will also coordinate and work with the Real Estate Company, Architect Company, M.E.P. Engineer and Project Manager (if the Project Manager is a third-party company) relating to the site selection, lease negotiation, design and project management services provided by such companies.

- 7.3. **General Guidance.** ~~Based on periodic inspections of~~ We will periodically review and evaluate your Center ~~or~~ and reports you submit to us, ~~we will~~ and provide our guidance and recommendations on ways to improve the ~~marketing and/or~~ operation of your Center. We will advise you of new developments, techniques and improvements in the areas of advertising, management and operations. We do not represent that your compliance with our advice, guidance or recommendations will result in any level of success of your Business.
- 7.4. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Center. We may ~~prepare and provide you with~~ a report detailing any problems or concerns observed during the field visit together with ~~required or suggested changes or improvements~~ our instructions to address or resolve such problems or concerns. You must implement all required ~~changes or improvements~~ corrective measures in the time and manner we specify.
- 7.5. **Marketing Assistance.** As further described in ~~Section §~~ 11.1 and ~~Section §~~ 11.2, we will administer the brand and system development fund and provide you with other marketing assistance during the Term.
- 7.6. **Website.** We ~~will~~ currently maintain a corporate website for the Dogtopia brand that will include such information about your Center as we deem appropriate. We will also develop and host a microsite dedicated to your Center that will be linked to our corporate website. Your microsite will include localized information about your Center, such as contact information and hours of operation. We will provide one (1) registered domain name for the microsite, under our standard technology package. We will own the website (including your Center's microsite) and domain name at all times. We may ~~modify the content of and~~ change or discontinue the website (and the microsite) at any time in our discretion.
- 7.7. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for ~~us and our~~ franchisees. ~~If we succeed, we~~ We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase ~~certain items~~ goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.
- 7.8. **Merchandise.** We may, but need not, develop new or additional merchandise and retail items for sale at your Center. You agree to maintain a reasonable supply of these items at your Center at all times. We may require that you purchase certain merchandise, inventory items, equipment or other goods we designate exclusively through Dogtopia Marketplace.
- 7.9. **Contact Center.** We may operate, or designate a third-party provider to operate, a ~~contact center~~ Contact Center to answer calls, schedule appointments, route new customer leads to an appropriate Dogtopia Center and provide other related services. You must participate in the ~~contact center~~ Contact Center program and pay all reasonable setup and monthly fees designated by us or the third-party provider, unless we designate participation as optional. We currently charge a weekly ~~contact center~~ Contact Center fee of \$150 per week prior to opening and up to \$375 per week after opening (higher pricing applies to franchisees signing up for less than 12 months of service). The fee may be changed from time to time ~~and set forth in~~ via updates to the Manual. Participation in the

program may include, without limitation:

- (i) using and publishing a telephone number that we designate;
- (ii) engaging a designated service provider (which may be us, our affiliate, or a third party) to answer calls, set customer appointments, schedule services, route new customer leads to an appropriate Dogtopia Center and provide other related services;
- (iii) acquiring, installing, and using related technology;
- (iv) using designated service providers; and
- (v) executing any related user or service agreement designated by us or the third-party provider.

At any time that we are not implementing a ~~contact-center~~ Contact Center program, (or that you are not using a Contact Center program that we have implemented but designated as optional) you must arrange for the answering of all incoming phone calls and responding to other customer inquiries and communications during regular business hours. Your failure to comply with this requirement is a material breach of this Agreement.

8. ESTABLISHING YOUR FACILITY

8.1. Project Management.

- (a) Management Companies. We will contract with the Real Estate Company under a Master Services Agreement to provide the real estate related services described in this Agreement (you must also directly contract with the Real Estate Company). If we elect to require you to use a third-party Project Manager, you must separately contract with that company. You must sign an Architectural Services Agreement with the Architect Company. We will coordinate and work with the Real Estate Company, Architect Company, M.E.P. Engineer and Project Manager to provide the various project management services described in this Agreement. If you desire to engage the services of a separate supplier to provide any of the services provided by the Real Estate Company, Architect Company or Project Manager, then the following apply:
 - (i) you must still contract with and pay for the services of the supplier we designate;
 - (ii) either we or the supplier we designate must approve the supplier you propose;
 - (iii) the supplier you propose must coordinate their efforts with, and report to, the supplier we designate;
 - (iv) the supplier we designate must review the work product of the supplier you propose and retain ultimate control over the project;
 - (v) if there is a conflict between the supplier you propose and the supplier we designate, the supplier we designate has final decision making authority; and
 - (vi) the supplier you propose must be appropriately licensed and bonded (if required by applicable Law).
- (b) Services to be Rendered. The Real Estate Company, Architect Company, M.E.P. Engineer and Project Manager will assist you in completing certain site selection, design, planning and construction deliverables relating to the development of your Center as further detailed in the table below:

Deliverable	Description	Timing	Responsible Party	Who Pays?
Market Analysis	Demographic analysis of site selection area	After you sign the Franchise Agreement	Real Estate Company and us	You pay Real Estate and Facility Coordination Fee to us

Deliverable	Description	Timing	Responsible Party	Who Pays?
LOI	Letter of Intent with proposed terms for a lease of a location	When you find an approved location	Real Estate Company and any attorney you hire	You pay Real Estate and Facility Coordination Fee to us
				You pay your attorney directly
Zoning Analysis	Confirmation by qualified professional that you can operate at the approved site	Before signing lease	Architect Company, us and any attorney you hire	You pay Architect Company directly
				You pay your attorney directly
Lease Negotiation	Negotiating the terms of your lease	After acceptance of your LOI	Real Estate Company, us and any attorney you hire	You pay Real Estate and Facility Coordination Fee to us
				You pay your attorney directly (we pay if you use our preferred attorney)
Pre-Construction Survey	A survey of the location	Before SD	Architect Company	You pay Architect Company directly
Schematic Design	2-dimensional rendering the floor plan of the location	After LOI	Architect Company and us	You pay Architect Company directly (no fee from us for this item)
Construction Plans	Construction documents including architectural, mechanical, plumbing, and electrical engineering documents	After SD	Architect Company	You pay Architect Company directly
				You pay Real Estate and Facility Coordination Fee to us
General Contractor Bids	Bids from general contractors for the construction of your location	After all drawings are complete and permits are issued	Project Manager solicits bids, you review them and select a general contractor	You pay Real Estate and Facility Coordination Fee to us
				You pay general contractor directly
Construction Coordination	Provider acts as a project coordinator	After general contractor is selected	Project Manager	You pay Real Estate and Facility Coordination Fee to us
Project Closeout	Final Site Visit & Punchlist With Warranty Assistance	Pre/Post Certificate of Occupancy	Project Manager	You pay Real Estate and Facility Coordination Fee to us

We assist the Real Estate Company, Architect Company and Project Manager (we currently serve as Project Manager) with certain deliverables as further detailed in [Section §7.2](#). The specific services provided to you may vary depending upon market conditions, building requirements and other factors.

- (c) Required Additional Services. You are encouraged (or in some instances required) to engage certain real estate professionals designated or approved by us to provide certain services that are not directly provided by the Real Estate Company, including, without limitation: (a) an attorney to review and negotiate the lease or purchase agreement for your facility; and (b) an attorney or other real estate professional to prepare a zoning analysis of your proposed Center and obtain any necessary special use permits or zoning variances. You must also engage certain professionals designated or approved by us to provide certain development and construction services that are not directly provided by the Project Manager, including an approved general contractor to manage the construction of your Center. The Real Estate

Company, Architect Company and Project Manager will identify certain suppliers that have been approved or designated by us to provide the services listed above. If you desire to utilize a different supplier, we must first approve the supplier you propose.

- (d) Optional Additional Services. We strongly recommend, but do not require, that you utilize the Real Estate Company, Architect Company, M.E.P. Engineer and/or Project Manager to conduct, and/or coordinate with one or more third-party suppliers to conduct, the following optional services:
- (i) —an architect and/or M.E.P. Engineer to perform environmental surveys, including, but not limited to, internal air quality, asbestos causing materials, radon, mold and hazardous waste;
 - (ii) —an attorney to conduct title searches;
 - (iii) an architect, inspector and/or engineer to conduct inspections of mechanical, electrical, plumbing, fire protection, building and structural systems; and
 - (iv) an architect to conduct Americans with Disabilities Act (ADA) surveys.

You would be required to pay additional fees for these optional services. The Real Estate and Facility Coordination Fee does not cover the fees for these services.

- (e) Fees and Expenses. Upon execution of this Agreement, you must pay us a ~~non-refundable~~nonrefundable fee (the “Real Estate and Facility Coordination Fee”) as follows: (a) \$44,500 if you are not a Conversion Franchisee and you do not own the real property for your Center as of the Effective Date; (b) \$35,000 if you are not a Conversion Franchisee but you own the real property for your Center as of the Effective Date; or (c) \$15,500 if you are a Conversion Franchisee. or you are purchasing your second (2nd) or subsequent Center. The Real Estate and Facility Coordination Fee covers our fees for the required services we provide (including our fees imposed for the services we provide as the Project Manager and the Consultation Services). The Real Estate and Facility Coordination Fee does not cover any other fees or expenses you will incur, including, without limitation, any fees imposed by the Real Estate Company (who is paid by your landlord), the Architect Company, attorneys or general contractors. You must separately contract with and pay the fees imposed by these third party suppliers. Similarly, if you choose to purchase any of the optional additional services described in Section ~~§~~8.1(d), you must separately contract with and pay the fees imposed by the supplier. No fees or services, other than those expressly set forth in this Agreement, are included in the Real Estate and Facility Coordination Fee, including, without limitation, license submission fees, outdoor play area design and build-out and other direct and indirect costs to prepare your Dogtopia Center for opening.
- (f) Disclaimer of Liability. We have established relationships with certain real estate and project management professionals in order to assist you in identifying qualified professionals who are experienced with our brand and have demonstrated competency in rendering such services in the development of other Dogtopia Centers. We have attempted to obtain favorable pricing with these suppliers. Although we may assist and coordinate with certain of these suppliers, you understand and agree that we do not guarantee the quality of their work and we have no liability for their services. You may propose suppliers of your choosing to provide the real estate, architectural design and project management services described above. You are strongly encouraged to interview and review the backgrounds of all of our designated or approved suppliers and speak with other franchisees who have used them. Although you must utilize the Real Estate Company, Architect Company and Project Manager we designate, you may also engage the services of other suppliers we approve to perform similar services on your behalf, subject to the requirements set forth in Section ~~§~~8.1(a). You hereby waive any claims against us arising in connection with: (a) the services performed by the Real Estate Company; (b) the Architectural Services Agreement or the services performed by the Architect

Company; (c) the services performed by any third-party Project Manager; or (d) any other agreement you enter into with a third-party supplier relating to any of the services contemplated by this ~~Section §~~8.1 or any other services relating to the development of your Center. In addition, if you choose not to purchase any of the recommended, but optional, services listed in ~~Section §~~8.1(d), you do so at your own risk and acknowledge we have no liability for any damages that you may incur as a result of your failure to obtain such services. If you have a dispute with an approved or designated supplier, we will consult with you on potential ways to resolve the dispute.

- 8.2. **Lease or Purchase Agreement.** We must approve the lease or purchase agreement for your Center's premises before you sign it. You must utilize the Real Estate Company, or a broker or attorney designated or approved by the Real Estate Company, to negotiate your lease or purchase agreement, as applicable, and obtain any necessary zoning variances. If you use our preferred commercial real estate attorney, we will pay for their fees to negotiate your lease (you do not receive any credit or refund of any fee if you choose not to use our preferred attorney). You may hire other attorneys or real estate professionals of your choosing to work with and assist our designated or approved real estate professionals with these matters. If you lease the premises for your Center, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ~~ATTACHMENT "B"~~ ATTACHMENT "B". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require ~~that you~~ to find a new site for your Center. You must promptly send us a copy of your fully executed purchase agreement or lease and Lease Addendum, as applicable, for our records. Although we may review the terms of your lease and provide you with feedback, our advice or recommendations shall not be deemed a representation as to the reasonableness of the terms. You hereby waive any claims against us arising in connection with: (a) our review of and feedback regarding your lease terms; or (b) any advice or legal services provided by our preferred commercial leasing attorney.
- 8.3. **Construction.** We will provide you with prototype plans for a Dogtopia Center, including exterior and interior design and layout and required fixtures, equipment, décor and signs. You must contract with the Architect Company (and any other necessary engineers and professionals) to adapt and modify these plans to comply with all applicable ordinances, building codes, permits requirements and lease requirements. The Architect Company must prepare the final construction plans and submit them to us for approval. You must use the Architect Company and, when necessary, an attorney or other real estate professional, to obtain all zoning classifications and clearances, special use permits, building permits, utility permits, signage permits, health permits and business permits and/or licenses that are necessary to develop, open and operate a Dogtopia Center at the approved site. We may also provide our advice and assistance on these matters. You must certify to us in writing once all such permits and licenses have been obtained and provide copies to us. Once we approve the final construction plans prepared by the Architect Company, you must hire an approved general contractor to construct and equip the premises to the specifications contained in the approved final plans. At least 14 days before opening, you must: (a) purchase and install all signs, furniture, fixtures and equipment; (b) establish broadband or high-speed Internet access; and (c) purchase and install the webcam system we require with cameras located in compliance with our specifications. We must approve the real estate professionals you use to design and construct your Center, although you do not need our approval of any attorney you hire. The Real Estate Company, Architect Company, M.E.P. Engineer, and Project Manager will inform you of the identities and qualifications of the engineers, contractors, attorneys and other professionals who have been approved by us and who are available to assist you with the design and development of your Center. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your Center. You must complete construction ~~of the facility~~ within 240 days after we approve the site for your Center.
- 8.4. **Opening.** You must open your Center to the public within one (1) year after the Effective Date. You

may not open your Center prior to receipt of our written authorization to open ~~issued by us.~~ We will not issue ~~an~~our authorization to open before:

- (i) ~~your~~the Managing Owner and Designated Manager successfully complete initial training;
- (ii) you purchase all required insurance and provide us with ~~proof~~evidence of coverage;
- (iii) you obtain, and certify to us that you have obtained, all required licenses, permits and ~~other governmental~~ approvals from Governmental Authorities;
- (iv) you pay all amounts owed to us, our affiliates and suppliers that are due as of the opening date; and
- (v) we review and approve the construction, build-out and layout of your Center.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection and you must implement all changes we require before opening. ~~BY VIRTUE OF OPENING, YOU ACKNOWLEDGE WE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.~~

8.5. Relocation. You may relocate your Center with our prior ~~written~~ approval, which we will not unreasonably withhold. If we allow you to relocate, you must:

- ~~(i) — obtain our approval of the new site for~~ (a) locate your new Center ~~which must be located~~ within the Territory or any other area we approve (but outside any territory assigned to us, our affiliate or another franchisee);
- ~~(ii) — (b) comply with Sections §8.1 through Section §8.4 of this Agreement with respect to your new Center (excluding the one-year opening period);~~
- ~~(iii) — (c) comply with the de-identification obligations set forth §23.1(xi) with respect to your former Center;~~ (d) pay us our then-current relocation fee and/or other fees we impose for assistance provided by us and/or our designated or approved suppliers relating to site selection, design, planning and construction of the new Center; and
- ~~(iv) — (c) open your new Center at the new site and resume operations within: (a) 120 30 days after closing your prior Center if at the reason for relocation is former site; provided, however, that if you relocate because your Center's premises Center is destroyed, condemned or otherwise rendered unusable; or (b) 30 due to the physical condition of the premises, then you have 120 days after closing your prior Center if you relocate for any other reason.~~

to reopen at the new site. We may revise the boundaries of your Territory for your new Center.

9. MANAGEMENT AND STAFFING.

9.1. Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner may, but need not, serve as the Designated Manager to provide on-site management and supervision of the Center. ~~Any new~~The Managing Owner ~~we approve must: (a) be approved by us; (b) successfully complete the initial all training program. The Managing Owner must~~ programs we require; and (c) have authority over all business decisions relating to the Business and have the power to bind you in all dealings with us and third parties. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Center.

9.2. Designated Manager. You must designate an individual who will provide daily on-site management and supervision of your Center (the "Designated Manager"). Your Managing Owner may, but need not, serve as the Designated Manager. The Designated Manager must: (a) dedicate a minimum of 40

hours per week (50 weeks per year) to on-site management of the Center. ~~Any Person you hire or contract with to serve as the Designated Manager must: (a) (b) successfully complete all training programs we require; and (bc) sign a Brand Protection Agreement. The (except for the Managing Owner must assume responsibility for the on-site).~~ At all times during normal business hours, either the Managing Owner or a Designated Manager must be present at your Center to provide onsite management and supervision ~~of your Center if the Designated Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Designated Manager.~~ The Managing Owner must at all times dedicate commercially reasonable efforts to monitoring and supervising the ~~activities of the~~ Designated Manager to ensure the Center is managed and operated in accordance with this Agreement and the Manual. You may, but need not, hire one (1) or more assistant managers to assist with the management of the Center.

9.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. We may prescribe certain training programs that you must conduct for your employees. Your employees must maintain a neat and clean appearance and wear the uniforms that we designate. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business eEntity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay ~~and other~~ benefits, work assignments, training and working conditions. Although we may provide you with sample employment policies and tools as examples of what we use at corporate locations, you are solely responsible for developing your own employment policies and practices. We strongly recommend you hire an employment attorney or human resources professional to help you develop your own employment policies and procedures. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice. You must comply with all employment related Laws, including wage-hour, civil rights, immigration, employee safety and related employment and payroll related Laws. You may not engage in any discriminatory employment practices.

9.4. Interim Manager. We have the right, but not the obligation, to designate ~~an individual~~ a Person of our choosing (an "Interim Manager") to manage your Center if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner ~~(whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days;~~ or (b) you ~~are in~~ fail to cure a material breach ~~and fail to cure the breach~~ before the expiration of the ~~applicable~~ cure period ~~(if any).~~ The Interim Manager will cease to manage your Center at such time that you ~~hire or contract with~~ appoint an ~~adequate~~ approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to ~~compensate: (a) pay us a management fee in an amount we reasonably designate (not to exceed 3% of Gross Sales generated during the period of time that~~ the Interim Manager ~~at a rate we establish in our commercially reasonable discretion, manages your Center); and (b) reimburse us for all Travel Expenses incurred by the Interim Manager.~~ The Interim Manager ~~will have~~ has no liability to you

except for gross negligence or willful misconduct. We ~~will~~ have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

10. **FRANCHISEE AS ENTITY.** You represent that Part B of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must ~~provide~~send us ~~with~~ a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity (~~whether direct or indirect~~) and their spouses must sign ~~the~~a Franchise Owner Agreement ~~attached as ATTACHMENT "C"~~.

11. **ADVERTISING & MARKETING.**

11.1. Brand and System Development Fund.

(a) ~~Administration.~~ Our affiliate, Dogtopia Advertising, LLC ("Dogtopia Advertising") currently administers a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty fee due date, you must pay Dogtopia Advertising a brand fund fee equal to 2% of Gross Sales Gross Sales generated during the immediately preceding reporting period. We may change the required contribution (not to exceed 3% of your weekly Gross Sales) upon 30 days' prior notice. We may collect brand fund fees on behalf of Dogtopia Advertising and remit the funds to Dogtopia Advertising. Dogtopia Advertising (or any successor administrator of the fund) may use the fund to pay for any of the following in Dogtopia Advertising's sole discretion:

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) improving public awareness of the Marks;
- (iv) public and consumer relations and publicity;
- (v) brand development;
- (vi) sponsorships;
- (vii) charitable and non-profit donations and events;
- (viii) research and development of technology, products and services;
- (ix) website development, mobile app development and search engine optimization;
- (x) development, maintenance and promotion of an ecommerce platform;
- (xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;
- (xii) conducting market research;
- (xiii) changes and improvements to the System;
- (xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
- (xv) collecting and accounting for contributions to the fund;
- (xvi) preparing and distributing financial accountings of the fund;
- (xvii) any other programs or activities ~~that~~ we deem appropriate to promote or improve the System; and
- (xviii) direct or indirect labor, administrative, overhead and other expenses incurred by Dogtopia

Advertising, us and/or our other affiliates ~~in relation~~ relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, ~~directors~~, employees or independent contractors based upon time spent working on any brand fund matters described above.

Dogtopia Advertising has sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we or our affiliates may lend money to the fund if there is a deficit. The fund is not a trust and neither we nor Dogtopia Advertising have any fiduciary obligations to you with respect to the administration of the fund. ~~A financial accounting~~ An annual statement of the fund operations ~~of the fund~~, including deposits ~~into~~ and disbursements ~~from the marketing fund~~, will be prepared ~~annually~~ within 90 days after the close of our fiscal year and made available upon request. In terms of marketing activities paid for by the fund, neither we nor Dogtopia Advertising ensure ~~these that:~~ (a) expenditures in (or affecting any) a given geographic area are proportionate or equivalent to the brand fund ~~contributions~~ fees paid by franchisees ~~operating in that geographic area; or that any franchisee benefits~~ (b) franchisees benefit directly or in proportion to their brand fund ~~contributions~~. ~~We reserve the right to~~ fees. ~~We may suspend or~~ discontinue the fund at any time in our sole discretion upon ~~at least~~ 30 days' prior notice.

~~(b) — Contributions. On each royalty fee due date, you must pay Dogtopia Advertising a brand and system development fund fee equal to 2% of your weekly Gross Sales generated during the immediately preceding reporting period. We may change the required contribution (not to exceed 3% of your weekly Gross Sales) upon at least 30 days' prior notice. We may collect the contributions on behalf of Dogtopia Advertising and remit the funds to Dogtopia Advertising.~~

11.2. Marketing Assistance From Us. We will set up and manage your microsite and social media account. At the time your microsite launches, you must pay us a one-time \$700 setup fee for establishing your microsite and social media account. Each month thereafter, you must pay us a digital marketing fee of \$125 per month, which we utilize to maintain, manage and update your microsite and social media account (or any successor platform(s) we designate) and provide other related website and social media services. Some of these services may benefit the System as a whole and do not directly benefit your Center. The \$125 monthly fee is due on the 15th day of each month or such other date we specify from time to time. We may change the \$125 monthly fee from time to time upon ~~at least~~ 30 days' prior written notice. We may create and make available to you advertising and other marketing materials for your purchase. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. ~~We may make;~~ (b) provide online access to these materials ~~available over the Internet~~, in which case you ~~are responsible for printing~~ must print the materials at your expense. ~~We may also enter into relationships; and/or (c) contract~~ with third-party suppliers to create ~~advertising or marketing and sell these materials for your purchase to you~~. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

- (a) Grand Opening. Prior to opening, you must spend at least \$15,000 on advertising and ~~other~~ marketing activities to promote the opening of your Center, including digital advertising, guerilla marketing and public relations. We must approve all advertising in accordance with Section § 11.3(e). We may specify a grand opening marketing program you must follow.
- (b) Local Marketing Commitment. After opening, you must spend, on a monthly basis, at least 2% of Gross Sales on local advertising to promote your Center (the "Local Marketing Commitment"). We ~~will~~ measure your compliance on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period is at least 2% of Gross Sales, you are deemed in compliance even if your expenditure in ~~any~~ given

month is less than 2% of Gross Sales. The Manual may designate the types of expenditures that will or will not count towards satisfaction of the Local Marketing Commitment. Without limiting the generality of the foregoing, brand fund contributions and grand opening marketing expenditures do not count towards satisfaction of the Local Marketing Commitment. You must participate, at your expense, in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to [Section §11.4](#).

- (c) Standards for Advertising. All marketing, advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your marketing, advertisements and promotions do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.
- (d) Extra-Territorial Marketing. You ~~can market and may~~ advertise and market outside your Territory as long as you: (i) do not use any domain names, social media accounts or directory listings related to areas outside your Territory; (ii) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (iii) do not engage in targeted marketing directed into any territory assigned to another Dogtopia Center (~~except as authorized by this Section~~). ~~You may not engage in targeted marketing directed into a territory assigned to another Dogtopia Center unless: (i) the marketing is conducted as part of an advertising cooperative that includes such the affected territory; or (ii) the marketing is conducted with the prior written consent of the owner of each affected Dogtopia Center provides their written consent to such marketing.~~ Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to another Dogtopia Center. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up conducting promotional events ~~that take place~~ within a given territory. In most cases, we attempt to limit digital advertising to the area within a six (6) mile radius from the Dogtopia Center that is the subject of the ad. However, it is possible these digital ads may be viewed in another franchisee’s territory and we shall have no liability if this occurs. If you advertise or market outside of your Territory in violation of this Section, you must follow our instructions to remedy such violation, which may include: (i) transitioning customer contracts to the affected Dogtopia Center if the pet parent chooses to use that Center (the pet owner always reserves the right to choose the Dogtopia Center they wish to utilize); and/or (b) compensating the owner of the affected Dogtopia Center for lost revenues resulting from the violation. If there is a dispute between you and another franchisee regarding extra-territorial marketing, you and the other franchisee must use good faith efforts to resolve the dispute before notifying us of the dispute.
- (e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that: (i) we have not approved (including materials, programs, or media (ii) we previously approved approve and later disapprove). We have 30 days to review and approve or disapprove advertising and marketing materials and programs you submit ~~for approval.~~ Our failure to issue our approval within the 30-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an “Improvement” for purposes of §19.6.
- (f) Social Media. You may advertise and market your Center using social media, provided that:

- (i) you only utilize social media platforms we approve;
 - (ii) you strictly comply with our social media policy ~~(as revised from time to time)~~;
 - (iii) you immediately remove any post we disapprove ~~even if it complies with our social media policy~~;
 - (iv) you ~~use~~ contract with and exclusively utilize any ~~supplier~~ social media company we designate ~~for social media marketing~~;
 - (v) you provide us with full administrative rights to your social media accounts; and
 - (vi) we retain ownership of all social media accounts relating to your Center.
- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, ~~create~~ or otherwise maintain a website or other online or digital presence in connection with your Center (other than the microsite we provide), including any website bearing our Marks; ~~or~~ (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

11.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Dogtopia Centers located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or on such other date established by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 2% of Gross Sales. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You ~~agree to~~ must operate your ~~Business: (a) in a manner that will promote the goodwill of the Marks; and (b)~~ Center in full compliance with ~~our standards and all other terms of this Agreement and~~ the Manual and our standards in order to maintain the goodwill associated with the Marks.

12.2. Operating Standards Manual. You must establish and operate your ~~Business~~ Center in accordance with the Manual. The Manual may contain, among other things:

- ~~(i) a description of the authorized goods and services you may sell;~~
- ~~(i) architectural plans and specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Dogtopia Centers;~~
- ~~(ii) reporting and insurance requirements;~~
- ~~(ii) (i) specifications~~ the design, dimensions, layout, equipping and design trade dress for a Dogtopia prototype Center;
- ~~(iii) policies and procedures pertaining to any gift card or membership or enrollment program we establish;~~

- ~~(iv) — policies and procedures pertaining to marketing and advertising (including extra-territorial marketing);~~
- ~~(v) — policies and procedures relating to data ownership, protection, sharing and use; and~~
- ~~(iii)(ii) a ~~written~~ list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) a ~~list of any~~ designated ~~or~~ and approved suppliers ~~for these goods or services.~~~~
- (iii) a description of the authorized goods and services you may sell;
- (iv) specifications, techniques, methods, operating procedures and quality standards; and
- (v) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) gift card, loyalty, membership and enrollment models and programs; (e) data ownership, protection, sharing and use; and (f) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by ~~our franchisees, Centers.~~ We can modify the Manual at any time. ~~The modifications will become~~ Modifications are binding at the time we notify you of the ~~modification (change,~~ subject to any “grace period” we provide to implement the change). Notices may be provided electronically in the form of the Franchisee newsletter and then updated and memorialized in the Manual. All mandatory provisions ~~contained~~ in the Manual (whether ~~they are~~ included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You ~~agree to~~ must offer all goods and services we require from time to time in our commercially reasonable discretion. At all times, you must maintain a sufficient supply of all inventory items in accordance with the requirements in the Manual. You may not offer any other goods or services without our prior ~~written permission. You may not use your Center, or permit your Center to be used, for any purpose other than offering the goods and services we authorize.~~ approval. We may ~~add, modify or delete~~ change authorized goods and services; at any time and you must ~~do the~~ comply with our instructions regarding same ~~upon notice from us. Our addition, modification or deletion of one or more goods or services. Any such change~~ shall not constitute a termination of this Agreement. ~~You may only offer and provide Dogtopia products and services from your Center. You may not provide off-site services without our prior written approval.~~

12.4. Sales Restrictions. You may only sell ~~Dogtopia products~~ to retail customers while ~~such customers~~ they are present at ~~your~~ the Center. In the future, we may authorize you to provide certain “off-site” services (for example, mobile grooming, pet pick-up, etc.). ~~If we authorize off-site services, you must follow all policies and procedures in the Manual relating to the provision of such off-site services. You may not offer or sell any goods or services through Alternative Channels of Distribution without our prior written consent. At all times, you must maintain a sufficient supply of all inventory items in accordance with the requirements set forth in the Manual. Unless you receive our prior approval, you may not: (a) offer, sell or provide Dogtopia products and services from any location other than your Center’s premises; (b) provide off-site services; (c) advertise, sell or provide goods or services through Alternative Channels of Distribution, including via mobile service or through an ecommerce site; (c) sell authorized goods or services to any Person for purposes of resale; or (d) use, or allow any other Person to use, your Center for any purpose other than offering the goods and services we authorize. If we authorize off-site services, you must strictly comply with all associated policies and procedures in the Manual.~~

12.4.12.5. Pricing and Payments. ~~To the maximum extent permitted by applicable Law, We will provide you with our suggested retail pricing, which may vary by market. You may deviate from our suggested retail pricing at your discretion; provided, however, that~~ we may ~~establish~~ set maximum or minimum prices ~~for on~~ the goods and services you sell: to the extent permitted by applicable Law. Without limiting the generality of the foregoing, if we establish a loyalty program ~~(such as a membership or enrollment model), or similar program,~~ we may establish maximum or minimum

prices for such program (or if permitted by applicable Law, establish the specific prices for such program), which may be uniformly imposed on a national or regional basis, as determined by us in our sole discretion, but only to the extent permitted by applicable Law. ~~Your Center~~

12.6. Customer Payments. ~~You must accept all major credit cards, including, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with~~ Visa, MasterCard, American Express ~~and, Discover, as well as debit cards (unless acceptance of debit cards requires a separate and all other credit card processing terminal or an additional expense).~~ issuers we designate, in order for you to be able to accept such methods of payment from customers. We may require that you utilize our designated supplier for credit card processing services. ~~You must comply with the Payment Card Industry Data Security Standard, commonly referred to as PCI, and all applicable data privacy and security Laws.~~ You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

12.5.12.7. Restrictions on Customers. You may accept business from pet owners regardless of whether they reside within or outside your Territory. Similarly, other Dogtopia Centers may accept business from pet owners that reside within your Territory. If you service a customer and the customer desires to transfer their business to a different Dogtopia Center for any reason, you must follow all customer transition policies set forth in the Manual.

12.6.12.8. System Accounts. From time to time, we may, but need not, negotiate agreements (“System Account Agreements”) with businesses or other organizations (“System Account Customers”), pursuant to which certain individuals associated with the System Account Customer (“System Account Beneficiaries”) may receive preferential pricing and/or other benefits at participating Dogtopia Centers. These relationships are referred to as “System Accounts”. In some cases, we may bill System Account Customers centrally and remit payments to participating Dogtopia Centers in accordance with our then-current policies and procedures for System Accounts (we may deduct any fees you owe from any such remittance to you). If we negotiate a System Account, we may, but need not, offer you the right to participate by providing goods or services to the System Account Beneficiaries under the terms and conditions of the System Account Agreement. If we offer you the right to participate, we will notify you in writing of the offer and the terms and conditions under which you must provide goods and services to the System Account Beneficiaries. If you wish to participate, you must notify us in writing within 45 days after receiving the offer notice from us. If you accept the offer within the 45-day period, we will notify the System Account Customer that your Center is a “participating location” where System Account Beneficiaries may receive goods and services under the terms and conditions of the System Account Agreement. In such event, you must honor all terms and conditions of the System Account Agreement. If you do not accept the offer within the 45-day period, we will notify the System Account Customer that your Center is a “non-participating location” and you will not be obligated to honor the terms and conditions of the System Account Agreement. If you elect to be a participating location, we may terminate your participation at any time that you are in default under this Agreement or at any time following your failure to honor the terms and conditions of a System Account Agreement. In addition, if you elect to participate in a System Account, your failure to honor the terms and conditions of the System Account Agreement shall be deemed a default under this Agreement.

12.7.12.9. Suppliers and Purchasing. You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual ~~from time to time. If required by the~~ The Manual, may require that you ~~must~~ purchase certain goods and services only from suppliers we designate or approve ~~(which, These suppliers may include, (or be limited exclusively to,) us or our affiliate or, The Manual~~ may require that purchases be made through our designated ecommerce platform, Dogtopia Marketplace). Our right to specify the suppliers you ~~may~~ use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ~~ongoing~~ operation of Dogtopia Centers, protect our trade secrets, ~~obtain~~

~~discounted pricing for franchisees if we choose to do so~~negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates or other ~~financial~~-consideration from suppliers based on your purchases, we have no obligation to pass ~~these amounts on them through~~ to you or use them for ~~your benefit~~any particular purpose. If you ~~want~~wish for us to approve a supplier ~~you propose~~, you must send us a ~~written notice~~request for approval specifying the supplier's name and qualifications and provide ~~any~~all additional information we request. We will approve or reject your request within 60 days after we receive your ~~notice~~request and all ~~additional~~ information ~~(and samples)~~ we require. We ~~shall be~~are deemed to have rejected your request if we fail to issue our approval within the 60-day period.

12.8.12.10. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, ~~which may~~. Our right to require ~~you to make additional investments. Our ability to require franchisees to make~~ significant ~~changes to their~~ equipment changes is critical to our ability to administer and change the System and you ~~agree to~~must comply with ~~any such required change~~these changes within the time period we reasonably specify.

12.9.12.11. Business Vehicle. You must comply with any standards or specifications we prescribe for vehicles used in connection with your Business. You must maintain the interior, exterior and mechanical parts of all such vehicles in good cleanliness, repair and condition and regularly service and maintain the vehicle to keep it in good working order. You must purchase and install any vehicle wraps we specify.

12.10.12.12. Technology Systems.

- (a) Generally. You must acquire and utilize all Technology Systems we ~~specify~~require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. We may require that you, ~~at your expense~~, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, ~~at your expense~~ upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.
- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. ~~You must record and comply with all sales in the Technology System in the manner we require~~associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to ~~enable~~provide us ~~to have~~with independent and unlimited access to ~~the~~ data collected through your Technology Systems, including Gross Sales ~~information~~data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems, ~~including upon termination or expiration of this Agreement~~.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. ~~You~~Upon request, you must obtain and maintain cyber insurance and business interruption insurance for

technology disruptions.

(d) Email. We provide you with a certain number of Dogtopia email addresses/accounts. We may charge you our then-current fee for each email address/account we provide (this fee would be included in or added to the technology fee described in §12.12(e)). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Business. You may not use them for any purpose unrelated to your Business. We own the email addresses and accounts but allow you to use them during the Term. We will have independent access to your email account at all times. As of the Effective Date: (i) we provide 5 Dogtopia email addresses/accounts as part of our standard technology package; and (ii) we offer an optional “email package” upgrade that includes 5 additional Dogtopia email addresses/accounts.

~~(d)~~(e) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may ~~also~~ enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use ~~on~~of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or ~~the~~ prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers ~~for any component of the Technology Systems. The amount of the technology fee may be listed in the Manual or communicated to you in any other manner we deem appropriate.~~ The technology fee is due the 15th day of each month or as we otherwise ~~specified by us from time to time.~~

~~(e)(a) specify. Email. We provide you with a certain number of Dogtopia email addresses/accounts for purposes of communicating with us, customers, suppliers and other Persons for Business-related purposes (our standard technology package includes five (5) email accounts; you may purchase the optional Email Package for an additional \$70 per month, which includes five (5) additional email accounts). You must exclusively use the email addresses we provide for all communications with us, customers, suppliers and other Persons relating to your Business. You may not use them for any purpose unrelated to your Business. We will own the email addresses but allow you to use them during the Term. We will have independent access to your email account at all times~~list the current technology fee in the Manual.

12.11.12.13. Remodeling and Maintenance. You must remodel, renovate and make all improvements to your Center that we reasonably require from time to time to ~~reflect~~conform to our then-current standards and specifications for similarly-situated Dogtopia Centers. There ~~are~~is no limitations on the cost of these remodeling obligations, but we will not require that you significantly remodel your Center more than once during any 10-year period except as a condition to renewal or ~~t~~Transfer. You may not remodel or significantly alter your Center without our prior ~~written~~ approval,

which will not be unreasonably withheld. ~~However, provided, however, that we need will~~ not approve any proposed remodeling or alteration ~~if the same would not conform to that is inconsistent with~~ our then-current standards and specifications. If we allow you to expand the size of your Center after opening, you must pay us a \$7,500 Center Expansion Fee for the Consultation Services we provide relating to the design, planning and expansion of your facility. You must maintain your Center in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to ~~comply with conform to~~ our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your ~~sole~~ expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Center at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Center as needed. You ~~agree to must~~ comply with any maintenance, cleaning or facility upkeep schedule we prescribe ~~from time to time~~.

12.12.12.14. ~~Gift Card and Loyalty System Programs.~~

- (a) Generally. We may periodically develop and implement membership programs, loyalty programs, gift card programs and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary for participation in the program (collectively, “Program Participation Rules”). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.
- (b) Membership or Enrollment Model. We may require that all Centers operate under a membership and/or enrollment model, in which case your Center must honor memberships, enrollments and the associated benefits and privileges regardless of whether the member purchased their membership or enrollment from your Center. We have the right to: (i) determine how membership or enrollment fees are divided or otherwise accounted for; (ii) require that all membership or enrollment fees be paid to us or deposited into a trust account we control for subsequent disbursement to the Center(s) visited by the member; (iii) adopt policies regarding cooperation between franchisees relating to members who utilize the services of, or enjoy membership or enrollment privileges at, multiple Centers; and (iv) designate the use of new Technology Systems to monitor sales and allocate payments to the Centers(s) visited by the member, either in whole or on a percentage basis. We may require that you utilize the form of membership or enrollment agreement we specify. You must hire an attorney, licensed in your state, to review the membership or enrollment agreement and advise you of any changes necessary to comply with any local Laws affecting the form of membership or enrollment agreement you use. You must obtain our approval of any such changes prior to implementation.
- (c) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for and utilization of the services offered by Dogtopia Centers.
- ~~(d) Gift Card Program. You must. We may require that you participate in a gift card or other customer loyalty program (including utilization of a “membership” or “enrollment” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay additional fees for use of such equipment, software and/or Apps. If we establish a gift card or loyalty program;~~

~~we have the right to determine how proceeds from gift card sales or membership/enrollment fees will be divided or otherwise accounted for, and we may retain the amount of any unredeemed gift cards. You must comply with all policies and procedures we specify from time to time relating to customers that purchase goods or services from multiple Centers in connection with a membership/enrollment program or customers that purchase a gift card from one Center and redeem the card at another Center. We may implement new software and/or Apps to monitor sales and allocate payments to the Center where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the customer pay us for the membership/enrollment fees or that proceeds from gift card sales be deposited into a trust account we control. You must comply with all policies and procedures we specify and we may modify these policies and procedures at any time.~~ participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Center. You may not offer or sell any gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Centers(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

12.13. ~~12.15.~~ Hours of Operation. Your Center must be open during the minimum days and hours of operation set forth in the Manual, subject to any conflicting requirements in your lease or imposed by Law. You must establish specific hours of operation and submit them to us for approval. You understand that your customers may require assistance outside normal business hours. Accordingly, you must ensure that at all times you have one or more “on-call” employees who are available to assist customers outside your normal business hours.

12.14. ~~12.16.~~ Customer Standards of Service, and Professionalism. You must manage and operate your Center in an ethical, safe and honorable manner, provide courteous and professional services to pet parents and dogs and always keep the best interests of the pet parents and their dogs in mind while protecting the goodwill associated with the Marks. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks. You must also treat your employees and our staff with honesty and respect. You understand that your breach of this Section may significantly damage the goodwill associated with our Marks and our System.

12.15. ~~12.17.~~ Quality Assurance Programs. For quality control purposes, we may: (a) periodically inspect your Center in accordance with Section §7.4 or Section 18.1 §18.1; and/or (b) engage the services of a “mystery shopper” or quality assurance firm to inspect your Center. Inspections may address a variety of issues, including customer service, ~~food~~pet safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. ~~Alternatively, we may be invoiced by the mystery shopper or firm and require you to reimburse us for your proportionate share of the total fee based on the number of open Centers owned by you as compared to the total number of all open Centers at the time of the program (including those owned by us or our affiliate). You agree to pay us this fee within 10 days after invoicing.~~ Alternatively, we pay for the cost of the inspection, in which case you must reimburse us. We may also utilize the brand and system development fund to pay the fees associated with the program, in which case you will not be charged any additional fee beyond your standard brand fund ~~contributions.~~fees. We may implement a scoring system pursuant to which each Center receives a “grade” or “score” based on the ~~results of the~~ inspection results. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must ~~take~~implement all ~~actions~~corrective measures we ~~specify~~require within the time period ~~of time~~ we ~~prescribe in~~ordersspecify to rectify any ~~non-compliance~~noncompliance issues revealed ~~during an~~by inspection.

12.16. ~~12.18.~~ Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill

associated with the Marks. If we notify you of a ~~failure to comply with~~breach of our standards or operating procedures (including, ~~without limitation,~~ failure to ~~provide~~submit required reports in a timely manner) and you fail to correct the ~~non-compliance~~noncompliance within the period of time we ~~require~~prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a ~~fine~~noncompliance fee of ~~up to~~ \$500 per occurrence. We may impose an additional ~~fine for \$500 fee~~ every 48 hours the same ~~non-compliance~~noncompliance issue remains uncured ~~following our imposition of~~ after we impose the initial ~~fine. We will deposit all fines~~fee. Any noncompliance fees we collect ~~into the brand and system development fund, are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement.~~ If we takes steps to cure ~~any~~a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then ~~within 10 days of invoicing~~ you must reimburse us for all costs and expenses we ~~incur, either~~ directly or indirectly, incur in connection with our efforts to cure ~~your~~the default. Our acceptance of ~~these amounts~~noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement, ~~including, without limitation, our~~ and we retain the right to terminate this Agreement in accordance with ~~Section §22-~~ should the default continue after we collect these amounts.

13. **MINIMUM PERFORMANCE REQUIREMENTS.** You must generate the following minimum Gross Sales during each 12-month measuring period commencing with the opening date of your Center:

Measuring Period (Months after Opening)	Minimum Gross Sales*
0 through 12 th month	\$200,000
13 th through 24 th month	\$300,000
25 th through 36 th month	\$400,000
Each subsequent 12-month period	\$500,000

* The minimum Gross Sales are non-cumulative from measuring period to measuring period.

If you fail to meet these requirements, we may either (a) terminate this Agreement or (b) modify or eliminate your Territory and/or the territorial protections granted to you.

14. **FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We ~~will~~ consider all suggestions in good faith, but ~~will~~are not ~~be~~ bound by them. The ~~advisory~~ council ~~will~~would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You ~~will~~would have the right to be a ~~member of the council~~ member as long as you ~~are not in default under~~comply with this Agreement and ~~you~~ do not act in a disruptive, abusive or counter-productive manner, ~~as determined by us in our discretion.~~ As a member, you ~~will~~would be entitled to all voting rights and privileges granted to other ~~council~~ members ~~of the council.~~ Each member ~~will be granted~~would have one vote on all matters on which members are authorized to vote.

15. FEES

15.1. **Initial Franchise Fee.** You agree to pay us an initial franchise fee in the amount set forth in Part G of ATTACHMENT "A" in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned and nonrefundable once this Agreement has been signed.

15.2. **Royalty Fee.** ~~Each Wednesday~~ On the day of each week we specify (the "royalty fee due date"), you must pay us a royalty fee equal to 7% of ~~your~~ Gross Sales generated during the immediately preceding reporting period. ~~Each~~ The current reporting period ~~begins~~runs from the opening of business on Sunday ~~morning and ends~~through the close of business on Saturday ~~night, and the current~~ royalty payment due date is the Wednesday immediately following the end of the prior reporting

period. We ~~reserve the right, may~~ periodically change the reporting period and weekly royalty payment due date through updates to the Manual upon at least 30 days' prior notice, ~~to change the royalty fee due date and the associated reporting period.~~

- 15.3. Other Fees and Payments.** You agree to must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section §15. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you ~~(other than, excluding~~ income taxes ~~that we pay imposed on us~~ based on amounts fees you pay us under this Agreement).
- 15.4. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sums due under this Agreement have not been received by us when due ~~(or there are insufficient funds in your Account to cover any sums owed the sum when due),~~ then, in addition to ~~those sums, this sum~~ you must pay us \$100 plus default interest on the amounts past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by applicable Law. ~~If this Agreement does not specify a due date, interest begins to run 10 days after we bill you.~~ We will not impose a late fee ~~on amounts for any amount~~ paid pursuant to Section 15.5 §15.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became payment when due. ~~However, we may impose a late fee for any amounts; provided, however, that if we are unable to reasonably determine the amount due to because of your failure to send us a report required by Section 17.3 within the required period of time or record sales or submit Gross Sales reports in a timely manner, in which case we may assess a late fee on the entire amount that was due. This Section 15.4 §15.4 shall not constitute our agreement to accept late payments after their due date or to extend credit to you. You must notify us within five (5) days of any change to any information pertaining to the Account.~~
- 15.5. Method of Payment.** You must complete and send us an ACH Agreement allowing authorizing us to electronically debit ~~the banking account you designate (your "designated Account")~~ for all amounts owed to us and our affiliates ~~(other than on the applicable due date, excluding the initial franchise fee) on the applicable due date.~~ You must notify us within five (5) days of any change to any information pertaining to the Account. You must sign any all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all ~~revenues you generate from the Business~~ Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge fee imposed pursuant to Section §15.4. We may also impose a \$100 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.
- 15.6. Application of Payments.** We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.
- 15.7. Security Interest.** In order to secure payment of all amounts owed under this Agreement, you hereby grant us a first priority, unsubordinated security interest in all of your furniture, fixtures, equipment, signage, inventory, accounts receivable, and realty (including your interest under all real property and personal property leases) associated with your Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with your Business (collectively, the "Collateral"). You agree to execute all documents necessary to document, perfect and record our security interest in the Collateral, including, without limitation, Uniform Commercial Code financing statements used in the jurisdiction in which your Center is located. If you default under this Agreement, we may exercise all rights of a secured creditor granted by law, in addition to our other rights and remedies under this Agreement and at law. This Agreement shall be deemed a Security Agreement. You hereby irrevocably authorize us at any time and from time to time to file in any filing office in any Uniform Commercial Code ("UCC") jurisdiction any initial financing statements and amendments thereto that: (a) indicate the Collateral (i) as all your assets or words of similar effect, regardless of whether

any particular asset comprising part of the Collateral falls within the scope of the UCC of such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail; and (b) provide any other information required by the UCC applicable in your jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether you are an organization, the type of organization and any organizational identification number issued to you, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Collateral relates. If a third-party lender requests that we subordinate our security interest in any assets of your Dogtopia Center as a condition to lending you working capital for the operation of your Business, we will agree to do so in accordance with our then-current subordination policies.

16. BRAND PROTECTION COVENANTS.

16.1. Reason for Covenants. ~~You acknowledge the~~ The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You ~~also acknowledge~~ agree that competition by you, the Owners or Persons associated ~~Persons with you or the Owners~~ (including family members) could seriously jeopardize ~~the entire~~ our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how ~~related to the System. Accordingly, you.~~ You and the Owners agree to comply with the covenants ~~described in this Section in § 16~~ to protect the Intellectual Property and our franchise system.

16.2. ~~Our Know-how~~ Intellectual Property and Confidential Information. You and the Owners agree to:

- (i) ~~(a)~~ (a) refrain from using ~~the Know-how~~ any Intellectual Property or Confidential Information in any business or ~~capacity for any purpose~~ other than the operation of your Center pursuant to this Agreement;
- (ii) ~~(b)~~ (b) maintain the confidentiality of ~~the Know-how and other~~ all Confidential Information at all times;
- (iii) ~~take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;~~
- (iv) ~~(c)~~ (c) refrain from making unauthorized copies of documents containing ~~any Know-how or other~~ Confidential Information; ~~and~~

(d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the ~~Know-how~~ Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the ~~Know-how~~ Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

16.3. Unfair Competition. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competitiveng Business during the Post-Term Restricted Period as long as the Competitiveng Business is not located within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitiveng Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

16.4. Family Members. Because (a) an Owner could circumvent the intent of ~~Section 16~~ § 16 by disclosing ~~Know-how~~ Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove ~~any such breach~~ whether the Owner

disclosed Confidential Information to the family member, each Owner agrees that he ~~/or~~ she will be presumed to have violated the terms of ~~Section 16~~ §16 if ~~any~~ member of his ~~/or~~ her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses ~~Know-how~~ Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose ~~Know-how~~ Confidential Information to the family member.

- 16.5. ~~Employees and Others Associated with You~~. You must ensure all ~~of your~~ employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your ~~Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement (i.e., the Designated Manager) or Franchise Owner Agreement (i.e., franchise owners and their spouses)~~ Center sign and send us a Confidentiality Agreement before ~~having access to our Know-how. Without limiting the generality of the foregoing, all assistant managers must~~ they are given access to any Confidential Information. Any Person who signs a Brand Protection Agreement need not sign a Confidentiality Agreement. You must: (a) use ~~your~~ best efforts to ensure these individuals comply with the ~~terms of the~~ Brand Protection Agreements and Confidentiality Agreements, as applicable, ~~and you must~~; (b) immediately notify us of any breach that comes to your attention. ~~You agree to~~; and (c) reimburse us for all ~~reasonable~~ expenses we incur ~~in enforcing to enforce~~ a Brand Protection Agreement or Confidentiality Agreement, ~~as applicable~~, including ~~reasonable~~ attorneys' fees and court costs.
- 16.6. Covenants Reasonable. You and the Owners agree that: (a) the ~~terms of this Agreement~~ covenants in §16 are reasonable both in ~~time~~ duration and ~~in scope of~~ geographic ~~area~~ scope; (b) our use and enforcement of ~~covenants~~ similar ~~to those described above~~ covenants with respect to other franchisees benefits you and the Owners ~~in that it prevents~~ by preventing others from unfairly competing with your Center; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the ~~terms of this Agreement. YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 16 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.~~ covenants in §16.
- 16.7. Breach of Covenants. You and the Owners agree that: (a) ~~any~~ failure to comply with ~~the terms of this Section 16 will~~ §16 is likely to cause substantial and irreparable damage to us and/or other ~~Dogtopia~~ franchisees for which there is no adequate remedy at ~~law. Therefore, you~~ Law; and ~~the Owners agree that any violation of Section 16 will entitle us~~ (b) we are entitled to injunctive relief ~~in accordance with Section 24.6. Any claim, defense or cause of action~~ if you or an Owner ~~may have against us, regardless of cause or origin, cannot be used as a defense against~~ breaches §16, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our enforcement of mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this ~~Section 16~~ Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

17. YOUR OTHER RESPONSIBILITIES

17.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies:

- (i) “all risk” property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
- (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your

Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate;

- (iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$1,000,000 in the aggregate;
- (iv) professional liability insurance, containing minimum liability protection of \$1,000,000 per occurrence;
- (v) cyber protection insurance with minimum liability protection of \$100,000;
- (vi) business interruption insurance for 12 months, including coverage of fees owed under this Agreement;
- (vii) animal bailee insurance with minimum liability protection of \$25,000;
- (viii) commercial umbrella insurance with minimum liability protection of \$1,000,000;
- (ix) employment practices liability insurance with minimum liability protection of \$1,000,000;
- (x) worker's compensation insurance as required by Law; ~~and~~
- (xi) any insurance required under your lease or by Law; and
- ~~(xi)~~(xii) any other insurance ~~required by your landlord or that~~ we specify in the Manual from time to time.

You ~~agree to~~must provide us with proof of coverage: (a) prior to opening; (b) within 10 days ~~of any~~after the renewal of a policy; and (c) at any other time on demand. You ~~agree to~~must obtain these ~~insurance~~ policies from licensed insurance carriers ~~that are~~ rated A or better by Alfred M. Best & Company, Inc. ~~and that are licensed and admitted in the state in which you operate your Business.~~ ~~All insurance policies~~Each policy must be endorsed to: (a) name us ~~(and our members, officers, directors, and employees)~~ as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any ~~of your policies fail~~policy fails to meet these criteria, ~~then~~ we may disapprove the policy and you must immediately ~~find additional coverage with an alternative carrier satisfactory to us.~~secure a new policy meeting our criteria. Upon 10 days' notice ~~to you,~~ we may increase the minimum ~~protection requirement as of the renewal date~~liability coverage amount of any policy; and or require different or additional types of insurance ~~at any time, including excess liability (umbrella) insurance, to reflect due to~~ inflation, ~~identification of~~ special risks, changes in Law or standards ~~or of~~ liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain ~~any~~a required ~~insurance coverage~~policy, we ~~have the right to~~may, at our option, obtain the ~~coverage~~policy on your behalf ~~(which right shall be at our option and in addition to our other rights and remedies in this Agreement), and. If we do so,~~ you must promptly sign ~~all applications and~~any application or other ~~forms and instruments~~form required to obtain the ~~insurance~~policy and ~~pay to reimburse~~ us, ~~within 10 days after invoicing,~~ for all premiums and other costs ~~and premiums that we incur,~~ together with a reasonable fee for services rendered in connection with procuring insurance on your behalf.

- 17.2. **Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must maintain, and send to us upon request, a ~~written~~ list of ~~your~~all pet parents and dogs that have used your Center and copies of all associated pet parent and dogs' contracts, together with all other data and information that comprises Pet Parent & Dog Data. You must send us copies of your

books and records within seven (7) days of our request.

17.3. Reports. ~~No later than~~

- (a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports. Reports must be received by us no later than 3:00 pm Arizona time ~~on~~ in order for the report to be deemed timely submitted.
- (b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Center. You must send us the completed report within 60 days after the opening date of your Center.
- (c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a ~~weekly~~ statement of your Gross Sales for the ~~immediately preceding prior~~ reporting period and a statement of any fees due to us for the applicable reporting period. We may waive this requirement during such times that we are able to independently poll your Technology Systems to determine your Gross Sales. On or before the 15th day of each month, you must prepare and send us a monthly statement of expenditures on local advertising required by Section 11.3 incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports we require in the form and manner we specify. You must send us a copy of any report required by this Section upon request. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based ~~upon the Gross Sales previously reported. If we require that you utilize any Technology System that allows us to electronically retrieve information concerning your sales transactions, we will have the right to electronically poll your system to retrieve and compile information regarding the operation of your Business~~on previously reported Gross Sales. We may waive this reporting requirement at any time we are able to independently poll your Technology Systems to determine your Gross Sales.
- (d) Advertising Expenditure Reports. No later than 30 days after the expiration of your grand opening period, you must prepare and send us a report detailing your expenditures on your grand opening marketing campaign in accordance with §11.3(a). Upon our request, you must, no later than the 15th day of each month, prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §11.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

17.4. Financial Statements. ~~On or before~~No later than the 15th day of each month, you must prepare and send us ~~an unaudited financial statement for your Business, including a~~ a monthly balance sheet and profit and loss statement; for your Business for the prior month. ~~By~~No later than March 1st of each year, ~~you must prepare and send us a balance sheet for your Business (as of the end of the calendar year)~~ and an annual statement of profit and loss and source and application of funds. ~~All financial for the prior calendar year. Financial~~ statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and ~~others at our discretion~~other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

17.5. Legal Compliance. You must: (a) secure and maintain ~~in force~~ all required licenses, permits and

regulatory approvals ~~for the operation of;~~ (b) operate your Center ~~and operate and manage your Center in full~~ in compliance with all applicable Laws; ~~(c) You must~~ notify us in writing within two (2) business days ~~of the beginning~~ after you become aware of any ~~action, suit, investigation~~ Claim, or ~~proceeding, or of the issuance of any order, writ, injunction, demand or~~ disciplinary action, ~~award or decree of any~~ issued by a Governmental Authority, that may adversely affect the operation of your ~~Business or your financial condition~~ Center; and ~~(d) You must~~ immediately send us a copy of any inspection report, ~~warning, certificate or rating~~ other communication from a Governmental Authority alleging a violation of ~~any~~ a health or safety Law, ~~or animal abuse.~~

18. INSPECTION AND AUDIT

18.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Center, evaluate your operations and inspect ~~or examine~~ your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) evaluating the physical condition of your Center for cleanliness, sanitation and state of repair;
- ~~(i)~~ (ii) examining and copying your books, records, accounts and tax returns;
 - ~~(ii) accessing your computer system and retrieving data (you hereby agree to provide us with access upon request);~~
- (iii) inspecting and testing your equipment;
- (iv) monitoring and speaking with your staff;
- (v) monitoring your (and your employees') interactions with dogs and pet parents; and
- ~~(vi) evaluating the physical condition of your Center for cleanliness, sanitation and state of repair; and~~
- ~~(vii)~~ (vi) contacting your landlord and pet parents.

We may conduct ~~the inspection~~ inspections at any time ~~and~~ without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Center. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your ~~computer system~~ Technology Systems and retrieving any ~~data~~ Business Data we deem appropriate ~~in connection with the inspection. We will bear the cost of any inspection. You must reimburse us for all Travel Expenses and~~ other ~~than an inspection conducted by us in order~~ costs we incur to conduct an inspection to determine ~~whether if~~ you have remedied: (a) ~~any~~ a health or safety issue identified by a Governmental Authority; or (b) ~~any~~ a breach of our system standards ~~that we bring brought~~ to your attention. ~~You must reimburse us for all costs we incur in conducting an inspection to determine if you have remedied a health or safety issue identified by a Governmental Authority or a breach of our system standards that we bring to your attention. We bear the cost of all other inspections.~~

18.2. Audit. We ~~have the right, at any time, to have an independent~~ may audit ~~made of~~ your books and ~~financial~~ records at any time. You ~~agree to~~ must fully cooperate with us and any ~~third parties that~~ Person we hire to conduct the audit. If an audit reveals an understatement of ~~your~~ Gross Sales ~~or any amount that~~, you owe us, you agree to must immediately pay ~~to us~~ any ~~all~~ additional fees ~~that you owe us together with any late fee payable~~ imposed pursuant to Section 15.4 §15.4. ~~Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. We may require that you provide us with personal tax returns if any audit reveals an understatement~~

of Gross Sales by at least ~~two percent (2%). The audit cost reimbursements will be due 10 days after invoicing.~~ 2%. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 3%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

19. INTELLECTUAL PROPERTY

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (a) our affiliate, Trusted Authority, LLC, is the ~~sole and~~ exclusive owner of the ~~Marks~~ Intellectual Property and the ~~goodwill~~ associated ~~with the Marks~~ goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license ~~granted by us~~ to operate your Center during the Term pursuant to, and only in compliance with, this Agreement, and the Manual, ~~and all applicable standards, specifications and operating procedures we prescribe from time to time.~~ You may not use ~~any of~~ the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our, and our affiliate's, rights. You must comply with all provisions in the Manual governing ~~your~~ use of the Intellectual Property. ~~This Agreement does~~ You will not ~~confer to you~~ acquire any goodwill, title or interest in ~~any of or to~~ the Intellectual Property. We do not make any representations or warranties that the Intellectual Property does not infringe upon the intellectual property rights of others.

19.2. Changes to Intellectual Property. We ~~have the right to modify~~ may change the Intellectual Property at any time in our sole ~~and absolute~~ discretion, including by changing the Copyrighted Materials, Know-how, Marks, the and/or System, the Copyrights or the Know-how. You must, at your expense, implement all ~~If we modify or discontinue use of any of~~ Intellectual Property, ~~you must comply changes we require in accordance~~ with ~~any such our~~ instructions ~~from us within 30 days at your expense.~~ We ~~will~~ are not ~~be~~ liable ~~to you~~ for any expenses, losses or damages ~~that you incur~~ (including the loss of any goodwill associated with a Mark) ~~because of any addition, modification, substitution or discontinuation of~~ as a result of any change to the Intellectual Property.

19.3. Use of Marks. You agree to: (a) use the Marks as the sole identification of your Center; *provided, however,* that you must identify yourself as the independent owner of your ~~Business in the manner we prescribe. You must obtain a tradename (i.e., a fictitious or assumed name) registration if required by state or local Law.~~ Center in the manner we prescribe; and (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks. We retain the sole right to advertise on the Internet and create websites or social media platforms using the "DOGTOPIA" name and any other names we may designate in the Manual.

19.4. Tradename. You must obtain a tradename (i.e., a fictitious or assumed name) registration if required by applicable Law. The tradename must be for "DOGTOPIA of (name of your designated territory)". You must submit your proposed tradename to us for approval. We will notify you of our approval through the issuance of a Tradename Approval Notice. You may not use any tradename we have not approved. You must surrender, cancel or abandon the tradename upon the termination, expiration or transfer of this Agreement. ~~Without our prior written approval, you may not use any Marks: (a) as part of any corporate or tradename; (b) with any prefix, suffix or other modifying words, designs or symbols (other than logos licensed to you by this Agreement); or (c) in any modified form. You~~

~~agree to prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, posters, displays, receipts, stationery and forms we designate to give notice of trade and service mark registrations and copyrights. You may not establish, create or operate a social media platform using or containing the Marks without our prior written consent. We retain the sole right to advertise on the Internet and create websites or social media platforms using the "DOGTOPIA" name and any other names we may designate in the Manual. You may not use the Marks in signing any contract, lease, check, negotiable instrument or other agreement or in any manner likely to confuse or result in liability to us for any indebtedness or obligation of yours.~~

19.4.19.5. Use of Know-how. We ~~will~~ disclose ~~the our proprietary~~ Know-how to you ~~in the initial during training program, programs, in~~ the Manual, and ~~inthrough~~ other guidance furnished ~~to you~~ during the Term. You ~~will do~~ not acquire any interest in the Know-how other than the right to utilize it ~~in strict accordance with the terms of this Agreement. You acknowledge the Know how is proprietary and is disclosed to you solely for use in the development and operation of your Center,~~ during the Term, solely for purposes of developing and operating your Center in compliance with this Agreement and the Manual.

19.5.19.6. Improvements. If you ~~conceive of, an Owner~~ or ~~develop any Improvements, you agree to promptly and fully disclose the Improvements to your employee conceives of or develops an Improvement, you must send us without disclosure to others a written notice describing the Improvement.~~ You must obtain our approval prior to using any such Improvements. Any Improvement we approve may be used by us and any third parties we authorize to operate a Dogtopia Center, without any obligation to pay ~~you~~ royalties or other fees. ~~You to you or any other Person. You or your Owner or employee, as applicable,~~ must assign to us or our designee, without charge, all rights to ~~any such the~~ Improvement, including the right to grant sublicenses. In return, we will authorize you to use ~~any~~ Improvements developed by other Persons that we ~~or other franchisees develop that we authorize~~ approve for ~~general~~ use in connection with the operation of a Dogtopia Center.

19.6.19.7. Ownership and Protection of Data and Accounts. We ~~will exclusively own are the exclusive owner of~~ all Business Data, ~~whether~~ collected by you, us or ~~a third party engaged by you or us, any other Person.~~ We hereby grant you a license to utilize ~~such data the Business Data~~ solely for purposes of operating your Center in compliance with this Agreement. You must protect all ~~customer data~~ Pet Parent & Dog Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) ~~to~~ comply with all applicable data protection Laws ~~as well as~~ and our data processing and data privacy policies ~~as set forth in the Manual from time to time; (if any);~~ and (b) upon ~~our~~ request, ~~to~~ sign any data processing ~~and/or data privacy agreement required by any applicable data protection Law us or otherwise required by us (including, but not limited to, any Joint Controllers Data Processing Agreement).~~ Law. You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit, or come in contact with;
- (iii) promptly notify us if you suspect ~~that~~ there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

19.7. — ~~Notification of Infringements and Claims~~ IP Disputes. You must immediately notify us of any: ~~(a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person of any rights in the Intellectual Property.~~ IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any ~~such infringement, challenge or claim.~~ IP Dispute. We, ~~or our affiliate, will~~ have sole discretion in deciding what action, if any, to take ~~such action as we, or our affiliate, deem appropriate.~~ in response to the IP Dispute. We ~~and our affiliate have the right to~~ may exclusively control any litigation, ~~Patent and Trademark Office proceeding,~~ or other proceeding ~~arising out of any such infringement, challenge or claim.~~ relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that ~~may be,~~ are, in ~~the our counsel's opinion of our counsel, be,~~ our counsel's opinion necessary or advisable to protect or maintain our, ~~or our affiliate's,~~ interest in ~~any such~~ the litigation or proceeding and/or protect ~~or maintain our, or our affiliate's,~~ rights to the Intellectual Property.

20. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~ they incur as a result of or in connection with ~~any of the following:~~

- (i) the construction, development, marketing, use or operation of your Center;
- (ii) the breach of ~~any~~ a Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of ~~any~~ agreement with a third party committed by you or your Owners or affiliates;
- (iv) any Claim relating to taxes or penalties ~~assessed by any~~ a Governmental Authority assesses against us ~~that are directly related to~~ as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (v) any Claim relating to any services or actions of any supplier or any contract entered into between you and a supplier, including, without limitation, any agreements with, or services provided by, the Real Estate Company, the Architect Company, the Project Manager (unless we serve as the Project Manager) and any other suppliers contemplated by ~~Section 8.1~~ §8.1 relating to the design, construction and development of your Center;
- (vi) any other acts or omissions by you or your owners, officers, employees, independent contractors, subcontractors, agents or representatives in any way relating to this Agreement or the Business;
- (vii) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a Dogtopia Center or an Indemnified Party;
- (viii) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (ix) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners ~~agree to give~~ must immediately notify us ~~notice~~ of any ~~action, suit, Claim or proceeding, claim, demand, inquiry or investigation~~ described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their ~~own~~ choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle ~~such~~ the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of ~~any such~~ the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending ~~any such~~ the Claim, including ~~court costs and reasonable attorneys' fees, within 10 days of receipt of each invoice enumerating such costs, expenses and attorneys' fees, without limitation, Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter.~~

Provided that you are ~~not in default under any~~ full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~ they incur as a result of or in connection with any Claim asserted against you and/or your Owners ~~based upon the violation of any third party's intellectual property rights caused by where a court or arbitrator held that~~ violates a third-party's intellectual property rights. You must promptly notify us of any such Claim and fully cooperate with ~~us in the~~ our defense of ~~such the~~ the Claim. For purposes of our indemnification obligation, the term "Losses and Expenses" shall expressly exclude: (a) any costs that you incur for changing signage or discontinuing the use of any Mark; and (b) any legal fees you incur for separate, independent legal counsel you choose to hire.

21. TRANSFERS

21.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate ~~some or all of~~ our obligations under this Agreement to one or more Persons without assigning the Agreement.

21.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We ~~granted the are~~ granting you franchise rights in reliance upon the ~~individual or collective~~ character, skill, ~~aptitude~~, attitude, business ability and financial ~~capacity~~ resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer without our prior ~~written~~ approval. Any Transfer without our approval ~~shall be~~ is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval ~~of a Transfer~~ if all of the following conditions are satisfied:

- (i) you send us a completed Application for Consent to Transfer in the form we specify and provide us with all information we request regarding the proposed Transfer;
- (ii) ~~we believe~~ the proposed transferee ~~is, in our opinion, an individual or group of individuals of good moral character who have~~ has sufficient business experience, aptitude and financial resources to own and operate a Dogtopia Center and ~~otherwise meet our then applicable standards~~ meets our minimum criteria for franchisees;
- (iii) you and your affiliates and Owners are in full compliance with ~~the terms of~~ all Definitive Agreements;
- (iv) ~~all of~~ the transferee's owners ~~have~~ successfully completed, or made arrangements to attend, the initial training program ~~(and the transferee paid us any applicable training fee);~~ ;
- (v) your landlord consents to your assignment of the lease to the transferee;
- (vi) the transferee and its owners, ~~to the extent necessary, have obtained~~ obtain all licenses and permits required by applicable Law ~~in order~~ to own and operate the Center;
- (vii) the transferee and its owners sign our then-current form of franchise agreement (unless we, ~~in our sole discretion,~~ instruct you to assign this Agreement to the transferee); ; except that: (a) the initial term shall be 10 years from execution of the franchise agreement and the renewal term(s) shall be the renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;
- (viii) if we require that the transferee sign our then-current form of franchise agreement, the transferee receives a copy of our then-current Franchise Disclosure Document and delivers a signed and dated receipt to us, and executes our then-current form of franchise agreement only after the expiration of all applicable cooling off periods; *provided, however,* that we will have no liability to the transferee for any representations made by you or your representatives that are inconsistent with, or are beyond the scope of, any representations we make in the Franchise

Disclosure Document;

- (ix) the transferee ~~signs an agreement, in: (a form satisfactory to us, assuming and agreeing)~~ agrees to discharge and ~~guaranty all of~~ guarantee your obligations under this Agreement and any other agreements relating to the ~~Center, Business~~ (including, ~~without limitation, all~~ customer contracts and supplier contracts); and (b) signs any agreement we require to confirm the foregoing;
- (x) ~~you the transferee agrees to~~ remodel the Center and upgrade ~~your~~ all furniture, fixtures and equipment to ~~comply with~~ conform to our then-current standards and specifications (~~or you obtain a commitment from the transferee to do so~~ these changes must be completed within the 12 months after the Transfer or such shorter period of time we approve specify);
- (xi) you or the transferee pay us a transfer fee equal to 50% of our then-current non-discounted initial franchise fee (for the purchase of a first (1st) franchise by a Person who is not a Conversion Franchisee) to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (xii) you and your Owners sign (a) a General Release ~~of all claims arising before or contemporaneously with the Transfer~~ and (b) a written consent to termination of this Agreement in the form we prescribe (if we require that the transferee sign our then-current form of franchise agreement);
- ~~(xiii) you enter into an agreement with us~~ agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;
- ~~(xiii)~~ (we do may require you to enter into a written subordination agreement);
- (xiv) we choose not ~~elect~~ to exercise our right of first refusal described in Section 21.4 §21.4; and
- (xv) you or the transferring Owner, as applicable, and the transferee ~~have satisfied any~~ satisfy all other conditions we reasonably require as a condition to ~~our~~ approval of the Transfer.

We may waive some of the conditions for Transfer listed above for Transfers from the Owners to an Entity owned and controlled by such Owners or certain Transfers of ownership interests between existing Owners previously approved by us. Our consent to a Transfer shall not constitute a waiver of: (a) any eClaims we ~~may~~ have against the transferor, ~~nor shall it be deemed a waiver of~~; or (b) our right to demand ~~exact compliance~~ the transferee comply with ~~any of the~~ all terms ~~or conditions~~ of the franchise agreement ~~by the transferee~~.

- 21.3. **Owner Death or Disability** ~~of an Owner. Upon~~, Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest ~~in you or the franchise, as applicable,~~ must be assigned to another Owner or to a third party ~~approved by us within 180 days we approve~~. Any assignment to a third party will be subject to all ~~of the~~ terms and conditions of Section 21.2 §21.2. ~~For purposes of this Section, an~~ An Owner is deemed to have a "permanent disability" only if ~~the Person~~ he/she has a medical or mental problem ~~that prevents the Person preventing him/her~~ from substantially complying with his ~~or~~ her obligations under this Agreement or ~~otherwise~~ operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.
- 21.4. **Our Right of First Refusal**. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide, ~~signed written~~ offer ~~from~~ executed by the ~~fully disclosed~~ purchaser and submit an exact copy after completion of ~~the offer to us~~ due diligence. We ~~will~~ have 30 days after ~~receipt of~~ receiving the offer to decide whether to purchase the interest ~~in your Business or the ownership interest in you~~ for the same price and upon the same terms contained in the offer ~~(however, except~~ we may substitute cash for any non-cash form of payment proposed in

the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. At our option, we may reduce the purchase price by an amount equal to any real estate and/or brokerage commissions arising from the sale. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of Section 21.2 (~~§21.2, including our approval of the transferee~~). However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change ~~into~~ the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

22. TERMINATION

22.1. By You. You may terminate this Agreement if we materially breach this Agreement and: (a) you send us a default notice, specifying the nature of the breach, no later than 90 days after its occurrence; (b) we fail to cure the breach, or take reasonable steps to commence cure of the breach, within 60 days after receipt of the default notice; and (c) you are not in default under this Agreement. If we take reasonable steps to commence cure of a breach within 60 days after receipt of the default notice, we shall have an additional period of time (not to exceed 120 days after receipt of the default notice) to fully cure the breach. If you terminate ~~this Agreement, pursuant to §22.1,~~ you must still comply with your post-~~termination~~term obligations described in Section 23 ~~§23 (other than payment of liquidated damages)~~ and all other obligations that survive the ~~expiration or termination of this Agreement. For purposes of clarity, you will not be required to pay us liquidated damages pursuant to Section 23.2 if you terminate this Agreement in strict accordance with this Section 22.1.~~this Agreement.

22.2. Termination By Us ~~Without Cure Period.~~ We may, ~~in our sole discretion,~~ terminate this Agreement, effective upon ~~five (5) days' delivery of a~~ written notice, ~~without opportunity of termination to cure you,~~ for any of the following reasons, all of which constitute material events of default and "good cause" for termination ~~of this Agreement, and without opportunity to cure except for any cure period expressly set forth below:~~

- (i) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (ii) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you in excess of \$10,000 remains unsatisfied for 60 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;
- (iii) if the Managing Owner fails to satisfactorily complete ~~the initial training program in the time and manner~~as required by Section 5.1 ~~§5.1;~~
- (iv) ~~if you fail to~~ (a) obtain our approval of your site within the time period required by Sections 3.1;
- (v) ~~if you fail to~~ §3.1, (b) complete construction of your Center within the time period required by Section 8.3;

- ~~(vi)~~(iv) ~~if you fail to~~ §8.3 ~~or (c)~~ open your Center within the time period required by Section 8.4 §8.4;
- ~~(vii)~~(v) if you abandon or fail to operate your Business for five (5) consecutive business days, unless the failure is due to Force Majeure (in which case §26.6 governs) or another reason we approve;
- ~~(viii)~~(vi) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Center; even if you or the Owner ~~still~~ have appeal rights;
- ~~(ix)~~(i) ~~if you breach any agreement with any third party relating to the Business (including, without limitation, supplier agreements and customer agreements) and fail to cure such breach before the expiration of any applicable cure period;~~
- ~~(x)~~(vii) if you or an Owner (a) is convicted of or pleads no contest to a felony; ~~a crime involving moral turpitude~~ or ~~any~~ other material crime ~~or~~; (b) is subject to ~~any~~ material administrative disciplinary action or (c) fails to comply with any a material Law applicable to your Business;
- ~~(xi)~~(viii) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- ~~(xii)~~(ix) if you manage or operate your Center in a manner that presents a health or safety hazard to your employees, pet parents or their dogs;
- ~~(xiii)~~(x) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;
- ~~(xiv)~~(xi) if you accept the terms of a System Account Agreement as a “participating location” but fail to honor the terms we negotiated under the System Account Agreement, after having already committed a similar breach that had been cured ~~in accordance with Section 22.3;~~
- ~~(xv)~~(xii) if you fail to pay any amount owed to us ~~or~~; our affiliate or an approved or designated supplier within 10 days after demand for payment;
- ~~(xvi)~~ if you (a) underreport ~~any amount owed to us~~ Gross Sales by at least ~~three percent (3%)~~; ~~after having already committed a similar breach that had been cured in accordance with Section 22.3;~~
- ~~(xvii)~~(i) ~~if you fail to submit required reports or information to us on three (3) or more occasions during any 12-month period;~~
- ~~(xviii)~~(i) ~~if you make an unauthorized Transfer;~~
- ~~(xiii)~~ ~~if you make an unauthorized use of % on two (2) or more occasions during the Term or (b) fail to submit required reports or information to us on three (3) or more occasions during any 12-month period;~~
- (xiv) if you make an unauthorized Transfer;
- ~~(xix)~~(xv) if you use the Intellectual Property in an unauthorized manner;
- ~~(xx)~~(xvi) if you breach any ~~of the~~ brand protection covenants described in Section 16 §16;
- (xvii) if ~~any~~ you or an Owner; breaches any representations in §25.4;
- ~~(xxi)~~(xviii) if an Owner or the spouse of ~~any~~ Owner; breaches a Franchise Owner Agreement;
- ~~(xxii)~~(xix) if you fail to meet the minimum performance requirements described in Section 13 §13;
- ~~(xxiii)~~(xx) if the lease for your premises is terminated due to your default;

~~(xxiv)~~ if you receive (a) two (2) or more notices of default from us within any 12-month period for the same or similar default, regardless of whether the defaults are cured;

~~(xxv)~~(xxi) if you receive or (b) three (3) or more notices of default from us within any 18-month period, regardless of whether the defaults are similar or whether they are cured;~~or;~~

(xxii) if you breach any agreement with any third party relating to the Business (including, without limitation, supplier agreements and customer agreements) and fail to cure such breach before the expiration of any applicable cure period;

~~(xxvi)~~(xxiii) if we or ~~any~~our affiliate ~~of ours~~ terminates ~~any~~a Definitive Agreement (other than termination of an area development agreement solely for failure to comply with the development schedule) due to a default by you or your affiliate~~;~~ or

~~22.3. 1.1. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with breaches any other provision of this Agreement (including any mandatory provision in the Manual) or any other Definitive Agreement, which shall constitute "good cause" for termination, unless such and fails to cure the breach within 30 days after receipt of a default is cured, as determined by notice from us in our sole discretion, within such 30-day notice period.~~

If we ~~deliver~~send you a ~~notice of default to you~~notice pursuant to ~~this Section 22.3, we may suspend performance of any of §22.2 we may cease to perform~~ our obligations under this Agreement until you ~~fully~~ cure the breach.

~~22.4. 22.3. Mutual Agreement to Terminate. If you You~~ and we may mutually agree in writing to terminate this Agreement, in which case you and we will be deemed to have waived any required notice period.

23. POST-TERM OBLIGATIONS.

23.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts you owe ~~(including, if applicable, liquidated damages pursuant to Section 23.2); §23.2;~~
- (iii) comply with all covenants ~~described in Section 16~~§16 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) ~~return~~comply with our instructions to return or destroy all copies of the Manual (including any recording of any component of the Manual)~~, all copyrighted materials) and Copyrighted Materials~~ and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information~~, unless we allow you to transfer such items to an approved transferee;~~
- ~~(v) — remove all Dogtopia wraps or other branding from any vehicles used in connection with the Business, unless we allow you to transfer such items to an approved transferee;~~
- ~~(vi)~~(v) cease utilizing, and turn over to us, all email addresses that we loaned to you during the Term~~, unless we allow you to transfer such items to an approved transferee;~~
- ~~(vii)~~(vi) cease utilizing any phone numbers that you used during the Term ~~for~~that were associated with your Center;
- ~~(viii)~~(vii) cease utilizing any proprietary components of the Technology Systems that we or our affiliate licensed or sold to you for use in connection with the Center;

- ~~(ix)~~(viii) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- ~~(x)~~(ix) provide us with all copies of Pet Parent & Dog Data, including, without limitation, a current pet parent and dog list, copies of all pet parent and dog contracts, and a copy of all supplier contracts, warranties and service plans;
- ~~(xi)~~(x) assign all customer contracts and supplier warranties and service plans to us ~~(unless we allow you to transfer them to an approved transferee);~~
- (xi) remove Dogtopia wraps and other branding from any vehicle used in connection with the Business;
- (xii) alter the interior and exterior of the premises to the extent necessary ~~(or to the extent we require)~~ to prevent any further resemblance to or connection with a ~~Dogtopia~~ Center or our System, including, without limitation, repainting the exterior and interior with new colors; and removing trade dress, fixtures and décor items associated with a Dogtopia Center; removing all as well as exterior and interior signage and discontinuing use of approved wall décor items and (including window decals; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business);
- (xiii) notify all telephone ~~companies~~, listing ~~agencies~~ and domain name registration companies ~~(collectively, the "Agencies")~~ of the termination or expiration of your right to use: (a) ~~the any~~ telephone numbers and/or domain names, ~~if applicable, related to the operation of~~ associated with your Business Center; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct ~~the Agencies~~ these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (xiv) send us satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections and (iv), (v), (vi), (x), (xii) and (xiii) above shall not apply if you Transfer your Center to an approved transferee or we exercise our right to purchase your Center.

- 23.2. Liquidated Damages.** ~~If. You must pay us liquidated damages if either: (a) we terminate this Agreement pursuant to Section 22.2 or Section 22.3, due to your default; or if (b) you terminate this Agreement without cause or in any manner that is not in strict compliance with Section 22.1, then you agree to pay us liquidated damages, which other than as permitted by §22.2 or §22.3. Liquidated damages shall be equal to the greatest of: (ix) \$10,000; (ii) an amount equal to the sum of the royalty fees and brand fund contributions fees imposed under this Agreement during the 180-day period preceding the date of termination (regardless of whether such fees were actually paid by you); or (iii) an amount equal to the sum of the average weekly royalty fees and brand fund contributions fees imposed under this Agreement during the 52-week period preceding the date of termination (or the entire period of operations if less than 52 weeks), regardless of whether such fees were actually paid by you, multiplied by the total number of full weeks remaining under the then-current Term of this Agreement. The liquidated Liquidated damages set forth in this Section are in addition to, and not in lieu of: (a) any fees or other fees and payments amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement. The Parties acknowledge and; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; provided, however, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree that the amount of liquidated damages set forth herein in this Section is in proportion to, and is necessary to protect, our legitimate interests, including:~~
- If. You must pay us liquidated damages if either: (a) we terminate this Agreement pursuant to Section 22.2 or Section 22.3, due to your default; or if (b) you terminate this Agreement without cause or in any manner that is not in strict compliance with Section 22.1, then you agree to pay us liquidated damages, which other than as permitted by §22.2 or §22.3. Liquidated damages shall be equal to the greatest of: (ix) \$10,000; (ii) an amount equal to the sum of the royalty fees and brand fund contributions fees imposed under this Agreement during the 180-day period preceding the date of termination (regardless of whether such fees were actually paid by you); or (iii) an amount equal to the sum of the average weekly royalty fees and brand fund contributions fees imposed under this Agreement during the 52-week period preceding the date of termination (or the entire period of operations if less than 52 weeks), regardless of whether such fees were actually paid by you, multiplied by the total number of full weeks remaining under the then-current Term of this Agreement. The liquidated Liquidated damages set forth in this Section are in addition to, and not in lieu of: (a) any fees or other fees and payments amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement. The Parties acknowledge and; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; provided, however, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree that the amount of liquidated damages set forth herein in this Section is in proportion to, and is necessary to protect, our legitimate interests, including:

- (i) encouraging our franchisees to commit to the 10-year franchise relationship; in which both parties have already invested time and expense ~~in developing;~~ to develop;
- (ii) the time and expense ~~that~~ we will incur ~~in recruiting~~ to recruit a new franchisee to acquire franchise rights to the Territory;
- (iii) the time and expense ~~that~~ we will incur to ensure your timely and orderly departure from ~~the Dogtopia~~ our franchise network;
- (iv) protecting the reputation and goodwill associated with our Marks; and
- (v) partially compensating us for ~~the~~ our financial ~~damages we will incur as a result of~~ loss caused by your breach ~~(including wrongful termination by you, if applicable)~~ and the ~~resulting~~ early termination of this Agreement.

~~In addition to the liquidated damages, we reserve the right to recover from you for all damages that we incur as a result of your breach (including wrongful termination by you, if applicable) other than claims for lost future royalties or contributions to the brand and system development fund. You acknowledge and agree that the amount of liquidated damages determined in accordance with the preceding formula reasonably estimates our monetary losses of royalty fees and brand and system development fund contributions resulting from the termination of this Agreement and does not represent or constitute a penalty. If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.~~

23.3. ~~Right to Purchase Facility and Assets~~ Option.

- (a) ~~Generally.~~ Upon the termination or expiration of this Agreement, we ~~shall~~ have the option, ~~but not the obligation,~~ to purchase your ~~Business (Center and/or certain~~ its ~~assets associated with your Business that we specify) at fair market value.~~ If we ~~choose to~~ exercise ~~this~~ our purchase option, ~~fair market value shall be determined as of the effective date of the termination or expiration of this Agreement. We~~ we will notify you of the ~~specific items~~ assets we wish to purchase (the “Acquired Assets”). ~~We~~ ”) within 20 days after the termination or expiration date. If we exercise our purchase option, we may ~~also~~ require that you assign your lease to us at no additional charge. If an assignment is prohibited by the terms of your lease despite your best efforts to cause your landlord to agree to the assignment, then you agree to sublease the premises to us or our designee upon the same terms and conditions applicable to you under your lease. The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §23.3(b) below. We may, at our option, assign our purchase option to a designee of our choosing.

~~(b)——Selecting Qualified Appraisers. Each party shall appoint an appraiser with experience appraising businesses comparable to a Dogtopia Center in the United States. This appointment of the appraisers shall be made within 30 days after the termination or expiration of this Agreement by giving written notice to the other party of the name and address of the appraiser. If either party fails to appoint an appraiser within the 30-day period, the appraisal shall be made by the sole appraiser appointed within that period. If each party appoints an appraiser within the 30-day period, then within 30 days after that, the two (2) appraisers shall appoint a third (3rd) appraiser. If the two (2) appraisers fail to agree on the third (3rd) appraiser within the 30-day period, then a third (3rd) appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.~~

~~(c)——Information for Appraisal. You must furnish to the appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Business if less than three (3) years), together with the work papers and other financial data, documents or information that the appraisers request. The appraisers may take into account any other information~~

and factors they deem relevant.

- (d)(b) Appraisal Process. ~~If.~~ Within 60 days after the appointment of the third appraiser, the three (3) appraisers shall appraise the assets at fair market value without taking into account any value for goodwill (the “Appraised Value”). If the three (3) appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) appraisers. If two (2) of the three (3) appraisers agree on a single value, these two (2) appraisers shall issue a joint report, and the dissenting appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) appraisers who shall agree shall be the Appraised Value. If none of the appraisers are able to agree on a single value, each appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any appraiser, each appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any appraiser is made with knowledge of the values determined by the other appraisers. If for any reason there shall be only a single appraiser, then the Appraised Value shall be the value determined by the single appraiser. You and we shall equally bear the cost of the appraisal.

the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. “Appraised Value” means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; provided, however, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the party demands the appointment of three (3) appraisers, each party shall appoint one (1) appraiser and notify the other party of appointed appraiser’s name and contact information; and (ii) no later than 30 days after the party demands the appointment of three (3) appraisers, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agreed upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.

- (e)(c) Closing. Once the Appraised Value has been determined, we have 60 additional days to prepare for the closing. ~~We will be entitled to~~ The parties shall memorialize the acquisition by executing an Asset Purchase Agreement, in a form reasonably prescribed by us. You agree to receive from you provide us with all customary representations and warranties given by you, as the seller of the Acquired Assets ~~and.~~ At closing: (i) you must transfer good and clean title to the Acquired Assets, subject to any exceptions we agree to set forth in the Asset Purchase Agreement; and (ii) we must pay you the purchase price. We may deduct from the ~~Appraised Value all purchase price any~~ amounts you owe to us or to our affiliates under ~~this Agreement or any other any~~ Definitive Agreements including, without limitation if applicable, liquidated damages (if applicable imposed under this Agreement and the amount of any liabilities we assume on your behalf (including future rent under the lease)).

24. DISPUTE RESOLUTION.

- 24.1. **Generally.** The parties agree to submit any Dispute to an escalating process designed to minimize costs and expedite resolution of the Dispute. The parties shall submit the Dispute: (a) first, to the

informal negotiation process described in ~~Section 24.3~~§24.3; (b) if the Dispute is not resolved by informal negotiation within the 30-day period described in ~~Section 24.3~~§24.3, then either party may submit the Dispute to mandatory mediation in accordance with ~~Section 24.4~~§24.4; and (c) if the dispute is not resolved by mediation, then upon termination of the mediation either party may submit the Dispute to mandatory and binding arbitration in accordance with ~~Section 24.5~~§24.5. ~~Every Claim~~All Claims of ~~each party~~the parties (other than ~~a Claim that is~~Excluded Claims which are expressly excluded from the informal negotiation and mediation process pursuant to ~~Section 24.6~~§24.6) ~~is~~are tolled from the date of the commencement of the informal negotiation process until the expiration or earlier termination of the mediation process. If ~~we or you~~either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party ~~will be~~is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees ~~and arbitration costs~~. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to ~~the~~ commencement of ~~any~~formal dispute resolution proceedings.

- 24.2. Venue and Consent to Jurisdiction.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) unless you and we mutually agree to a different venue, ~~and the~~. The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts. However, we may seek to enforce this Agreement and any arbitration orders and awards in the courts of the state in which you are domiciled and/or in which your Center is located. Similarly, you may seek to enforce this Agreement and any arbitration orders and awards in the courts of the state in which we are domiciled.
- 24.3. Informal Negotiation.** Each party agrees to notify the other party in writing of any Dispute at least 30 days before submitting the Dispute to mediation. Each party shall designate one individual with authority to resolve the Dispute. These individuals shall work together in a good faith effort to informally resolve the Dispute before the expiration of the 30-day period.
- 24.4. Mediation.** If the parties do not resolve the Dispute by informal negotiation within the 30-day period set forth in ~~Section 24.3~~§24.3, then either party may submit the Dispute to mediation as follows:
- (a) Mediation Procedure. The parties agree to ask the American Arbitration Association (“AAA”) in Maricopa County, Arizona (or the county in which we reside at the time the Dispute arises, if not Maricopa County), or such other independent dispute resolution organization that we approve, to supply a list of five (5) potential qualified attorney-mediators within 10 business days. Within five (5) business days after receipt of the list, the parties shall rank the proposed mediators in numerical order of preference, exchange the lists, and the individual receiving the highest combined ranking shall be the mediator. If this individual is not available, the parties shall proceed to contact the individual who was the next highest in ranking.
 - (b) Exchange of Information; Summary of Views. The parties and the mediator shall determine a convenient date for the mediation; *provided, however*, that if the parties are unable to agree, the mediator shall set the date. Both parties shall attempt in good faith to agree on procedures for the expeditious exchange of information in the possession of the other party which is desired to prepare for the mediation. Each party will deliver a concise summary of its view on the Dispute to the mediator at least seven (7) days before the first scheduled mediation session.
 - (d) Conduct of Mediation. The mediator shall determine the format for the mediation and the mediation session shall be private. The mediator shall keep confidential all information learned in private caucus with any party unless specifically authorized by such party to make disclosure of the information. The parties agree that the mediation shall be governed by such rules as the mediator shall prescribe before the first scheduled session.
 - (f) Termination of Mediation. Both parties agree to participate in the mediation to its conclusion.

The mediation shall be terminated by: (~~a~~i) the execution of a settlement agreement; (~~b~~ii) a declaration by the mediator that mediation is terminated; or (~~c~~iii) a declaration by both parties (and not by one of the parties unilaterally) that the mediation is terminated at the conclusion of one full day's session.

- (h) Fees; Disqualification; Confidentiality. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matters. Mediation is a compromise negotiation for purposes of Federal and Arizona Rules of Evidence and constitutes privileged communication under Arizona Law. The entire mediation process is confidential, and any statements, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose; *provided, however*, that evidence which is otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

24.5. Arbitration. If the parties are unable to resolve the Dispute via mediation conducted in accordance with ~~Section 24.4~~§24.4, then either party may submit the Dispute to arbitration in accordance with this Section. Neither party may submit a Dispute to arbitration prior to completion of the mediation process described above.

- (a) Arbitration Procedure. The Dispute shall be submitted to binding arbitration conducted through the organization that we designate; *provided, however*, that such organization must: (a) have experience in the arbitration of disputes between franchisors and franchisees; and (b) be independent of the franchisor. Arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties. If the parties cannot agree on an arbitrator, the arbitrator shall be selected in accordance with the rules of the arbitration organization. Neither party shall be required to accept an arbitrator to which it objects, unless that party has refused to accept three (3) candidates that the other side has indicated it would accept. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et seq., as amended. The arbitration fees and costs shall be shared equally by the parties.
- (b) Powers of Arbitrator. Judgement upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator, in the conduct of the arbitration, shall not have the authority to: (a) declare any Mark generic or otherwise invalid; or (b) award exemplary or punitive damages. The arbitrator shall be required to state in writing the reasoning on which the award is based.
- (c) Appeal of Award. If either party wishes to appeal a final award by the arbitrator, such party may appeal, within 30 days of the final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the ~~Law~~Law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.
- (d) Unenforceable Clauses. If any court or arbitrator determines that any Claim relating to a Dispute is not subject to arbitration under this Section for any reason, then the parties agree that such Claim shall be resolved in a judicial proceeding in accordance with this Agreement.

24.6. Injunctive Relief. The informal negotiation, mediation and arbitration provisions shall not apply to any Claim relating to an alleged breach of ~~Section 16~~§16 (Brand Protection Covenants), ~~Section 19~~§19 (Intellectual Property), ~~Section 21.2~~§21.2 (Transfers By You), ~~Section 23~~§23 (Post-Term

Obligations), any Claim relating to a potential health or safety hazard to your employees, the public, pet parents and/or their dogs, or any Claim relating to a breach of this Agreement (or an act or omission of you or your employees or other representatives) that may materially impair the goodwill associated with the Marks or cause irreparable loss or damage to us, our affiliates or our other franchisees- (each, an “Excluded Claim”). The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim. Either party may immediately file a lawsuit with any court in a venue permitted by Section 24.2 §24.2 for purposes of seeking declarative, interim or injunctive relief for any ~~Claims referenced in this Section 24.6. Each party may apply for injunctive relief and specific performance, without bond and without the need to prove actual damages, but upon due notice, Excluded Claim, which remedy shall be~~ in addition to any other ~~relief~~remedy available at equity or law. ~~If an injunction is wrongfully issued, the enjoined party may seek dissolution of the injunction as their sole remedy. Each party waives any Claims it may have against~~Law. The party filing the lawsuit shall notify the other ~~for damages resulting from a wrongfully issued injunction. party if it intends to seek injunctive relief, but the party need not post a bond.~~ If a court requires that the ~~filing~~posting of a bond ~~notwithstanding the parties’ despite our~~ mutual agreement to the contrary, the required amount of the bond ~~shall~~may not exceed \$1,000. In any such proceeding, the court may also decide claims for damages related to the ~~d~~Dispute. None of the remedies available to ~~either party~~the parties under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at ~~l~~Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

- 24.7. **Waivers and Limitations Period.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF ~~SECTION 16 OR SECTION 19~~ §16 OR §19) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN TWO (2) YEARS FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM (SUBJECT TO ANY APPLICABLE TOLLING PERIOD AS DESCRIBED ABOVE), OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; (b) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, ~~WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES~~PARTY; (c) ANY RIGHTS YOU OR WE MAY HAVE UNDER THE ARIZONA CONSUMER FRAUD ACT; AND (d) THE RIGHT TO SEEK OR RECOVER PUNITIVE, EXEMPLARY, MULTIPLE OR CONSEQUENTIAL DAMAGES (EACH PARTY IS LIMITED TO RECOVERY OF ACTUAL DAMAGES EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT FOR LIQUIDATED DAMAGES).

25. ~~YOUR~~ REPRESENTATIONS.

- 25.1. **Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.
- 25.2. **Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all

material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

25.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

25.4. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at ~~www.home.treasury.gov~~www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

26. GENERAL PROVISIONS

26.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.) and the Federal Arbitration Act (9 U.S.C. §§1 et seq.), this Agreement and the franchise relationship shall be governed by the Laws of the State of Arizona ~~without reference to its principles of conflicts of law~~, but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

26.2. Relationship of the Parties. Nothing in this Agreement creates a fiduciary relationship between ~~you and us~~the parties or is intended to make either party a general or special agent, legal representative, ~~subsidiary,~~ joint venture, partner, employee or servant of the other for any purpose. ~~During~~Throughout the Term, you must ~~conspicuously identify yourself at your base of operations, and~~ in all dealings with third parties, conspicuously identify yourself as a franchisee ~~of ours~~ and the independent owner of your ~~Business. You agree to place any~~ Center. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Center that we specify. You must also include a written indication of independent ownership on all agreements, forms, stationery, letterhead, advertising materials, business cards and other materials that we ~~require~~specify. Neither party ~~is permitted to may:~~ (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; ~~or~~ (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by ~~or have any liability under~~ any agreements or representations made by the other that are not expressly authorized by this Agreement.

26.3. Severability and Substitution. Each section, ~~subsection, term and provision~~ of this Agreement, ~~(and any each~~ portion thereof,) shall be ~~considered~~ severable. If ~~any~~ applicable ~~and binding~~ Law

imposes mandatory, non-waivable terms ~~or conditions~~ that conflict with a provision of this Agreement, the terms ~~or conditions~~ required by such Law shall govern to the extent of the inconsistency ~~and supersede the conflicting provision of this Agreement.~~ If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable ~~and~~ or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~ it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~ it enforceable.

- 26.4. **Waivers.** Each party may waive ~~or reduce~~ any obligation ~~of or restriction upon~~ imposed on the other party in writing. ~~Any such waiver shall be without prejudice to any other rights the party may have.~~ Neither party shall be deemed to have waived or impaired any ~~right, power or option reserved by of its contractual rights under~~ this Agreement ~~(including the right to demand exact~~ require strict compliance with ~~every term, condition and covenant in this Agreement or to declare any breach all terms of this Agreement to be a default and to or terminate the franchise before the expiration of its term)~~ this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or ~~to insist upon exact compliance by~~ require the other party to strictly comply with its obligations under this Agreement, ~~including any mandatory specification, standard, or operating procedure;~~ (c) ~~any our~~ our waiver, forbearance, delay, failure or ~~omission by us~~ refusal to exercise any ~~right, power or option, whether of the same, similar or different nature, relating our rights with respect~~ to other franchisees; or (d) our acceptance of ~~any payments due~~ from you after your breach ~~of this Agreement~~.
- 26.5. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, ~~and the~~ Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. ~~If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.~~
- 26.6. **Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 90 days. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 26.7. **Binding Effect.** This Agreement is binding upon the parties ~~to this Agreement~~ hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in Section §17.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to Section §17.1 and Section §20, respectively.
- 26.8. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.3 §12.2 AND §26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of a Site Approval Notice and/or Site Selection Area Notice and/or Territory Notice (to the extent applicable) shall be deemed to amend this Agreement to designate the approved site for your Business, your Site Selection Area and your Territory, as applicable, regardless of whether you countersign and/or return the applicable Notice(s). Any ~~e-mail correspondence~~ email or other ~~form of~~ informal electronic communication shall not be deemed to modify this Agreement unless ~~such communication~~ it is signed by both parties and specifically states ~~that~~ it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written

understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. ~~This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.~~ Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise Law, including fraud in the inducement; or (b) 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.

- 26.9. **Covenant of Good Faith** Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations ~~that are~~ inconsistent with ~~a fair construction of the~~ express terms ~~of this~~hereof. ~~This Agreement. Additionally, if applicable Law implies the covenant, you agree that:~~ (a) this Agreement (and the relationship of the parties inherent in this Agreement), grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests; ~~(b) we~~ We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees ~~(including ourselves and our affiliates if applicable)~~, but without considering ~~your~~ the individual interests of you or ~~the individual interests of~~ any other particular franchisee; ~~(c) we have no liability to you for the exercise of our discretion in this manner so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation may substitute its judgment for our judgment so exercised.~~
- 26.10. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 26.11. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the Business Center or Franchisee Entity), shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, ~~Section §15, Section §16, Section §18, Section §20, Section §23, Section §24 and Section 26~~§26.
- 26.12. ~~**Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections. All references to Sections refer to the Sections in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified.**~~ Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons ~~or an Entity~~, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 26.13. **Time of Essence**. Time is of the essence in this Agreement and every term thereof.
- 26.14. **Counterparts**. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

26.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first-class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU: As set forth below in Part B of ~~ATTACHMENT "A"~~ ATTACHMENT "A"

US: Contracts Administrator
Better Together, LLC
6245 North 24th Parkway, Suite 210
Phoenix, Arizona 85016

Notice shall be considered given ~~at on:~~ (a) the ~~date~~time delivered by hand, or ~~one (1) business day after sending~~sent by ~~fax~~, email or comparable electronic system, ~~(including any notice that is also sent by mail)~~; or (b) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

~~{Signature Page Follows}~~

* * *

The parties ~~to this Agreement~~below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Better Together, LLC, a Delaware limited liability company

By: _____

Name: _____

~~Its:~~Title: _____

YOU (If you are an Entity):

_____,

~~a(n)~~ _____

_____,

a(n) _____

By: _____

Name: _____

~~Its:~~Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT
DEAL TERMS

A. Effective Date

The "Effective Date" of the Franchise Agreement shall be _____, 202__.

B. Franchisee Details

Name of Franchisee: [_____]

Is the franchisee one or more natural ~~p~~Persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

* If the franchisee is a business eEntity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business entity~~Franchisee Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ownership interest in the ~~franchise~~Business (or the ~~franchisee business entity~~Franchisee Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of describe nature of interest)

Notice Address: [_____]

Phone Number: [_____]

Email Address: [_____]

Is franchisee a Conversion Franchisee* (check one)? **Yes:** ____ **No:** ____

* If franchisee is a Conversion Franchisee, the parties must sign the Conversion Addendum concurrently with the execution of this Agreement.

C. Territory Search Area

The Territory Search Area referenced in the Franchise Agreement shall consist of the following geographic area:

[_____]

*- The Territory Search Area is not your Territory and there is no exclusivity or other territorial protections associated with this area.

D. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

[_____]

**- The Site Selection Area is not your Territory and there is no exclusivity or other territorial protections associated with this area other than the limited territorial protections set forth in ~~Section 3.1~~ §3.2 for the period of time described in such Section. If the Site Selection Area has not been designated by us at the time the Franchise Agreement is signed, then we will send you a Site Selection Area Notice in accordance with ~~Section 3.1~~ §3.2 designating the boundaries of your Site Selection Area.*

E. Approved Site

We hereby acknowledge our approval of the site listed below for your Dogtopia Center.

Approved Address: [_____]

**- If the site for your Dogtopia Center has not been approved by us at the time the Franchise Agreement is signed, then we will send you a Site Approval Notice in accordance with ~~Section 3.1~~ §3.1 listing the address of your approved site.*

F. Territory

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as may be further depicted on the map attached below or on the following page):

[_____]

Your Territory includes [_____] Core Profile Customers as of the date of determination.

If ~~there are any changes to the zip codes or other~~ boundaries that define ~~your~~ the Territory change during the ~~term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing~~ Term, the boundaries of your Territory ~~shall~~ will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the Effective Date ~~and~~ (as may be depicted on ~~the~~ a map attached below or on the following page ~~(if applicable)~~.

**- If the site for your Center has not been approved at the time this Agreement is signed, then we will send you a Territory Notice in accordance with ~~Section 3.1~~ §3.4 that will identify the geographic area that comprises your Territory and identify the total number of Core Profile Customers included within your Territory (as of the date that the Territory is determined).*

[Insert Territory Map Below – If Applicable]

G. Initial Franchise Fee:

Your initial franchise fee will be the following (place check by applicable initial franchise fee):

_____ \$49,500 (standard)

_____ \$44,550 (1st franchise for qualified veteran or 2nd or subsequent franchise for non-veteran)

_____ \$40,095 (2nd or subsequent franchise for qualified veteran)

ATTACHMENT "B"
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Lease Addendum (this "Agreement") ~~dated this~~ day is executed as of _____, 202 by and among Better Together, LLC, a Delaware limited liability company, with principal offices at 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016 ("Franchisor"), _____, a(n) _____, with principal offices located at _____ ("Landlord"), and _____, a(n) _____, with principal offices located at _____ ("Tenant").

Background

- A. -On _____, 202 by and, Franchisor and Tenant executed a Dogtopia Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a Dogtopia franchised business at the premises described in Exhibit "A" (the "Premises" (defined below)).
- B. -Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease ~~to Tenant~~ the premises described in Exhibit "A" (the "Premises") to Tenant.
- C. -To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to ~~the~~ Franchisor as set forth below.

Agreement

1. -Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and first-class mail, postage prepaid, as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

~~-Email:~~ _____

Mail: Better Together, LLC
6245 North 24th Parkway, Suite 210
Phoenix, Arizona 85016
Attention: Legal Department

~~-~~ Email: _____

2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. ~~Furthermore, in~~ In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another Dogtopia franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
3. -Right to Assign. At any time ~~(including, without limitation, upon the expiration or sooner termination of the Franchise Agreement)~~, and without ~~the~~ Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another Dogtopia franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. ~~Right of First Refusal.~~ Landlord ~~agrees that~~ hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the first expiration or termination of the Lease to decide whether to exercise its right of first refusal ~~to lease the Premises as the new tenant.~~
5. ~~Expiration or Termination of Franchise Agreement.~~ Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with Section §2 above.
6. ~~— Acknowledgement of Rights.~~ Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary ~~in Franchisor's sole discretion~~ to protect its franchise system ~~and its~~ or trademarks ~~without being guilty of trespass or any other tort or crime~~; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.
7. ~~— Modification of Lease.~~ Without Franchisor's prior written consent, Landlord and Tenant may not amend, modify, supplement, terminate, renew or extend the Lease.
8. ~~— Miscellaneous.~~
 - (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.
 - (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.
 - (c) ~~The provisions of this~~ This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.
 - (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. ~~Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.~~

~~IN WITNESS WHEREOF~~ In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Better Together, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

LANDLORD:

_____, (a)n _____

By: _____
Name: _____
Its: _____

TENANT:

_____, (a)n _____

By: _____

Name: _____

Its: _____

EXHIBIT “A” TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural person, in favor of Better Together, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions ~~set forth in this Agreement below~~. Each signatory to this Agreement is referred to as “you”.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Dogtopia Center, customers (and their pets), and business operations, including all Pet Parent & Dog Data, whether collected by you, ~~Franchisee, us~~ or any other person.

“Competitive Business” means ~~either~~ any business that meets at least one of the following criteria: (a) ~~a~~ any business competitive with a Dogtopia Center that derives, or is reasonably expected to derive, at least 30% of its revenues from any combination of dog daycare services, dog boarding services and/or dog spa and wellness services ~~or~~; (b) ~~a~~ any business that grants, solicits, offers or sells franchises or licenses ~~to other persons for the~~ a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business ~~meeting that meets~~ the criteria in clause (a) of this definition.

A Competing Business does not include any Dogtopia Center operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all ~~related agreements signed by Franchisee~~ other Definitive Agreements (as defined in connection with the Dogtopia Center, Franchise Agreement), and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include ~~any~~ information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, ~~(or~~ any person associated us, ~~or~~ Franchisee, ~~(or~~ any person associated with Franchisee, ~~)~~ disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such ~~third party person~~.

~~“Copyrights”~~ “Copyrighted Materials” means all ~~works and copyrightable~~ materials for which we or our affiliate ~~has secured~~ secure common law or registered copyright protection and that we allow Dogtopia franchisees to use, sell or display in connection with the marketing and/or operation of a Dogtopia Center; ~~whether now in existence or created in the future.~~

“Dogtopia Center” or “Center” means a dog daycare, boarding and spa facility ~~that operates~~ authorized to operate under the name “DOGTOPIA®”, Marks and use our System, including ~~those~~ any Center operated by ~~us, our affiliate, Franchisee or~~ any other franchisees person.

“Franchise Agreement” means the Dogtopia Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

“Franchisee” means _____.

“Improvement” means any idea, addition, modification or improvement to the (a) ~~the~~ goods or services offered or sold at a Dogtopia Center, (b) ~~the~~ method of operation of a Dogtopia Center, (c) ~~the~~ processes, systems or procedures utilized by a Dogtopia Center, (d) ~~the~~ marketing, advertising or promotional materials, programs

or strategies utilized by a Dogtopia Center or (e) ~~the~~ trademarks, service marks, logos or other intellectual property utilized by a Dogtopia Center, whether developed by you, Franchisee or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, ~~Copyrights~~ Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means ~~all of our~~ and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, development, construction, marketing ~~and/or~~ operation of a Dogtopia Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Dogtopia Center; site selection criteria; methods; and techniques; standards and specifications; policies and procedures; ~~policies;~~ marketing strategies and programs; merchandising strategies; supplier lists, relationships; and information; and information comprising the System ~~and the Manual~~. ~~Know how does not include: (a) information that is or included in the public domain or becomes part of the public domain through no fault of yours or your employees; (b) information that you can clearly and convincingly demonstrate was in your legitimate possession prior to entering into discussions with us regarding the franchise opportunity; or (c) information disclosed to you by third parties who had a lawful right to disclose such information to you without any obligation to restrict its further use or disclosure.~~ Manual.

“Manual” means our confidential operating standards manual for the operation of a Dogtopia Center.

“Marks” means ~~the logotypes, and includes all~~ service marks, ~~and trademarks now or hereafter involved in the operation of a Dogtopia Center, trade names and logos that we designate from time to time and authorize Centers to use,~~ including “Dogtopia” DOGTOPIA® and the associated logo, ~~and any other trademarks, service marks or trade names we designate for use by a Dogtopia Center.~~ The Marks also include any distinctive trade dress used to identify a ~~Dogtopia~~ Center or the products it sells, ~~whether now in existence or hereafter created.~~

“Pet Parent & Dog Data” means all data pertaining to pet parents, dogs, potential pet parents and business operations, including, ~~without limitation,~~ pet parent and dog contracts, pet parent information and other information about pet parents and dogs, whether collected by you, ~~us, Franchisee or a third party~~ any other person.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of ~~five percent (5%)~~ % or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, ~~any of our affiliates,~~ the System and/or any ~~Dogtopia~~ Center; (c) diverting or attempting to divert any business from us ~~(or one of our affiliates or franchisees); another franchisee;~~ (d) inducing any ~~customer of ours (or of one of our affiliates or franchisees)~~ person to transfer their business from a Center to a competitor; or (e) utilizing any supplier relationship established through your association with us for any purpose unrelated to the operation of Franchisee’s ~~Dogtopia~~ Center.

“Restricted Period” means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which ~~you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable~~ neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Center that it operates; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which ~~you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable~~ neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Center that it operates.

“Restricted Territory” means: the geographic area within: (a) the Territory granted to Franchisee pursuant to the Franchise Agreement (including the premises of Franchisee’s Dogtopia Center); and (b) a 15-mile radius

from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~ hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) the Territory granted to Franchisee pursuant to the Franchise Agreement (including the premises of Franchisee's Dogtopia Center); and (b) a 10-mile radius from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~ hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ each of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) the Territory granted to Franchisee pursuant to the Franchise Agreement (including the premises of Franchisee's Dogtopia Center); and (b) a five (5) mile radius from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~ hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ all of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within the Territory granted to Franchisee pursuant to the Franchise Agreement (including the premises of Franchisee's Dogtopia Center).

"System" means our distinctive business format and set of specifications and operating procedures for the operation of a Dogtopia Center, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; the Marks; health and safety protocols; enrollment model; marketing strategies and programs; merchandising strategies; customer service standards; product and service offering; techniques and methods; standards and specifications; policies and procedures; training programs; technology solutions; and operating system.

2. **Background.** In your capacity as an owner ~~of Franchisee~~, (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with ~~the terms of this Agreement in order~~ to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property and Confidential Information. You agree to:

- (i) ~~(i)~~ (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's ~~Dogtopia~~ Center in compliance with the Franchise Agreement and Manual;
- (ii) ~~(ii)~~ (ii) maintain the confidentiality of ~~the Know-how and other~~ Confidential Information at all times;
- (iii) ~~(iii)~~ (iii) refrain from making unauthorized copies of documents containing Confidential Information;
(iv) take all ~~reasonable~~ steps we reasonably require to prevent unauthorized use or disclosure of ~~Know-how or other Confidential Information;~~
- (iv) ~~refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and~~
- (v) ~~(v)~~ (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee ~~or your spouse is no longer an owner of Franchisee, as applicable.~~

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then ~~such~~ you must perpetually license the Improvement ~~shall be perpetually~~

~~licensed by you~~ to us free of charge, with full rights to use, commercialize, and sublicense the same.

~~(b)~~ Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are ~~(or your spouse is)~~ an owner of Franchisee ~~or while your spouse is an owner of Franchisee, as applicable;~~ or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitively Eng Business during the Restricted Period as long as the Competitively Eng Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitively Eng Business permitted by this Section), your Restricted Period will be extended by the period of time during which you ~~were engaging~~ engaged in the Prohibited Activity. ~~(a) Any such extension of time will not be construed as constitute a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).~~

~~(a)(c)~~ Family Members. Because you could circumvent the purpose of ~~this Agreement §3~~ by disclosing ~~Know-how~~ Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family ~~(i)~~ engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities: ~~or (ii) uses or discloses Confidential Information.~~ However, you may rebut this presumption with evidence conclusively showing you did not disclose ~~Know-how~~ Confidential Information to the family member.

~~(b)(d)~~ Covenants Reasonable. You ~~acknowledge~~ agree that: (i) the ~~terms of this Agreement covenants in §3~~ are reasonable both in time duration and in scope of geographic area scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with ~~the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR UNENFORCEABLE. these covenants.~~ Although you and we both believe the covenants in ~~this Agreement §3~~ are reasonable; we may ~~at any time, upon written notice to you,~~ unilaterally modify the ~~terms of the~~ brand protection covenants in ~~Section §3~~ of this Agreement, ~~upon written notice to you,~~ by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitively Eng Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under ~~Section §3~~ of this Agreement to ensure ~~that the terms and~~ covenants are enforceable under applicable law.

~~(e)(e)~~ Breach. You agree that: (i) any failure to comply with ~~Section §3~~ is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach ~~Section §3~~ together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. ~~If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction.~~ None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. ~~No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this Section 3.~~

4. **Transfer Restrictions.** ~~If you are an owner of Franchisee, you acknowledge that we~~ We must approve all persons who hold a direct or indirect ownership interest in ~~the Franchisee. Accordingly entity. If you are an owner of Franchisee,~~ you agree that you will not, directly or indirectly ~~or by operation of law,~~ sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in ~~the Franchisee entity~~ except in accordance with ~~the terms and conditions set forth in Section 21.2 §21~~ of the Franchise Agreement.

5. **Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ~~ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us~~ other Definitive Agreements (as defined in the Franchise

Agreement) (collectively, the “Secured Agreements”), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:

- (i) ~~-~~acceptance and notice of acceptance by us of the foregoing undertakings;
- (ii) ~~-~~notice of demand for payment of any indebtedness guaranteed;
- (iii) ~~-~~protest and notice of default to any party with respect to the indebtedness guaranteed;
- (iv) ~~-~~any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) ~~-~~the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty ~~shall be~~ is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability ~~shall be~~ is not ~~be~~ contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures ~~set forth~~ in the Franchise Agreement. Notwithstanding the foregoing, if any ~~of the~~ dispute resolution procedures ~~set forth~~ in the Franchise Agreement conflict with any ~~of the~~ terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a your breach of this Agreement ~~by you shall constitute~~ constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with ~~the~~ its terms ~~thereof~~.**

7. Miscellaneous.

- (a) If either party hires an attorney or files suit against the other party ~~relating to or alleging a~~ for breach of this Agreement, the losing party ~~agrees to pay~~ must reimburse the prevailing party ~~party for its~~ party for its reasonable attorneys’ fees and costs ~~incurred in connection with such breach~~.
- (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action ~~that~~ you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. ~~In the event that~~ If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the

enforceability of any other section, subsection or portion; ~~and each party to this Agreement agrees.~~ The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

- (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

_____(Entity Name) dba TBD - DOGTOPIA of _____ (DBA) authorizes Better Together, LLC to charge / debit the account specified below for amounts relating to paying fees, charges and any other amounts owed pursuant to the terms of the Franchise Agreement. These debits are related to the operation of the Franchised Business and the amount of each debit will vary from month to month, to a maximum amount (if any) as set forth in the Franchise Agreement.

BANKING INFORMATION	
<i>Please fill out all the information below accurately and completely.</i>	
Name on Account:	Contact Person:
Address on Account:	Title:
Phone Number:	This is authorization for: <input checked="" type="checkbox"/> Royalty & Advertising Fees <input checked="" type="checkbox"/> Digital Marketing Fee <input checked="" type="checkbox"/> Technology Fee <input checked="" type="checkbox"/> Initial Franchise Fee <input checked="" type="checkbox"/> Real Estate RECAP Fee <input checked="" type="checkbox"/> Dogtopia Marketplace Items
Bank Name:	
Bank Address:	
Account Number:	
Routing Number:	
This account is a: <input type="checkbox"/> Personal Account (updated info later, once Entity is established) <input type="checkbox"/> Entity Business Account	
<i>R</i> = Recurring Charges (Monthly or Weekly according to the Franchise Agreement)	

I, _____ (Principal Operator), acknowledge I have the authority to execute this ACH Authorization Form and agree to notify Better Together, LLC in writing of any changes in account information or termination of this authorization fifteen (15) days prior to the next due date of the charges. In the case of an ACH Transaction being rejected for Non-Sufficient Funds (NSF), I understand that Better Together, LLC may at its discretion attempt to process the charge again within thirty (30) days, and agree to an additional One hundred and 00/100 Dollars (\$100.00) charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment, as stated in the Franchise Agreement. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I understand that cancellations must be made in writing and I will not dispute merchant recurring billing with my bank so long as the amount corresponds to the terms indicated in the Franchise Agreement.

This authorization is given and shall begin on this day _____.

By: _____ (Principal Operator)
 _____ (Title) of _____

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Better Together, LLC, a Delaware limited liability company, and its successors and assigns (“us”~~;~~”) upon the terms and conditions below.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Dogtopia Center, customers (and their pets), and business operations, including all Pet Parent & Dog Data, whether collected by you~~set forth in this Agreement.~~

~~1. Definitions.~~ For purposes of this Agreement, the following terms have the meanings given to them below:

~~“Business Data” means all data pertaining to Franchisee’s Dogtopia Center, customers (and their pets), and business operations, including all Pet Parent & Dog Data, whether collected by you, Franchisee, us or any other person.~~

“Competitive Business” means either any business that meets at least one of the following criteria: (a) any business competitive with a Dogtopia Center that derives, or is reasonably expected to derive, at least 30% of its revenues from any combination of dog daycare services, dog boarding services and/or dog spa and wellness services-or; (b) any business that grants/solicits, offers or sells franchises or licenses to other persons for the a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business meeting that meets the criteria in clause (a) of this definition. A Competing Business does not include any Dogtopia Center operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Dogtopia Center, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, (or any person associated with us,) or Franchisee, (or any person associated with Franchisee,) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third-party-person.

~~“Copyrights”~~“Copyrighted Materials” means all ~~works-and~~copyrightable materials for which we or our affiliate ~~has-secured~~secure common law or registered copyright protection and that we allow Dogtopia franchisees to use, sell or display in connection with the marketing and/or operation of a Dogtopia Center, ~~whether now in existence or created in the future.~~

“Dogtopia Center” or “Center” means a dog daycare, boarding and spa facility that-operatesauthorized to operate under the ~~name “DOGTOPIA®”;~~Marks and use our System, including ~~those~~any Center operated by ~~us, our affiliate,~~ Franchisee or any other person.

“Franchised Territory” means the Territory granted to Franchisee pursuant to the Franchise Agreement and described in Attachment A to this Agreement.

“Franchisee” means the Dogtopia franchisee for whom you are an franchisees.

~~“Franchised Territory” means the Territory granted to Franchisee pursuant to the Franchise Agreement and described in Attachment A to this Agreement.~~

~~“Franchisee” means the Dogtopia franchisee for whom you are an officer, director, employee or independent contractor.~~

~~“Improvement” means any idea, addition, modification or improvement to the (a) the goods or services offered or sold at a Dogtopia Center, (b) the method of operation of a Dogtopia Center, (c) the processes, systems or procedures utilized by a Dogtopia Center, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Dogtopia Center or (e) the trademarks, service marks, logos or other intellectual property utilized by a Dogtopia Center, whether developed by you, Franchisee or any other person.~~

~~“Intellectual Property” means, collectively or individually, the Business Data, Copyrights, Copyrighted Materials, Improvements, Know-how, Marks and System.~~

~~“Know-how” means all of our and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, development, construction, marketing and/or operation of a Dogtopia Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Dogtopia Center; site selection criteria; methods; and techniques; standards and specifications; policies and procedures; policies; marketing strategies and programs; merchandising strategies; supplier lists, relationships, and information; and information comprising the System and/or included in the Manual. Know-how does not include: (a) information that is in the public domain or becomes part of the public domain through no fault of your own; (b) information that you can clearly and convincingly demonstrate was in your legitimate possession prior to becoming an officer, director, employee or independent contractor of Franchisee or having any other involvement with the ownership or operation of a Dogtopia Center; or (c) information disclosed to you by third parties who had a lawful right to disclose such information to you without any obligation to restrict its further use or disclosure.~~

~~“Manual” means our confidential operating standards manual for the operation of a Dogtopia Center.~~

~~“Manual” means our confidential operating standards manual for the operation of a Dogtopia Center.~~

~~“Marks” means the logos, and includes all service marks, and trademarks now or hereafter involved in the operation of a Dogtopia Center, trade names and logos that we designate from time to time and authorize Centers to use, including “Dogtopia” DOGTOPIA® and the associated logo, and any other trademarks, service marks or trade names we designate for use by a Dogtopia Center. The Marks also include any distinctive trade dress used to identify a Dogtopia Center or the products it sells, whether now in existence or hereafter created.~~

~~“Pet Parent & Dog Data” means all data pertaining to pet parents, dogs, potential pet parents and business operations, including, without limitation, pet parent and dog contracts, pet parent information and other information about pet parents and dogs, whether collected by you or any other person.~~

~~“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any Dogtopia Center; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); our affiliate or another franchisee; (d) inducing any customer of ours (or of one of our affiliates or franchisees) Person to transfer their business from a Center to a competitor; or (e) utilizing any supplier relationship established through your association with us for any purpose unrelated to the operation of Franchisee’s Dogtopia Center.~~

~~“Restricted Period” means: the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.~~

~~“Restricted Territory” means the geographic area within: (a) the Franchised Territory (including the premises~~

of Franchisee's Dogtopia Center); and (b) a 15-mile radius from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) the Franchised Territory (including the premises of Franchisee's Dogtopia Center); and (b) a 10-mile radius from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ each of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within: (a) the Franchised Territory (including the premises of Franchisee's Dogtopia Center); and (b) a five (5) mile radius from all other Dogtopia Centers that are operating or under construction as of the date ~~of this Agreement~~hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ all of the foregoing Restricted Territory descriptions are too broad to be enforceable, then Restricted Territory means: the geographic area within the Franchised Territory (including the premises of Franchisee's Dogtopia Center).

"System" means our distinctive business format and set of specifications and operating procedures for the operation of a Dogtopia Center, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; the Marks; health and safety protocols; enrollment model; marketing strategies and programs; merchandising strategies; customer service standards; product and service offering; techniques and methods; standards and specifications; policies and procedures; training programs; technology solutions; and operating system.

2. Background. You are employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. Brand Protection Covenants.

- (a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Center; (ii) maintain the confidentiality of all Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of an Improvement to us then you must perpetually license the Improvement to us free of charge, with full rights to use, commercialize and sublicense the same.
- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.
- (c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this

Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

- (d) Covenants Reasonable. You agree that: (i) the covenants in this Agreement are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Miscellaneous.

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT A

Restricted Territory

[_____]

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Better Together, LLC, a Delaware limited liability company, and its successors and assigns (“us”) upon the terms and conditions below.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Dogtopia Center, customers (and their pets), and business operations, including all Pet Parent & Dog Data, whether collected by you or any other person.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Dogtopia Center, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, any person associated us, Franchisee, or any person associated with Franchisee, disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such person.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow Dogtopia franchisees to use, sell or display in connection with the marketing and/or operation of a Dogtopia Center.

“Dogtopia Center” means a dog daycare, boarding and spa facility authorized to operate under the Marks and use our System, including any Dogtopia Center operated by us, our affiliate, Franchisee or any other person.

“Franchisee” means the Dogtopia franchisee for whom you are an employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Dogtopia Center, (b) method of operation of a Dogtopia Center, (c) processes, systems or procedures utilized by a Dogtopia Center, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Dogtopia Center or (e) trademarks, service marks, logos or other intellectual property utilized by a Dogtopia Center, whether developed by you, Franchisee or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, development, construction, marketing or operation of a Dogtopia Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Dogtopia Center; site selection criteria; methods and techniques; standards and specifications; policies and procedures; marketing strategies and programs; merchandising strategies; supplier lists, relationships and information; and information comprising the System or included in the Manual.

“Manual” means our confidential operating standards manual for the operation of a Dogtopia Center.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Centers to use, including DOGTOPIA® and the associated logo. The Marks also include any distinctive trade dress used to identify a Center or the products it sells.

“Pet Parent & Dog Data” means all data pertaining to pet parents, dogs, potential pet parents and business operations, including pet parent and dog contracts, pet parent information and other information about pet parents and dogs, whether collected by you or any other person.

“System” means our distinctive business format and set of specifications and operating procedures for the operation of a Dogtopia Center, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; the Marks; health and safety protocols; enrollment model; marketing strategies and programs; merchandising strategies; customer service standards; product and service offering; techniques and methods; standards and specifications; policies and procedures; training programs; technology solutions; and operating system.

~~1.2. Background.~~ ~~Background~~—You are an ~~officer, director,~~ employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

~~2.~~ ~~Intellectual Property.~~ and Confidential Information. You agree to:

- (i) ~~——~~ (a) refrain from using the Intellectual Property or Confidential Information in any ~~capacity~~business or for any purpose other than the operation of Franchisee’s ~~Dogtopia~~-Center;
- (ii) ~~——~~ (b) maintain the confidentiality of ~~the Know-how and other~~ all Confidential Information at all times;
- (iii) ~~——~~ (c) refrain from making unauthorized copies of documents containing any Confidential Information; (d) take all ~~reasonable~~ steps we reasonably require to prevent unauthorized use or disclosure of ~~Know-how or other Confidential Information~~;
- (iv) ~~——~~ ~~refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and~~
- (v) ~~——~~ (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an ~~officer, director,~~ employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses.

~~2.3.~~ ~~You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses.~~ If applicable law precludes you from assigning ownership of any Improvement to us, then ~~such Improvement shall be~~ you must perpetually ~~licensed by you~~ license the Improvement to us free of charge, with full rights to use, commercialize and sublicense the same.

~~3.~~ ~~Family Members.~~ ~~Because you could circumvent the purpose of this Agreement by disclosing Unfair Competition.~~ You may not engage in any Prohibited Activities at any time: (a) that you are an officer, director, employee or independent contractor of Franchisee; or (b) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

~~3.4.~~ Confidential Information ~~Family Members.~~ ~~Because you could circumvent the purpose of this Agreement by disclosing Know-how~~ to an immediate family member (i.e., ~~spouse,~~ parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family ~~engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities. However, you~~ uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose ~~Know-how~~ Confidential Information to the family member.

~~4.~~ ~~Covenants Reasonable.~~ You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. ~~YOU HEREBY~~

~~WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.~~

4.5 Breach You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. ~~If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction.~~ None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. ~~No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this this Agreement.~~

5.6 Miscellaneous.

- (a) If we hire an attorney or file suit against you ~~because you have breached~~ for breach of this Agreement and ~~we prevail against you, you agree to pay~~ must reimburse us for our reasonable attorneys' fees and costs ~~in doing so.~~
- (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. ~~In the event that~~ If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; ~~and each party to this Agreement agrees. The parties agree~~ that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms ~~reasonable in scope, duration and geographic area.~~ enforceable.
- ~~(a) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.~~
- ~~(b) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.~~

~~This Brand Protection Agreement is executed as of the date or dates set forth below:~~

By: _____

Name: _____

Date: _____

~~ATTACHMENT A~~

~~Restricted Territory~~

[REDACTED]

~~ATTACHMENT "F"~~ ATTACHMENT "A"

~~TO FRANCHISE AGREEMENT~~

CONFIDENTIALITY AGREEMENT

~~[See Attached]~~

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Better Together, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

6.1 Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Dogtopia Center, customers (and their pets), and business operations, including all Pet Parent & Dog Data, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) the Know How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Dogtopia Center, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, any person associated us, Franchisee, or any person associated with Franchisee, disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrights” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Dogtopia franchisees to use, sell or display in connection with the marketing and/or operation of a Dogtopia Center, whether now in existence or created in the future.

“Dogtopia Center” means a dog daycare, boarding and spa facility that operates under the name “DOGTOPIA[®]”, including those operated by us, our affiliate, Franchisee or other franchisees.

“Franchisee” means the Dogtopia franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Dogtopia Center, (b) the method of operation of a Dogtopia Center, (c) the processes, systems or procedures utilized by a Dogtopia Center, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Dogtopia Center or (e) the trademarks, service marks, logos or other intellectual property utilized by a Dogtopia Center, whether developed by you, Franchisee or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrights, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Dogtopia Center, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and programs, supplier relationships, and information comprising the System and the Manual. Know-how does not include: (a) information that is in the public domain or becomes part of the public domain through no fault of your own; (b) information that you can clearly and convincingly demonstrate was in your legitimate possession prior to becoming an officer, director, employee or independent contractor of Franchisee or having any other involvement with the ownership or operation of a Dogtopia Center; or (c) information disclosed to you by third parties who had a lawful right to disclose such information to you without any obligation to restrict its further use or disclosure.

~~“Manual” means our confidential operating standards manual for the operation of a Dogtopia Center.~~

~~“Marks” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Dogtopia Center, including “Dogtopia” and the associated logo, and any other trademarks, service marks or trade names we designate for use by a Dogtopia Center. The Marks also includes any distinctive trade dress used to identify a Dogtopia Center or the products it sells, whether now in existence or hereafter created.~~

~~“Pet Parent & Dog Data” means all data pertaining to pet parents, dogs, potential pet parents and business operations, including, without limitation, pet parent and dog contracts, pet parent information and other information about pet parents and dogs.~~

~~“System” means our distinctive business format and set of specifications and operating procedures for the operation of a Dogtopia Center, the distinctive characteristics of which include: the Marks; health and safety protocols; marketing strategies and programs; merchandising strategies; customer service standards; product and service offering; techniques and methods; standards and specifications; policies and procedures; training programs; technology solutions; and operating system.~~

~~7. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.~~

~~8. **Know-How and Intellectual Property** You agree to:~~

- ~~(i) — refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee’s Dogtopia Center;~~
- ~~(ii) — maintain the confidentiality of the Know-how and other Confidential Information at all times;~~
- ~~(iii) — take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;~~
- ~~(iv) — refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and~~
- ~~(v) — immediately stop using the Intellectual Property at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.~~

~~You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.~~

~~9. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or disclosed the Know-how. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.~~

~~(a) — **Covenants Reasonable.** You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**~~

~~(b)(a) **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available~~

~~at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this Agreement.~~

5.1. Miscellaneous:

- ~~(d) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.~~
- ~~(a) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.~~
- ~~(e) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.~~

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

EXHIBIT "D"
TO DISCLOSURE DOCUMENT

Area Development Agreement

[See Attached]



AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Development Schedule Extension Amendment

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is entered into as of the “Effective Date” listed in Part A of ATTACHMENT “A” (the “Effective Date”) between Better Together, LLC, a Delaware limited liability company (“we” or “us”) and the “Area Developer” listed in Part B of ATTACHMENT “A” (“you”).

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below. ~~Any capitalized term used in this Agreement that is, or if~~ not defined below ~~shall have,~~ the meanings given to such term ~~them~~ in the Initial Franchise Agreement ~~(as defined below).~~

~~“Acquisition” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Affiliate Operating Entity” is defined in Section 6.~~

~~“Alternative Channels of Distribution” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Anti-Terrorism Law” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Captive Venues” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Center” or “Dogtopia Center Operator” means a Dogtopia business authorized to operate under our Marks and use our System, including any Dogtopia Center operated by us, our an affiliate, you, an Affiliate Operating Entity or another franchisee. establish in accordance with §6 to own and operate a Center.~~

~~“Claim” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Core Profile Individual” has the meaning given to such term in the Initial Franchise Agreement.~~

“Developer Entity” means the Entity that: (a) signs this Agreement as the area developer (~~i.e., “you”~~) if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Development Business” means the franchised business you conduct pursuant to this Agreement consisting of developing and opening Centers within the Development Territory.

“Development Schedule” means the schedule described in Section 4.1 §4.1 and Part CD of ATTACHMENT “A” ATTACHMENT “A” for the development of the Centers within the Development Territory.

“Development Territory” ~~is defined~~ means the geographic area described in Section 3.1 §3.1.

“Development Territory Amendment Date” is defined in Section 3.4 §3.4.

“Development Territory Notice” means our then-current form of Development Territory Notice that we issue to you in accordance with Section 3.2 §3.2 to identify the boundaries of your Development Territory.

“Development Territory Search Area” means the geographic area within which you must identify your Development Territory (if your Development is unknown as of the Effective Date), as ~~further~~ described in Section 3.2 §3.2.

“Development Territory Search Area Protection Period” means the period of time commencing with the Effective Date and expiring upon the earlier to occur of (a) 60 days after the Effective Date or (b) the date we designate the boundaries of your Development Territory in accordance with §3.1.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

~~“Entity” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Equity Interest” has the meaning given to such term in the Initial~~ “Dogtopia Center” or “Center” means a dog daycare, boarding and spa facility authorized to operate under the Marks and use our System, including any Center operated by Franchisee or any other person.

“Franchise Agreement” means a Dogtopia Franchise Agreement.

~~“Force Majeure” has the meaning given to such term in the Initial Franchise Agreement executed by us and you (or an Affiliate Operator) for the development and operation of a Center pursuant to this Agreement.~~

~~“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §8.2 in connection with a Transfer.~~

~~“Initial Franchise Agreement” means the Dogtopia Franchise Agreement that you (or an Affiliate Operating Entity) sign with us concurrently with the execution of this Agreement.~~

~~“Intellectual Property” has the meaning given you execute for the first Center to such term in the Initial Franchise Agreement.~~

~~“Law” has the meaning given be developed pursuant to such term in the Initial Franchise Agreement.~~

~~“Notice of Development Territory Subdivision” means the notice we provide to you if we elect to subdivide your Development Territory under the circumstances described in Section 3.4 §3.4.~~

~~“Owner” means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly (through one or more intermediaries) owns any Equity Interest in any Affiliate Operating Entity-Operator.~~

~~“Option Acceptance Notice” means the notice you provide to us if you elect to exercise your option to purchase franchise development rights to an Option Territory in accordance with Section 3.5 §3.5.~~

~~“Option Period” means the period of time described in Section 3.4 §3.4 during which you must decide whether to exercise your option to purchase franchise development rights to an Option Territory.~~

~~“Option Territory” is defined in Section 3.4 §3.4.~~

~~“Person” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Term” means the period of time commencing with beginning on the Effective Date of this Agreement and expiring upon the earliest to occur of: (a) the required opening date you (or an Affiliate Operating Entity) sign a Franchise Agreement listed in the Development Schedule for the last Center to be established under the Development Schedule; or you are required to open; (b) the actual opening date by which of the last Center you are required to open the last Center under the Development Schedule; or (c) the date this Agreement is effectively terminated.~~

~~“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:~~

- ~~(a) this Agreement (or any interest therein);~~
- ~~(b) the area development rights granted by this Agreement (or any interest therein);~~
- ~~(c) the business conducted by Development Business you conduct pursuant to this Agreement (or any interest therein); or~~
- ~~(d) an Equity Interest in the Developer Entity, including public and private offerings;~~

~~including by: merger or consolidation, by: judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity, or by: foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.~~

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms ~~and conditions~~ of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Centers referred to in the Development Schedule. Each Center must be: (a) located within the Development Territory; and (b) owned, developed and operated by you or an Affiliate Operating Entity. Each Center developed pursuant to this

~~Agreement must be located within the Development Territory and at a specific site we approve in accordance with the terms of the applicable Franchise Agreement.~~ Operator. This Agreement ~~is not a Franchise Agreement and~~ does not grant you (or any Affiliate ~~Operating Entity~~ Operator) any rights or licenses to use ~~any of~~ our Intellectual Property.

3. DEVELOPMENT TERRITORY.

3.1. **Development Territory.** Each Center you develop pursuant to this Agreement must be located within the geographic area we designate (your “Development Territory”). The geographic area that comprises your Development Territory will be identified in: (a) Part ~~D of ATTACHMENT "A"~~ E of ATTACHMENT "A" if we designate your Development Territory prior to execution of this Agreement; or (b) the Development Territory Notice issued to you in accordance with Section 3.2 if we have not designated your Development Territory prior to execution of this Agreement. Your Development Territory will include a certain number of Core Profile Individuals that reside and/or work within the Development Territory. The minimum number of Core Profile Individuals in your Development Territory will be equal to or greater than 50,000 multiplied by the total number of Centers you commit to develop pursuant to this Agreement. For example, if you commit to develop 10 Centers ~~pursuant to this Agreement~~, your Development Territory will include a minimum of 500,000 Core Profile Individuals (50,000 X 10).

3.2. **Development Territory Search Area.** If we have not designated your Development Territory prior to execution of this Agreement, then Part ~~EF~~ EF of ATTACHMENT "A" will describe your “Development Territory Search Area”. We will promptly notify you of all available Development Territories within the Development Territory Search Area. Within 60 days after the Effective Date, you must notify us of the Development Territory you select. ~~If you fail to notify us of your selection within the 60-day period, we may either:~~ (a) grant you a reasonable extension (but only if no other franchisees are searching for territories or development territories within the same Development Territory Search Area); or (b) designate your Development Territory, which you must accept. We will send you a Development Territory Notice identifying the boundaries of the Development Territory within five (5) business days after you (or we, if applicable) select it. Within five (5) business days after receipt of the Development Territory Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the Development Territory identified in the Development Territory Notice is immediately effective and binding on you at the time we issue such notice, regardless of whether you sign the acknowledgment and/or send us a copy.

During the Development Territory Search Area Protection Period, your Development Territory Search Area will receive the same territorial protections, and be subject to the same limitations on territorial protections pertaining to Captive Venues and Acquisitions, that are described in ~~Section 3.3 with respect to your Development Territory. The “Development Territory Search Area Protection Period” means the period of time commencing with the Effective Date and expiring upon the earlier to occur of (a) 60 days after the Effective Date or (b) the date we designate the boundaries of your Development Territory in accordance with Section 3.1. with respect to your Development Territory.~~ All territorial rights and protections associated with your Development Territory Search Area automatically terminate when the Development Territory Search Area Protection Period expires. Following our issuance of the Development Territory Notice, you will be granted the territorial rights and protections set forth in Section 3.3 with respect to the Development Territory, but you will have no territorial rights or protections to any other area within the Development Territory Search Area.

3.3. **Territorial Rights and Limitations.** ~~Your Development Territory is “protected”, meaning During the Term~~ we will not develop or operate, or ~~grant a franchise or~~ license to any Person (other than you ~~(or any your~~ Affiliate ~~Operating Entity~~ Operator) to develop or operate, a Dogtopia Center that is ~~physically~~ located within the Development Territory ~~during the Term~~ other than: (a) any Dogtopia Center that is operating, under development or for which a franchise agreement has been executed,

in each case as of the Effective Date; (b) any Dogtopia Center otherwise permitted by this Section ~~in connection with Captive Venues or an Acquisition~~; and (c) as otherwise provided in Section 3.4 (Subdivision of Development Territory). ~~We~~ At any time during the Term we reserve the right to: (a) develop and operate, ~~or grant franchises or licenses to~~ and license third parties to develop and operate, Dogtopia Centers in Captive Venues ~~that are located in your~~ within the Development Territory; and (b) engage in Acquisitions, even if, as a result of an Acquisition either (i) one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Development Territory or (ii) you are required to begin using the trademarks of the acquiring company and such company has other competitive businesses located within your Development Territory using the same trademarks. We reserve the right to sell, ~~or grant franchises or licenses to~~ and license third parties to sell, competitive or identical goods ~~or~~ and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution, ~~irrespective of whether these sales take place in your Development Territory.~~

3.4. Subdivision of Development Territory. At any time during the Term, we have the option to subdivide your Development Territory into multiple franchise territories if: (a) the total number of Core Profile Individuals in your Development Territory increases by at least 15,000; and (b) we determine, in our sole discretion, that your original Development Territory can support more Dogtopia Centers than you are required to develop under this Agreement. In order to exercise our option, we must: (a) provide you with a written notice of our election to subdivide your Development Territory (the “Notice of Development Territory Subdivision”) at least 30 days before we subdivide your Development Territory; and (b) include within the Notice of Development Territory Subdivision a description of the boundaries of each franchise territory (each of which shall include at least 50,000 Core Profile Individuals). Within 30 days after the date of the Notice of Development Territory Subdivision, you must select a franchise territory for each Center that remains to be developed under this Agreement. If you fail to notify us of your selections before the end of this 30-day period, we will select your franchise territories in our sole discretion and notify you in writing of the franchise territories we selected for you. Each franchise territory that you or we, as applicable, do not select for you to retain for purposes of developing the remaining Centers under this Agreement is referred to as an “Option Territory”. Each Option Territory may either: (a) consist of a geographic area that was entirely within your original Development Territory; or (b) consist of a geographic area that was partially within your original Development Territory and partially outside your original Development Territory. At the time that you or we, as applicable, select the franchise territories you will retain and develop (the “Development Territory Amendment Date”), this Agreement shall be automatically amended, without the need for further action by either party, to delete the original Development Territory description in Part ~~D~~ E of ATTACHMENT "A" or in the Development Territory Notice, as applicable, and replace it with the geographic area that is comprised by your original Development Territory but excluding each Option Territory. During the period of time beginning on the date we issue the Notice of Development Territory Subdivision and ending on the Development Territory Amendment Date (the “Option Period”), you shall have the option to acquire franchise development rights to each Option Territory (either directly or through an Affiliate ~~Operating Entity~~ Operator) in accordance with Section 3.5 3.5. Following the Development Territory Amendment Date, you shall have no territorial rights or protections relating to any Option Territory for which you (or an Affiliate ~~Operating Entity~~ Operator) and we have not executed a Franchise Agreement.

3.5. Option to Acquire Option Territory. During the Option Period, you have an exclusive option, but not the obligation, to purchase franchise rights to develop and operate a Center within each Option Territory (either directly or through an Affiliate ~~Operating Entity~~ Operator). In order to exercise your option, you must: (a) send us a written notice of your election to purchase the franchise rights (an “Option Acceptance Notice”) at least two (2) business days prior to the Development Territory Amendment Date; and (b) complete the purchase of franchise rights within 30 days after we receive your Option Acceptance Notice (or such longer period of time we designate in our discretion) by signing (either directly or through an Affiliate ~~Operating Entity~~ Operator) our then-current form of Franchise Agreement

and paying the then-current initial franchise fee (discounted by 10%) in full. If your Development Territory is divided into multiple Option Territories, you may exercise your option to either purchase all of the Option Territories or only some of them. You (or an Affiliate ~~Operating Entity~~ Operator) must sign a separate Franchise Agreement and pay a separate initial franchise fee for each Option Territory purchased. We have the unrestricted right to develop and operate, or grant rights to any other Person to develop and operate, a Dogtopia Center anywhere within a given Option Territory if any of the following are true: (a) you notify us that you will not exercise your option; (b) you fail to send us the Option Acceptance Notice at least two (2) business days before the Development Territory Amendment Date; (c) you send us the Option Acceptance Notice in a timely manner but fail to sign the Franchise Agreement and/or pay us the initial franchise fee within the required period of time; or (d) you are in default under this Agreement or you (or any Affiliate ~~Operating Entity~~ Operator) is in default under any Franchise Agreement or any other agreement with us (or with any affiliate of ours) at any time between the date we send you the Notice of Development Territory Subdivision and the date you (or the Affiliate ~~Operating Entity~~ Operator, if applicable) sign a Franchise Agreement for the Option Territory. Any Center you (or an Affiliate ~~Operating Entity~~ Operator) develop within an Option Territory shall not be counted for purposes of determining your compliance with the Development Schedule.

4. DEVELOPMENT OBLIGATIONS.

4.1. Development Schedule.

(a) Generally. You ~~agree to~~ must develop, open and operate all Centers listed in the Development Schedule. You must develop and open each Center in strict compliance with ~~time periods~~ the opening dates set forth in the Development Schedule. ~~You or an Affiliate Operating Entity must develop, open and operate each Center in compliance with all of~~ The opening date listed in the Development Schedule for a given Center may be earlier than the opening date required under the terms of the ~~applicable~~ associated Franchise Agreement. ~~In order to comply with the Development Schedule you must open each Center by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.~~

(b) Progress Reports. ~~On the 10th day of each month, you must send us a written report of your activities and progress in developing your Centers pursuant to the Development Schedule during the immediately preceding month, including all information we reasonably request.~~

(c) Extension Option. If you are unable to meet an opening deadline under your Development Schedule, you have a one-time option to extend all of your remaining opening deadlines by 90 days. In order to do so, you must complete all of the following prior to the opening deadline you are unable to meet: (a) ~~i~~ send us a written notice confirming you are exercising the extension option; (b) ~~ii~~ sign the Development Schedule Extension Amendment attached hereto as ~~ATTACHMENT "B"~~ ATTACHMENT "B"; and (c) ~~iii~~ pay us a nonrefundable \$10,000 extension fee. ~~You must open all Centers referred to in the Development Schedule. You acknowledge that the opening date listed in the Development Schedule for a given Center may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule, you must open each Center by the opening date listed in the Development Schedule even if such date is earlier than the opening date required under the terms of the associated Franchise Agreement. On the 10th day of each month, you must send us a written report of your activities and progress in developing your Centers pursuant to the Development Schedule during the immediately preceding month, including all information we reasonably request.~~

4.2. Site Selection. You must select a specific site within the Development Territory for each Center in ~~accord~~ compliance with our then-current site selection criteria ~~set forth in the Manual and the applicable Franchise Agreement.~~ Each site you select is subject to our prior approval ~~as specified in~~ accordance with the applicable Franchise Agreement. Upon our approval of a site, you may proceed with

developing the architectural drawings and final site plans in accordance with our then-current form of Franchise Agreement. ~~You or an Affiliate Operating Entity must sign a Franchise Agreement for the applicable Center at the time you or the Affiliate Operating Entity, as applicable, sign a lease or purchase agreement for the Center that we approved.~~

- 4.3. **Franchise Agreements.** You or an Affiliate ~~Operating Entity~~Operator must sign a separate Franchise Agreement for each Center. You or an Affiliate ~~Operating Entity~~Operator must sign the Initial Franchise Agreement for your first (1st) Center at the time you sign this Agreement. You ~~may not commence construction of a Center until you (or an Affiliate Operating Entity) and we have executed~~Operator must sign a Franchise Agreement for ~~additional Center at the time you or the Affiliate Operator, as applicable, sign an approved lease or purchase agreement for~~ that Center. Each Franchise Agreement shall be our then-current form of Dogtopia Franchise Agreement (provided you will be deemed to have paid the initial franchise fee in full by virtue of your payment of the ~~Development Fee~~development fee), the terms ~~and conditions~~ of which may vary materially and substantially from the terms ~~and conditions~~ of the Initial Franchise Agreement. You ~~will have no right to construct or operate any~~may not commence construction of a Center until you (or an Affiliate ~~Operating Entity~~Operator) and we have executed a Franchise Agreement for that Center. You ~~have no right to construct or operate a Center until the applicable parties have signed the~~Franchise Agreement and all ancillary agreements for that Center. ~~You must develop, open and operate each Center in compliance with the Franchise Agreement and the Manual.~~ For each Center, we will provide your Managing Owner and other management personnel with our then-current initial training program, which must be successfully completed at least 30 days before the Center's scheduled opening date. We need not provide initial training to any Person we previously trained in connection with another Franchise Agreement. In order to be eligible to sign a Franchise Agreement, you or the Affiliate ~~Operating Entity~~Operator, as applicable, must satisfy each of the following minimum development criteria as of the date you notify us of your intent to sign a Franchise Agreement and the date you actually sign the Franchise Agreement:
- (a) **Minimum Working Capital.** You or the Affiliate ~~Operating Entity~~Operator that will execute the Franchise Agreement, as applicable, must have a minimum of \$200,000 in working capital.
 - (b) **Net Worth.** Your aggregate net worth, which shall collectively include and take into account the assets and financial condition of you, all Affiliate ~~Operating Entities~~Operators and the Owners, must be at least 80% of your net worth disclosed to us on your initial application to acquire Dogtopia franchise development rights.
 - (c) **Financing.** If you intend to finance any portion of the development of the applicable Center, you shall have obtained and submitted to us a financing pre-approval letter from an established commercial lender with a commitment to fund the entire portion of your estimated initial investment that you intend to finance.
 - (d) **Financial Statements.** At the time you request we sign a Franchise Agreement, you and each Affiliate ~~Operating Entity~~Operator shall be current and in full compliance with all financial reporting obligations, including, without limitation, submission of monthly profit and loss statements.
 - (e) **Quality Standards.** You and all Affiliate ~~Operating Entities~~Operators, if applicable, ~~shall~~must satisfy each of the following quality control standards and criteria in connection with ~~each of the all~~ Centers operated by you and such Affiliate ~~Operating Entities~~Operators:
 - (i) each Center achieved, and at such time maintains, "TOP DOG" certification by us;
 - (ii) each Center achieved an average Action Card score of at least 90% in connection with the facility inspections conducted during the 12-month period preceding the date you notify us of your intent to sign a Franchise Agreement; and

- (iii) each Center achieved an average NPS score of at least 85% in connection with the facility evaluations conducted during the 12-month period preceding the date you notify us of your intent to sign a Franchise Agreement.

If you fail to satisfy any criteria set forth in clauses (a) through (e) above, we may refuse to enter into a Franchise Agreement with you until such time that you satisfy all such criteria.

4.4. **Additional ~~Locations~~Centers**. Except as otherwise permitted by ~~Section 3.5~~§3.5, neither you nor any Affiliate ~~Operating Entity~~Operator has any right or option to develop any Center other than the Centers listed in the Development Schedule unless we, in our sole discretion, enter into an additional Development Agreement or Franchise Agreement with you or an Affiliate ~~Operating Entity~~Operator.

5. **DEVELOPMENT FEE**. At the time you sign this Agreement, you must pay us ~~at the~~ development fee ~~in the amount~~ set forth in Part ~~FC~~ of ATTACHMENT "A". The development fee is calculated as the sum of (a) \$49,500 (the standard initial franchise fee for the first Center you commit to develop under this Agreement); and (b) a \$44,550 discounted initial franchise fee for each additional Center you commit to develop under this Agreement. ~~By way of example, if the Development Schedule obligates you to develop 10 Centers, the development fee shall be \$450,450, which is the sum of: (a) \$49,500 plus (b) \$400,950 (\$44,550 X 9).~~ The development fee is deemed to satisfy the initial franchise fee owed under the Initial Franchise Agreement and each Franchise Agreement subsequently executed for the development of the remaining Centers referenced in the Development Schedule. The development fee is fully earned and nonrefundable upon execution of this Agreement ~~regardless of whether you develop any of the Centers listed in the Development Schedule.~~

6. **~~AREA DEVELOPER AS~~ ENTITY**. You represent that Part ~~AB~~ of ~~ATTACHMENT "A"~~ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon ~~our~~ request, you must ~~provide~~send us with a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of ~~the Developer Entity's~~its organizational documents and a current Certificate of Good Standing ~~(or the functional equivalent thereof)~~. You may form a separate ~~affiliated~~ Entity (an "Affiliate ~~Operating Entity~~Operator") to enter into each Franchise Agreement provided that:

- (i) you own at least 51% of the Equity Interests in the Affiliate ~~Operating Entity~~Operator through the term (and any renewal term) of the Franchise Agreement executed by the Affiliate ~~Operating Entity~~Operator;
- (ii) we approve all ~~e~~Owners of the Affiliate ~~Operating Entity~~Operator;
- (iii) you and your Owners guaranty all obligations of the Affiliate ~~Operating Entity~~Operator under the applicable Franchise Agreement; and
- (iv) the Affiliate ~~Operating Entity~~Operator guarantees the performance of you under this Agreement and guarantees the performance of all other Affiliate ~~Operating Entities~~Operators under all other Franchise Agreements executed pursuant to this Agreement.

Each Owner, and the spouse of each Owner, must sign a Franchise Owner Agreement.

7. **MANAGING OWNER**. The individual you appoint as the Managing Owner pursuant to the Initial Franchise Agreement shall also serve as the Managing Owner for purposes of this Agreement. The Managing Owner must oversee, and remain actively involved with, the development of each Center developed pursuant to this Agreement. The Managing Owner must have authority over all business decisions relating to the development of the Centers pursuant to this Agreement and have the power to bind you (or the Affiliate ~~Operating Entity~~Operator, if applicable) in all dealings with us and third parties.

8. **TRANSFERS**.

8.1. **By Us**. This Agreement is fully assignable by us ~~(, without prior notice to you)~~, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that

we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

- 8.2. **By You.** The rights and duties created by this Agreement are personal to you and the Owners. We ~~have granted the~~ are granting you area development rights in reliance upon the ~~individual or collective~~ character, skill, ~~aptitude,~~ attitude, business ability and financial ~~capacity~~ resources of you and your Owners. You may not transfer your development rights for undeveloped locations. Therefore, neither you nor any Owner may engage in a Transfer. ~~Any except as provided in §8.3. Any other~~ Transfer shall be void and constitute a breach of this Agreement. You may not engage in a Transfer relating to an executed Franchise Agreement except in ~~full~~ compliance with ~~all of~~ the transfer ~~terms and conditions applicable under~~ provision set forth in such Franchise Agreement ~~(including, without limitation, payment of any transfer fee imposed under each such Franchise Agreement and separately obtaining our approval of such Transfer).~~
- 8.3. **Owner Death or Disability of an Owner.** ~~Upon.~~ Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest in ~~you~~ the Development Business or ~~the area development rights~~ Developer Entity, as applicable, must be assigned to another Owner or to a third party ~~approved by us within 180 days. Any assignment to a third party will require our prior written approval (which we may condition upon any terms we deem reasonably appropriate). For purposes of this Section, an~~ we approve. An Owner is deemed to have a "permanent disability" only if ~~the Person~~ he/she has a medical or mental problem that prevents ~~the Person~~ him/her from substantially complying with his-~~or~~-her obligations under this Agreement for a continuous period of at least three (3) months.

9. TERMINATION OF DEVELOPMENT RIGHTS.

- 9.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the ~~establishment~~ development of the Centers within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that ~~your failure to achieve the results required by~~ any breach of the Development Schedule ~~will constitute~~ is a material breach of this Agreement.
- 9.2. **Termination of Development Rights** ~~By Us.~~ If you fail to comply with any term of this Agreement, we. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:
- (i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or Affiliate Operators; or
 - (ii) if you or one of your Owners or Affiliate Operators breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after giving you written notice receipt of the ~~a~~ default notice from us.
- 9.3. **Effect of Termination.** ~~, unless you fully cure the default within such 30-day period. Any such~~ The termination of this Agreement will end all of your rights and ~~future~~ development obligations under this Agreement, including, ~~without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Centers. In the event of a termination, you~~ We will not ~~be entitled to any~~ refund any portion of the development fee.
- 9.3. ~~**Cross Default.** Our termination of any Franchise Agreement due to your default (or default by an Affiliate Operating Entity, if applicable) shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.~~

10. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution

provisions are incorporated herein by reference as if fully set forth in this Agreement.

11. ~~YOUR~~ REPRESENTATIONS.

- 11.1. Corporate Representations.** You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.
- 11.2. Franchise Compliance Representations.** You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates [in connection with this franchise](#) or (ii) such earlier time in the sales process that you requested a copy.
- 11.3. General Representations.** You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 11.4. Anti-Terrorism Compliance.** You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. GENERAL PROVISIONS.

- 12.1. Governing Law.** This Agreement and the franchise relationship ~~shall be~~ [governed](#) by the Laws of the State of Arizona ~~(without reference to its principles of conflicts of law);~~ ^{7.2} but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

12.2. **Severability.** Each section, ~~and~~ subsection, ~~term and provision~~ of this Agreement, and any portion thereof, shall be considered severable.

12.3. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

12.4. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

12.4.12.5. **Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 90 days. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

12.5.12.6. **Binding Effect.** This Agreement is binding ~~upon the parties to this Agreement~~ hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

12.6.12.7. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of a Development Territory Notice (if applicable) shall be deemed to amend this Agreement to designate your Development Territory, regardless of whether you countersign and/or return the Development Territory Notice. Any ~~e-mail correspondence~~ email or other ~~form of~~ informal electronic communication shall not be deemed to modify this Agreement unless ~~such communication~~ it is signed by both parties and specifically states ~~that~~ it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. ~~This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.~~ Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise ~~L~~ law, including fraud in the inducement; or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other ~~P~~ person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12.7.12.8. **Covenant of Good Faith** Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with ~~a fair construction of the~~ express terms of this Agreement. ~~Additionally, if applicable Law implies the covenant, you agree that: (a) this~~ This Agreement ~~(, and the relationship of the parties inherent in this Agreement),~~ grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this

Agreement that may favorably or adversely affect your interests; ~~(b) we.~~ We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees ~~(including ourselves and our affiliates if applicable),~~ but without considering ~~your individual interests or~~ the individual interests of you or any other particular franchisee; ~~(e) we have no liability to you for the exercise of our discretion in this manner so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation may substitute its judgment for our judgment so exercised.~~

12.8.12.9. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

12.9.12.10. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement ~~(, or the Transfer of an ownership interest in the business~~ Development Business or Developer Entity), shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

12.10.1.1. Construction. ~~The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified.~~ Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

12.11.12.12. Time of Essence. Time is of the essence in this Agreement and every term thereof.

12.13. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

12.12.12.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

12.13.1.1. Notice. ~~All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.~~

[Signature Page Follows]

The parties to this agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Better Together, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an Entity):

_____,
a(n) _____

By: _____
Name: _____
Its: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Effective Date

The "Effective Date" of the Area Development Agreement shall be _____, 202__.

B. Area Developer Details

Name of Area Developer: [_____]

Is the developer one or more natural ~~p~~Persons signing in their individual capacity? Yes: _____ No: _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the area developer is a business eEntity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business entity~~Developer Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ownership interest in the ~~area developer~~Business (or the ~~area developer business entity~~Developer Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of describe nature of interest)

Notice Address: [_____]

Phone Number: [_____]

Email Address: [_____]

C. Development Fee

The Development Fee payable pursuant to §5 is \$[_____].

D. Development Schedule

You agree to comply with the following minimum development obligations as specified in ~~Section 4~~§4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF CENTERS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF CENTERS OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of franchised Dogtopia Centers to be developed: [_____]		

D.E. Development Territory

The Development Territory referenced in the Area Development Agreement shall consist of the following geographic area (as may be further depicted on ~~the~~a map attached on the following page, if applicable):

[_____]

Your Development Territory includes [_____] Core Profile Customers as of the date of determination.

If ~~there are any changes to the zip codes or other~~ boundaries that define ~~your~~the Development Territory change during the ~~term of the Area Development Agreement, then, unless otherwise agreed to by you and us in writing~~Term, the boundaries of your Development Territory ~~shall~~will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the Effective Date ~~and~~(as may be depicted on the map attached below or on the following page ~~(if applicable)~~).

* If the Development Territory has not been designated by us at the time this Agreement is signed, then we will send you a Development Territory Notice in accordance with ~~Section 3.2~~§3.2 that will identify the geographic area that comprises your Development Territory and identify the total number of Core Profile Customers included within your Development Territory (as of the date that the Development Territory is determined).

[Insert Development Territory Map Below – If Applicable]

E. Development Territory Search Area

The Development Territory Search Area referenced in the Area Development Agreement shall consist of the following geographic area:

[_____]

**. The Development Territory Search Area is not your Development Territory and there is no exclusivity or other territorial protections associated with this area.*

F. Development Fee

The Development Fee payable pursuant to Section 5 is \$[_____].

TO AREA DEVELOPMENT AGREEMENT
DEVELOPMENT SCHEDULE EXTENSION AMENDMENT

[See Attached]

AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this "Amendment") is entered into as of _____ (the "Effective Date") between Better Together, LLC, a Delaware limited liability company ("us" or "we"), _____, a(n) _____ ("you"), and each person directly or indirectly holding an ownership interest in you (your "Owners" and, together with you and us, the "Parties").

Background

- A. You and we entered into a Dogtopia Area Development Agreement dated _____ (the "ADA"), pursuant to which we granted you the right and obligation to develop, open and operate multiple Dogtopia centers (each, a "Center") from approved sites located within the Development Territory defined therein;
- B. The ADA requires that you open each Center in accordance with the opening deadlines listed in the development schedule attached to the ADA (the "Development Schedule");
- C. You have notified us that you are unable to open one or more of your required Centers by the opening deadline(s) set forth in the Development Schedule.
- D. You desire to obtain a one-time extension of all of your remaining opening deadlines pursuant to the terms set forth in this Amendment and we desire to grant you such extension.
- E. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the ADA in accordance with the following terms and conditions.

Agreement

- 1. Development Schedule. -The Parties agree that the Development Schedule under the ADA is hereby deleted in its entirety and replaced with the Development Schedule set forth in Exhibit "A" to this Amendment. The new Development Schedule has been modified to extend the opening deadline for each Center remaining to be developed by 90 days. You acknowledge we have no obligation to grant you any additional extensions beyond those granted pursuant to this Amendment, and we reserve the right to terminate the ADA if you fail to meet the new opening deadlines set forth in the Development Schedule attached hereto as Exhibit "A".
- 2. Extension Fee. In consideration of our extension of your opening deadlines, you agree to pay us a nonrefundable \$10,000 development schedule extension fee upon execution of this Amendment.
- 3. Release of Claims. As partial consideration for our agreement to modify your Development Schedule by extending your opening deadlines, you, the Owners, each of your affiliated companies, and each individual holding a direct or indirect ownership interest in you or your affiliated companies (collectively, the "Franchisee Parties") hereby release, acquit and forever discharge Franchisor, Franchisor's owners and officers, each of Franchisor's affiliated companies, and the owners and officers of each of Franchisor's affiliated companies (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the ADA, any Franchise Agreement executed pursuant to the ADA, or the offer, sale or acceptance of the franchise rights related thereto (including, but not limited to any disclosures and representations made in connection therewith).
- 4. Miscellaneous.
 - (a) Modification. This Amendment and the ADA when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject

matter contained in this Amendment and the ADA, whether written or verbal, other than as contained within the executed Amendment and ADA, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in writing signed by the Parties.

- (b) Effect on Agreement. -Except as specifically modified or supplemented by this Amendment, all terms, conditions, covenants and agreements set forth in the ADA shall remain in full force and effect.
- (c) Inconsistency. -In the event of any inconsistency between the executed ADA and this Amendment, this Amendment shall prevail.
- (d) Defined Terms. Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the ADA. Any reference to "Section" or "Sections" shall refer to the Section or Sections of the ADA.
- (e) Counterparts. -This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

In witness whereof, the Parties have executed this Amendment on the date first set forth above.

FRANCHISOR:

Better Together, LLC, a Delaware limited liability company

By: _____

Name: _____

Its: _____

YOU (If you are an entity):

_____,
a(n) _____

By: _____

Name: _____

Its: _____

OWNERS

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name:

Name:

Exhibit “A”

Development Schedule

DEVELOPMENT PERIOD ENDING	NUMBER OF CENTERS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF CENTERS OPENED AND IN OPERATION
Total Number of franchised Dogtopia Centers to be developed: [_____]		

EXHIBIT "E"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

Exhibit E-1

Form of Real Estate Client Services Agreement

[See Attached]

CLIENT SERVICES AGREEMENT

This Client Services Agreement ("Agreement") is effective as of the date last set forth below on the signature page ("Effective Date") by and between **MORROW HILL, LLC**, a _____ limited liability company ("Morrow Hill"), and _____, a _____ limited liability company d/b/a *Dogtopia*® [LOCATION] ("Client" or "Franchisee") operating or to be operated at the following address _____ ("Premises") with reference to the terms set forth below.

WHEREAS, BETTER TOGETHER, LLC, a Delaware limited liability company, d/b/a the *Dogtopia* franchise system ("Franchisor") and Morrow Hill are parties to a Master Services Agreement dated as of its own "Effective Date" (as date therein defined) (the "Master Agreement"), under which Morrow Hill agreed to provide certain "Services" (as defined therein) to *Dogtopia* franchise owners ("Franchisees") and, as applicable, certain *Dogtopia* corporate locations; and

WHEREAS, Client and Morrow Hill wish to participate in the Master Agreement and agree to such terms by entering into this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and each with the intent to be legally bound, for themselves and their respective successors and assigns, the parties hereto agree as follows:

1. Governing Agreement. This Agreement shall be governed by the Master Agreement, which is hereby incorporated by reference. References to "Client" in the Master Agreement shall mean the Franchisee herein. References to "Morrow Hill" in the Master Agreement shall mean Morrow Hill herein.

2. Services. Morrow Hill agrees to provide certain "Services" (as term is further defined in the Scope of Services attached at Schedule 1 below) to Franchisee in accordance with the terms and conditions herein. Morrow Hill will be expected to provide prompt, professional and complete Services to Franchisee during the "Term" (defined below). All attachments hereto shall be incorporated into, and be a part of, this Agreement.

3. Morrow Hill's Compensation. Morrow Hill's Compensation for the Services shall be paid by the applicable landlord of the Premises.

4. Franchisee's Obligations. Franchisee acknowledges that in consideration for Franchisor's execution of the Master Agreement, Franchisee shall personally, jointly and severally guarantee the performance of all of Franchisee's and Franchisor's obligations as set forth in the Master Agreement, and that Franchisor shall bear no liability for Franchisee's breach of the Master Agreement or this Client Services Agreement, nor for Franchisee's acts or omissions resulting in any claims. Franchisee further agrees and acknowledges the obligation to hold harmless and defend Franchisor (including its officers, owners, members, managers, employees, agents, successors and assigns (the "Indemnitees") against any claims, demands, losses, liabilities, fines, penalties and expenses of any kind or nature whatsoever brought or threatened against any Indemnatee by reason of or resulting from (i) the breach of any term or provision of this Client Services Agreement or related agreement, or breach of the representations, warranties or agreements made by Franchisee in this Client Services Agreement (including, without limitation, damages caused by any violations by law by Franchisee); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of Franchisee, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals.

5. Term. This Agreement shall become effective on the Effective Date hereof and continue until terminated or until termination of the Master Agreement, whichever occurs first.

6. Choice of Law. The laws of the state in which the Premises is located shall govern this Agreement and all transactions under it. Notwithstanding the foregoing, the parties agree and acknowledge that any claims made against the Franchisor shall be governed by Arizona law, and any such claims shall be made against Franchisor only in accordance with Section 6 of the Master Services Agreement. The parties hereby irrevocably submit to such jurisdiction regarding any claims made against the Franchisor.

7. Notices. All notices, requests, consents, approvals, agreements, authorizations, waivers, and other communications required or permitted under this Agreement shall be in writing and shall be deemed given when sent by email or delivered by overnight courier with delivery confirmation to the addresses specified below (or one or more of the active and customary email addresses used by, and exchanged between, the parties during the Term). A copy of such notice shall also be sent by overnight mail on the date such notice is transmitted to the mailing and email addresses used from time-to-time by the Parties, or by the legal addresses for each of the Parties' legal entities on file with the applicable state agencies. Notice to Franchisee shall be sent to: _____
_____. Notices to Morrow Hill shall be sent to:

8. Precedence of Agreements. In the absence of any applicable terms or provisions of this Agreement, the terms and conditions of the Master Agreement shall prevail. In case of conflict between the terms and conditions of this Agreement and the Master Agreement, this Agreement shall prevail.

9. Entire Understanding. This Agreement, including the Master Agreement, represents the entire understanding between the parties. This Agreement may only be amended or revised by a mutual writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

“MORROW HILL”

“CLIENT”/“FRANCHISEE”

**MORROW HILL, LLC, a _____
limited liability company**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Schedule 1

Scope of Services

Exhibit E-2

Conversion Addendum

[See Attached]

DOGTOPIA CONVERSION ADDENDUM

This Dogtopia Conversion Addendum (this “Addendum”) is entered into as of _____, 202__ (the “Effective Date”), between Better Together, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you” and, together with us, the “Parties”).

Background

- A. You currently own and operate a business (the “Current Business”) from the premises located at the address listed in Part A of Attachment A to this Addendum (the “Premises”);
- B. The Current Business offers services that are similar to the services offered by a Dogtopia Center;
- C. You desire to acquire a Dogtopia franchise for purposes of converting your Current Business to a Dogtopia Center and we are willing to grant you the right and obligation to do so;
- D. Concurrently with the execution of this Addendum, the Parties are entering into a Dogtopia Franchise Agreement (the “Franchise Agreement”), pursuant to which we will grant you the right and obligation to convert the Current Business to a Dogtopia Center that will provide certain services for dogs (including boarding, daycare, training and spa services) and sell dog-related products in accordance with our standards, specifications, policies and procedures (your “Dogtopia Center”);
- E. In order to effectuate the conversion of your Current Business to a Dogtopia Center, the Parties desire to modify the Franchise Agreement according to the terms and conditions set forth herein.
- F. In consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, and intending to be legally bound, the Parties hereby agree to the terms and conditions set forth below.

Agreement

- 1. **Defined Terms and Section References.** Any capitalized term that is not defined in this Addendum shall have the meaning given to such term in the Franchise Agreement. Any reference to “Section” or “Sections” shall refer to the Section or Sections of the Franchise Agreement.
- 2. **Conversion Date.** You may not utilize any of our Marks, including, without limitation, by advertising or promoting the upcoming conversion of your Current Business to a Dogtopia Center at any time prior to our issuance of a written “Certificate of Conversion Completion” confirming: (a) you have complied with all conversion requirements set forth in this Addendum and all other pre-opening obligations set forth in the Franchise Agreement; and (b) your Premises is ready to commence operations as a Dogtopia Center (your “Conversion Date”). You must complete the construction and conversion of your Premises to a Dogtopia Center no later than the conversion completion deadline set forth in Attachment B to this Addendum.
- 3. **Lease.** If you lease the Premises, you must negotiate with your landlord, if necessary, to modify your lease in order to provide you with a term of at least 10 years from the Conversion Date. You must also cause your landlord to execute our required Lease Addendum. We may require that you complete these steps prior to execution of the Franchise Agreement and this Addendum. At a minimum, we may require execution of the Lease Addendum as a condition to us issuing our Certificate of Conversion Completion pursuant to Section §5 of this Addendum.
- 4. **Construction and Conversion of Premises.** You must, at your sole expense, re-image, remodel, renovate, refurbish, and modernize the Premises to comply with all standards and specifications in the Manual, including, without limitation, our required design and layout, construction materials, furniture, fixtures and equipment, interior and exterior signage and trade dress. You must utilize our designated Architect Company to prepare your construction plans to convert your Premises to a Dogtopia Center. At a minimum, your construction plans must incorporate the modifications and improvements set forth in Attachment C to this

Addendum. You must obtain our approval of the construction plans within 90 days after the Effective Date of this Addendum. Once we approve your construction plans, you must utilize our designated Project Manager to oversee the development, construction and conversion of your Dogtopia Center and coordinate with the various contractors and other professionals involved with the process. You must purchase all required inventory items, operating supplies, uniforms, and other goods and services we specify. You must purchase and install all of our required Technology Systems.

5. Certificate of Conversion Completion. We will not issue a Certificate of Conversion Completion until all of the following requirements have been satisfied:

- (i) - your Premises meets all of our required standards and specifications;
- (ii) - we review and approve the construction, build-out and layout of your facility;
- (iii) - you purchase and install all required equipment, furniture, fixtures, decorations and signage;
- (iv) - you obtain all required insurance and provide us with proof of coverage;
- (v) - you obtain, and certify to us you obtained, all required licenses, permits and governmental approvals;
- (vi) - your Managing Owner and Designated Manager successfully complete our initial training program;
- (vii) you pay all amounts owed to us, our affiliates and suppliers that are due as of the opening date; and
- (viii) you comply with all of your other obligations under this Addendum.

Upon our issuance of the Certificate of Conversion Completion, you shall immediately cease operating the Current Business at the Premises and commence operation of your Dogtopia Center utilizing our Intellectual Property. At all times prior to issuance of the Certificate of Conversion Completion, including throughout the conversion process, you may, but need not, continue to operate the Current Business at the Premises.

6. Project Management. You shall not be required to utilize us, or the Real Estate Company designated by us, to provide any of the real estate related services set forth in the Franchise Agreement. You shall pay us a \$15,500 Real Estate and Facility Coordination Fee for the services provided by us (including as Project Manager) relating to the design and conversion of your Premises to a Dogtopia Center.

7. Grand Opening. Section 11.3(a) of the Franchise Agreement is deleted in its entirety. Within the 30-day period following our issuance of the Certificate of Conversion Completion, you must spend a total of at least \$5,000 on advertising and other marketing activities to promote the conversion of your Current Business and reopening as a Dogtopia Center, including digital advertising, guerilla marketing and public relations. We must approve all such advertising in accordance with ~~Section 11.3(e)~~ §11.3(e) of the Franchise Agreement. We may specify a grand opening marketing program that you must follow.

8. Fees. All fees imposed under the Franchise Agreement shall apply during the period of time between the execution of the Franchise Agreement and our issuance of the Certificate of Conversion Completion, including, without limitation, the royalty fee that shall commence immediately upon execution of the Franchise Agreement. Notwithstanding the foregoing, your obligation to begin making contributions to the brand and system development fund shall commence on the date that we issue you a Certificate of Conversion Completion. You must include in Gross Sales the total amount of gross revenues received by you or the prior business owner from the sale of goods or services that were purchased prior to your Conversion Date but that are redeemed at your Dogtopia Center (either in whole or in part) after your Conversion Date. The specific way these revenues must be calculated and included within Gross Sales may be further described in the Manuals (including allocation of these revenues in situations where a portion of the goods or services received by the customer in exchange for the payment is redeemed prior to the Conversion Date and any remaining portion is redeemed after the Conversion Date). You must include the full amount of these revenues within Gross Sales for the month in which your Conversion Date takes place.

9. **Miscellaneous.**

- (a) Modification. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in writing signed by the Parties.
- (b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect.
- (c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.
- (d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first written above.

FRANCHISOR:

Better Together, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT A
To Conversion Addendum
Description of the Premises

ATTACHMENT B
To Conversion Addendum
Conversion Completion Deadline

ATTACHMENT C
To Conversion Addendum
Remodeling, Renovations and Improvements

Exhibit E-3

Franchisee Disclosure Questionnaire

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE¹

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Better Together, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Dogtopia franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- | | | | |
|-------|------|-----|--|
| Yes__ | No__ | 1. | Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement (“ADA”), together with all attachments to those agreements?
<i>[If you answer “no,” please explain in Explanation Section]</i> |
| Yes__ | No__ | 2. | Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
<i>[If you answer “no,” please explain in Explanation Section]</i> |
| Yes__ | No__ | 3. | Did you sign a receipt for the FDD indicating the date you received it? |
| Yes__ | No__ | 4. | Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?
<i>[If you answer “no,” please identify any information you don’t understand in Explanation Section]</i> |
| Yes__ | No__ | 5. | Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money? |
| Yes__ | No__ | 6. | Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it? |
| Yes__ | No__ | 7. | Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor? |
| Yes__ | No__ | 8. | Have you discussed the benefits and risks of developing and operating a Dogtopia franchise with an existing Dogtopia franchisee? |
| Yes__ | No__ | 9. | Do you understand the risks of developing and operating a Dogtopia franchise? |
| Yes__ | No__ | 10. | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes__ | No__ | 11. | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in Arizona if not resolved informally or by mediation? |

¹ Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

- Yes__ No__ 12. Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the Dogtopia franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?
- Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a Dogtopia franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?
[If you answer “yes,” please describe the statement or promise in Explanation Section]
- Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?
[If you answer “yes,” please describe the statement or promise in Explanation Section]
- Yes__ No__ 15. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Dogtopia business may generate, other than any information included in Item 19 of the FDD?
[If you answer “yes,” please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

Exhibit E-4

General Release

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Better Together, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

Recitals

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Dogtopia Center;
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as follows:

Agreement

- 1. **Release**. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
- 2. **California Law**. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive ~~Section §~~ 1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

- 3. **Washington Franchise Law**. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

- 4. **Nondisparagement**. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor

Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. **Representations and Warranties.** You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. **Miscellaneous.**

- (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
- (b) This Agreement shall be construed and governed by the laws of the State of Arizona.
- (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
- (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
- (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
- (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
- (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
- (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

By: _____

Name: _____

Its: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

Exhibit E-5

Site Approval Notice

[See Attached]

SITE APPROVAL NOTICE

Better Together, LLC (“us”) is issuing this Site Approval Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the Dogtopia Franchise Agreement that we executed with you on _____, 202____ (the “Franchise Agreement”) for the establishment and operation of a Dogtopia Center (your “Center”). The purpose of this Notice is to confirm our approval of the site you have proposed for your Center.

Approved Address:

Pursuant to Section 3.1 §3.1 of the Franchise Agreement, we hereby approve the site listed below for your Center:

* * *

By signing below, you and we agree that the address identified in this Notice shall be deemed the approved site for your Center established and operated pursuant to the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates the site meets our minimum brand standards and requirements.

We request that you sign below and send us an executed copy of this Site Approval Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site. Our designation of your approved site, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph of this Notice. The Franchise Agreement is hereby amended to incorporate the address listed above in this Notice as the approved site for your Center.

Franchisor

Better Together, LLC

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

Exhibit E-6

Site Selection Area Notice

[See Attached]

SITE SELECTION AREA NOTICE

Better Together, LLC (“us”) is issuing this Site Selection Area Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the Dogtopia Franchise Agreement that we executed with you on _____, 202____ (the “Franchise Agreement”) for the establishment and operation of a Dogtopia Center. The purpose of this Notice is to confirm our designation of your Site Selection Area.

Site Selection Area:

Pursuant to ~~Section 3.2~~§3.2 of the Franchise Agreement, we hereby designate the following geographic area as your Site Selection Area for purposes of the Franchise Agreement:

[_____]

** The Site Selection Area is not your Territory and there is no exclusivity or other territorial protections associated with this area other than the limited territorial protections set forth in ~~Section~~§3.2 for the limited period of time described in such Section.*

* * *

By signing below, you and we agree that the geographic area identified in this Notice shall be deemed the Site Selection Area for purposes of the Franchise Agreement.

We request that you sign below and send us an executed copy of this Site Selection Area Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your Site Selection Area. Our designation of your Site Selection Area, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph of this Notice. The Franchise Agreement is hereby amended to incorporate the described in this Notice described in this Notice as the Site Selection Area under the Franchise Agreement.

Franchisor

Better Together, LLC

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

Exhibit E-7

Territory Notice

[See Attached]

TERRITORY NOTICE

Better Together, LLC (“us”) is issuing this Territory Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the Dogtopia Franchise Agreement that we executed with you on _____, 202____ (the “Franchise Agreement”) for the establishment and operation of a Dogtopia Center. The purpose of this Notice is to confirm our designation of your Territory.

Territory:

Pursuant to ~~Section 3.4~~§3.4 of the Franchise Agreement, we hereby designate the following geographic area (as may be further depicted on the map attached on the following page) as your Territory for purposes of the Franchise Agreement:

[_____]

Your Territory includes [_____] Core Profile Customers as of the date of determination.

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the effective date of this Notice and depicted on the map on the following page (if applicable).

* * *

By signing below, you and we agree that the geographic area identified in this Notice shall be deemed your Territory for purposes of the Franchise Agreement.

We request that you sign below and send us an executed copy of this Territory Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your Territory. Our designation of your Territory, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph of this Notice. The Franchise Agreement is hereby amended to incorporate the geographic area described in this Notice as your Territory under the Franchise Agreement.

Franchisor

Better Together, LLC

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

[Insert Territory Map]

Exhibit E-8

Development Territory Notice

[See Attached]

DEVELOPMENT TERRITORY NOTICE

Better Together, LLC (“us”) is issuing this Development Territory Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the Dogtopia Area Development Agreement that we executed with you on _____, 202____ (the “ADA”) for the establishment and operation of multiple Dogtopia Centers in accordance with a prescribed development schedule. The purpose of this Notice is to confirm our designation of your Development Territory.

Development Territory:

Pursuant to ~~Section 3.2~~§3.2 of the ADA, we hereby designate the following geographic area (as may be further depicted on the map attached on the following page) as your Development Territory for purposes of the ADA:

[_____]

Your Development Territory includes [_____] Core Profile Customers as of the date of determination.

If there are any changes to the zip codes or other boundaries that define your Development Territory during the term of the ADA, then, unless otherwise agreed to by you and us in writing, the boundaries of your Development Territory shall remain defined by the zip codes or other boundaries in effect as of the effective date of this Notice and depicted on the map on the following page (if applicable).

* * *

By signing below, you and we agree that the geographic area identified in this Notice shall be deemed your Development Territory for purposes of the ADA.

We request that you sign below and send us an executed copy of this Development Territory Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your Development Territory. Our designation of your Development Territory, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph of this Notice. The ADA is hereby amended to incorporate the geographic area described in this Notice as your Development Territory under the ADA.

Franchisor

Better Together, LLC

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

[Insert Development Territory Map]

Exhibit E-9

Tradename Approval Notice

[See Attached]

TRADENAME APPROVAL NOTICE

Better Together, LLC, a Delaware limited liability company (“we” or “us”) is issuing this Tradename Approval Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the Dogtopia Franchise Agreement (the “Franchise Agreement”) we executed with you on _____, 202____. The purpose of this Notice is to confirm our approval of the tradename you have proposed.

Approved Tradename:

Pursuant to ~~Section 19.3~~ §19.4 of the Franchise Agreement, we hereby approve the following tradename for your use in connection with the Dogtopia Center you operate pursuant to the Franchise Agreement:

[_____]

By signing below, you agree that the tradename identified in this Notice will be your approved tradename and you will not use any other tradename without our prior written approval. You are responsible for submitting any fictitious name filing that may be required by the laws of your state. Upon the termination, expiration or transfer of this Agreement, you must surrender, cancel or abandon the tradename and cancel any associated fictitious name filing.

You understand and acknowledge that: (a) our tradename review and approval process will be performed in accordance with our then-current tradename selection procedures and criteria; (b) we may approve tradenames for other franchisees that have similarities in terms of geographic or other descriptors; and (c) you are not granted any exclusivity or protections with respect to tradenames. Accordingly, you waive any claims you may have against us or against any other franchisee based upon any tradename proposed to and approved by us.

You must sign below and send us an executed copy of this Notice to acknowledge your receipt. You shall have no right to use the tradename listed above until you have sent us a full executed copy of this Notice.

Franchisor

Better Together, LLC

By: _____

Name: _____

Its: _____

Date: _____

Franchisee

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT "F"
TO DISCLOSURE DOCUMENT
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EXHIBIT "G"
TO DISCLOSURE DOCUMENT

List of Franchisees

Table 1: Current Franchisees Open as of December 31, 202~~2~~³

The following table lists our franchisees that were open as of December 31, 202~~2~~³.

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2022³)				
State	City	Address	Phone	Owner Name(s)
<u>Alabama</u> ¹	<u>Birmingham</u>	<u>1200 2nd Ave S</u> <u>Birmingham, Alabama 35233</u>	<u>205-607-8989</u>	<u>Henson & Carlton Millsap (DT Birmingham, LLC dba Dogtopia of Birmingham)</u>
Alabama ¹	Homewood-	1722 27th Court South, Homewood, Alabama 35209	205-440-3888-	Henson & Carlton Millsap (DT Birmingham, LLC dba Dogtopia of Homewood)
<u>Alabama</u> ¹	<u>Madison</u>	<u>181 Hughes Rd #15</u> <u>Madison, Alabama 35758</u>	<u>256-289-7811</u>	<u>Jamie Weeks (Legendary Dogs Madison LLC, dba Dogtopia of Huntsville - Madison)</u>
Arizona	Chandler	4901 South Arizona Ave. Chandler, Arizona 85248	480-447-0655	Michael & Susan Perlman (Doghouse Group, LLC dba Dogtopia of South Chandler)
Arizona	Gilbert	207 E Williams Field Road Gilbert, Arizona 85295	480-424-5224	Bret and Tina Edenfield (Acewin Holdings, LLC dba Dogtopia of Gilbert)
<u>Arizona</u> ¹	<u>Gilbert</u>	<u>876 N McQueen Rd.</u> <u>Gilbert, Arizona 85233</u>	<u>480-360-2300</u>	<u>Michael & Susan Perlman (Beach House Dogs, LLC dba Dogtopia of North Gilbert)</u>
Arizona ¹	Oro Valley	7621 N Oracle Rd Ste 120 Oro Valley, Arizona 85704	520-385-7382	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Oro Valley)
Arizona	Paradise Valley	13001 N Tatum Blvd C01 Paradise Valley, Arizona 85032	480-605-3044	Steve & Elaine Weberman (Arizona Pups 1, LLC dba Dogtopia of Paradise Valley)
<u>Arizona</u> ¹	<u>Phoenix</u>	<u>4747 E Elliot Rd.</u> <u>Phoenix, Arizona 85044</u>	<u>480-741-1532</u>	<u>Michael & Susan Perlman (Surfing Pup Ahwatukee, LLC dba Dogtopia of Ahwatukee - Elliot Rd.)</u>
Arizona ¹	Phoenix	3031 East Indian School Road Phoenix, Arizona 85016	480-405-3646	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Arcadia)
Arizona ¹	Phoenix	520 W McDowell Rd Phoenix, Arizona 85003	602-607-1500	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Historic Phoenix)
Arizona ¹	Phoenix-	6148 N 7th St Phoenix, Arizona 85014	602-607-2777-	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Uptown Phoenix)
Arizona ¹	Tempe	1721 E Broadway Rd, Tempe, AZ <u>Arizona</u> 85282	480-680-7018	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Tempe)
Arizona ¹	Tucson	7285 E Tanque Verde Road Tucson, Arizona 85715	520-834-8717	Robert & Henry Jennings (Surfing Pup, LLC dba Dogtopia of Tanque Verde)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
California	Anaheim	450 East Eisenhower Circle Anaheim, California 92807	714-706-3838	Larry Hartjoy (Furry Kids Kamp Corporation dba Dogtopia of Anaheim Hills)
California ¹	Danville	3630 Blackhawk Plaza Circle Danville, California, 94506	925-412-3200	Joe Castorena (Black Noses, LLC dba Dogtopia of Blackhawk)
California	Davis	417 Mace Blvd Suite S Davis, California 95618	530-316-4775	Cindy Hespe (HW Pawsitive Ventures Inc dba Dogtopia of Davis)
California ¹	Dublin	8000 Amador Valley Blvd Dublin, California 94568	925-587-4048	Joe Castorena (Black Noses, LLC dba Dogtopia of Dublin)
California	Pasadena	3410 E Foothill Blvd. Pasadena, California 91107	626-778-0008	Jen & Matt Moore (Dogtropolis of Pasadena Inc dba Dogtopia of Pasadena)
California	Rancho Cordova	12401 Folsom Blvd Rancho Cordova, California 95742	916-764-3647	Michael Wilson (We Be Unleashed, Inc dba Dogtopia of Sacramento Nimbus Winery)
California	Rocklin	6671 Stanford Ranch Rd Suite A Rocklin, California 95677	916-346-5142	Mike & Diane Foos (Play All Day, LLC dba Dogtopia of Rocklin)
California ¹	San Diego	5260 Eastgate Mall San Diego, California 92121	858-225-7072	Jamie Weeks (LD Miramar, LLC dba Dogtopia of Miramar)
California	San Jose	1191 Branham Lane San Jose, California 95118	408-659-3065	Peter DuFall (Tall Tails, LLC dba Dogtopia of San Jose)
California ¹	San Marcos	925 W San Marcos Blvd # B, San Marcos, CA California 92078	760-659-3298	Jamie Weeks (DT of San Marcos, LLC dba Dogtopia of San Marcos)
California ¹	Temecula	27629 Commerce Center Dr, Temecula, CA California 92590	951-587-2882	Jamie Weeks (DT of Temecula, LLC dba Dogtopia of Temecula)
California	Torrance	2360 W 205 th Street Torrance, California 90504	310-953-9321	Kathleen & William Miller (Dogtopia of South Bay)
California-	Upland-	1071 E 16th Street, Suite A Upland, California 35209	909-310-8900-	Matthew & Jennifer Moore (Dogtropolis of Upland Inc. dba Dogtopia of Upland)
Colorado	Colorado Springs	5780 E Woodmen Rd Suite 170, Colorado Springs, CO 80920	719-370-4010	Ryan, Lonna & David Fitzgerald (Fitzgerald Holding Inc. dba Dogtopia of Woodmen Rd.- Colorado Springs)
Colorado	Fort Collins	2101 S College Ave. Fort Collins, Colorado 80525	970-305-5715	Greg & Ashely Todd ———(4 Dog House, LLC dba Dogtopia of Fort Collins)
Colorado ¹	Greenwood Village	8755 E Orchard Rd Greenwood Village, Colorado 80111	303-886-2184	Larry & Brandon Greene (BLG Dawgs, LLC dba Dogtopia of Denver Tech)
Colorado	Highlands Ranch	6448 East County Line Road Highlands Ranch, Colorado 80126	303-835-4549	Peter Thomas (Circle Canine County Line, LLC dba Dogtopia of Highlands Ranch)
Colorado	Lafayette	303 West South Boulder Road Lafayette, Colorado 80026	720-263-4583	Ana Salazar (High Dog, LLC dba Dogtopia of Lafayette)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Colorado¹	Lakewood	12057 W Alameda Pkwy, Lakewood, Colorado 80228	303-993-1669	Deven Bhakta (LSPC DN Lakewood LLC, dba Dogtopia of Lakewood – Alameda Parkway)
Colorado ¹	Parker	10140 Parkglenn Way Suite 115, Parker, CO Colorado 80134	303-276-7636	Larry & Brandon Greene (BLG Dawgs, LLC dba Dogtopia of Parker)
Colorado ¹⁻	Westminster-	77019 W 92nd Ave Westminster, Colorado 80021	720-706-1090-	Deven Bhakta (LSPC WM Westminster LLC, dba Dogtopia of Westminster-Broomfield)
Colorado¹	Wheatridge	2625 Kipling St Suites 10021&10013 Wheat Ridge, Colorado 80215	303-481-3259	Deven Bhakta (LSPC DN Wheatridge LLC, dba Dogtopia of Wheatridge)
Connecticut	Milford	40 Quirk Rd Milford, Connecticut 06460	203-560-6660	Owen Botting (Barking Bots, LLC dba Dogtopia of Milford)
Florida ¹	Boca Raton	201 SW 1st Ave Boca Raton, Florida 33432	561-392-2275	Max Feidelson & Tyler Deane-Krantz (dba Dogtopia of Boca Raton)
Florida ¹	Fort Lauderdale	808 W Broward Blvd., Fort Lauderdale, Florida 33312	954-763-4111	Max Feidelson & Tyler Deane-Krantz (Paws Up Capital, LLC dba Dogtopia of Fort Lauderdale Downtown)
Florida ¹	Fort Lauderdale	5435 N Federal Hwy Fort Lauderdale, Florida 33308	954-289-4330	Max Feidelson & Tyler Deane-Krantz (TF FTL NE LLC dba Dogtopia of Fort Lauderdale-Northeast)
Florida	Fort Myers	4429 Cleveland Avenue, Unit 150, Fort Myers, Florida 33901	239-214-9400	Stacie Stillnovic (dba Dogtopia of Ft. Myers)
Florida	Jacksonville	1075 Hendricks Avenue Jacksonville, Florida 32207	904-600-3810	Addie & Ali Kasraeian (AKC Holdings, LLC dba Dogtopia of Jacksonville Southbank)
Florida	Jacksonville	10114 Bishop Lake Road West 9365 Philips HWY Jacksonville, Florida 32256	302-388-1448	Jay Hooper & Sandra Ray (JL Venture, Rick Simpson (Delta Lady Farms LLC, dba Dogtopia of Jacksonville Avenues)
Florida	Jacksonville	11300 Beach Boulevard, Jacksonville, Florida 32246	904-493-4933	Aaron & Gabriel Lynch (King's Honor LLC dba Dogtopia of Jacksonville Beach Boulevard)
Florida ¹	Margate	3197 FL-7 Margate, Florida 33063	954-971-0007	Max Feidelson & Tyler Deane-Krantz (TF Gabriel LLC dba Dogtopia of Margate)
Florida ¹	North Palm Beach-	524 Northlake Blvd North Palm Beach, Florida 33408	561-880-9446-	Max Feidelson & Tyler Deane-Krantz (TF NPB LLC dba Dogtopia of North Palm Beach)
Florida	Orlando	1452 Alden Rd Orlando, Florida, 32803	407-801-6008	Mark & Craig Seiden (Nedies Dog, LLC dba Dogtopia of Downtown Orlando)
Florida ¹	Palm Harbor	30860 US Hwy 19 N Palm Harbor, Florida 34684	727-286-6294	Max Feidelson & Tyler Deane-Krantz (dba Dogtopia of Palm Harbor)
Florida	Rockledge	5410 W Murrell Rd Ste 117 Rockledge, Florida 32955	321-294-4102	Amy & Lorin Hattrup (Hattrup Enterprises, LLC dba Dogtopia of Viera)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2022)				
State	City	Address	Phone	Owner Name(s)
Florida	Tampa	11238 W. Hillsborough Avenue, Tampa, Florida 33635	813-814-0302	Joshua McLane (Jam Investments, LLC dba Dogtopia of Westchase)
Florida	Winter Park	5477 Lake Howell Rd. Winter Park, Florida 32792	407-956-1557	Katie Bielecki & Angela Hubbard (Dogtopia of Orlando-Winter Park)
Georgia ¹	Alpharetta	6275 Cortland Walk Alpharetta, Georgia 30005	770-676-2283	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of Alpharetta at Halcyon)
Georgia ¹	Atlanta	1201 West Lane NW Atlanta, Georgia 30318	404-267-4589	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of West Midtown Atlanta)
Georgia ¹	Atlanta	6010-A Sandy Springs Circle Atlanta, Georgia 30328	678-973-0521	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of Sandy Springs)
Georgia ¹	Brookhaven	2152 Johnson Ferry Rd, NE, Atlanta, Georgia 30319	404-885-8655	Max Feidelson & Tyler Deane-Krantz (TF JF LLC dba Dogtopia of Brookhaven)
Georgia ¹	Decatur	2098 N Decatur Rd Decatur, Georgia 30033	470-487-8005	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of Decatur)
Georgia ¹	Roswell	1570 Holcomb Bridge Rd #325 Roswell, Georgia 30076	770-679-8373	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of Roswell)
Georgia	Savannah	2391 Downing St Savannah, Georgia 31404	912-217-4229	Kelly Wolfsheimer (Good Pup Company dba Dogtopia of Thunderbolt)
Idaho-	Boise-	3203 W. Chinden Blvd Garden City, Idaho 83714	208-563-5116-	Dale Goff (Boss Dog of Boise LLC, dba Dogtopia of Boise-Greenbelt)
Illinois	Arlington	676 E Rand Rd Arlington Heights Illinois 60004	847-350-1115	Catherine & Christopher Barnes (ToMac Holdings, Inc. dba Dogtopia of Arlington Heights)
Illinois	Deer Park	21540 W. Field Parkway Deer Park, Illinois 60010	847-607-1245	Kara Ferguson & Robert Gillman (KARA's K-9S, LLC dba Dogtopia of Deer Park)
Illinois ¹	Downers Grove	900 Ogden Ave Downers Grove, Illinois 60515	630-795-0099	Brandon & Morgan Bissell (5G Dogtopia LLC, dba Dogtopia of Downers Grove)
Illinois	Evanston	900 Clark St, Suite 900 Evanston, Illinois, 60201	847-604-0064	Sarah Lewis (Viewpoint Consulting dba Dogtopia of Downtown Evanston)
Illinois	Geneva	2423 Fargo Blvd. Geneva, Illinois 60134	630-283-1700	Dana Champion (A-DAWG Adventures, Inc dba Dogtopia of Geneva)
Illinois	La Grange	1416 West 55th St La Grange, Illinois 60525	757-544-7041	Theresa Napolitano (Binge Puppies LLC dba Dogtopia of La Grange)
Illinois	Oakbrook Terrace	17W711 E Roosevelt Road Oakbrook Terrace, Illinois 60181	630-835-0108	John Nania (T N T DOGS, LLC dba Dogtopia of Oakbrook Terrace)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Illinois	Orland Park	18030 Wolf Rd Orland Park, Illinois 60467	708-778-3880	Grant and Cindy Boost (Man's Best Friend, Inc, dba Dogtopia of Orland park)
Illinois	South Elgin	580 Randall Road South Elgin, Illinois 60177	630-538-3155	David & Susan George (Fox Valley Dogs, LLC dba Dogtopia of South Elgin)
Indiana	Greenwood	1709 S State Road 135 Greenwood, Indiana, 46143	317-886-3100	Ken Weadick (Bravo Delta K9 LLC dba Dogtopia of Greenwood)
Indiana ¹	Indianapolis	9445 N Meridian St Indianapolis, Indiana 46260	317-280-3877	Morgan, Adam and Brandon Bissell (5thGen, LLC, dba Dogtopia of Meridian North)
Iowa	Waukee	1500 NW Gettysburg Lane, 101 & 102 Waukee, Iowa 50263	515-220-8181	Jon and Shelly Renaud (Dog Life LLC dba Dogtopia of Waukee)
Kansas	North Overland Park	10556 Metcalf Ln Overland Park, Kansas 66212	913-346-2822	Sunil and Madhavi Kumar (Happy Life LLC Db a Dogtopia of Overland Park)
Kansas	Olathe	15270 W 119th St. Olathe, Kansas 66062	913-318-6458	Girish Rao & Radhika Dontaraju (GR Ventures, LLC dba Dogtopia of Olathe)
Kansas	Overland Park	6909 W 135th Street Overland Park, Kansas 66223	913-274-9033	Jeff & Hilary Contino (Talking Dog, LLC dba Dogtopia of Overland Park)
Kentucky ¹	Lexington	3801 Nicholasville Centre Drive Lexington, Kentucky 40503	859-755-4777	Mike Browning & Ben Carter (Sirius Holdings, LLC dba Dogtopia of Lexington South)
Kentucky ¹	Louisville	Principal Operators: 221 South Hurstbourne Pkwy, Suite 101 Louisville, Kentucky 40222	502-554-9661	Mike Browning & Ben Carter (Sirius Holdings, LLC dba Dogtopia of Louisville Hurstbourne)
Louisiana	Baton Rouge	7150 Jefferson Highway Baton Rouge, Louisiana 70806	225-532-2515	Sue, Mac & Jessica McCumsey & Mia Wightkin (McCumsey Ventures, LLC dba Dogtopia of Baton Rouge)
Louisiana	Lafayette	5530 Johnston St., Suite 100 Lafayette, Louisiana, 70503	337-279-7994	Amber Woods (Purple Dog Group) Bethany Laukhuff (Jade 17 Investments LLC, dba Dogtopia of South -Lafayette)
Louisiana ¹	New Orleans	9501 Airline Highway New Orleans, Louisiana 70118	504-291-2777	Max Feidelson & Tyler Deane-Krantz (TF 723, LLC dba Dogtopia of New Orleans)
Maryland	Bel Air Bethesda	4936 Fairmont Ave Bethesda 1427 Rock Spring Rd Bel Air , Maryland 210814	410-202-2021 571-247-4521	Zabiollah (Joe) Rouhafzai (Z&M) Patti & Joe Miller (Waggin Tailz LLC dba Dogtopia of Bethesda Bel Air)
Maryland	Clarksville	12212 Clarksville Pike Clarksville, Maryland 21029	410-670-8427	Matt Moss (Dog King, LLC dba Dogtopia of Clarksville)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 20223)				
State	City	Address	Phone	Owner Name(s)
Maryland ¹	Frederick	4959 Westview Dr. Frederick, Maryland 21703	301-732-7372	Jay and Marlene Schwartz (Dog Innovations, Inc. dba Dogtopia of Frederick)
Maryland ¹	Towson	1270 E Joppa Rd Ste 200 Towson, Maryland 21286	410-541-5222	Heather & Alex Davis (Camella Dogs, LLC dba Dogtopia of Towson)
Massachusetts	Worcester	71 Pullman St, Suite B Worcester, Massachusetts 01606	508-964-3636	Stephen & Greta Hager (Hager Investments, LLC dba Dogtopia of North Worcester)
Michigan	Birmingham	2300 Cole Street Birmingham, Michigan 48009	248-897-0280 616-822-6623	Scott Paul (Oliver's Dog Day Care , Brandon Bissell (5THGen LLC dba Dogtopia of Birmingham))
Michigan	Bloomfield Hills	1685 South Telegraph Road Bloomfield Hills, Michigan 48124	248-897-0299	Brandon Bissell (5thGen LLC, dba Dogtopia of Bloomfield Hills)
Michigan ¹	Commerce Township	3010 Union Lake Road, Suite 7A, Commerce Township, Michigan 48382	248-897-0300	Tim & Jill Parker (Dogtopia 1062 LLC dba Dogtopia of Commerce)
Michigan ¹	Grand Rapids	2321 E Beltline Ave NE, Suite H Grand Rapids, Michigan 49525	616-222-1630	Tim & Jill Parker (Parker Acquisitions, LLC dba Dogtopia of Grand Rapids)
Michigan ¹	Northville	20510 N. Haggerty Road Northville, Michigan 48167	248-289-3507	Brandon & Morgan Bissell (5G Dogtopia LLC dba Dogtopia of Northville)
Michigan	Plymouth	236 N Main St. Plymouth, Michigan 48170	734-516-4539	Wayne & Aimee Seiler and Kelli & Brian Sternberg (Doggie ProCare LLC, dba Dogtopia of Plymouth)
Michigan ¹	Rockford	9343 Courtland Dr. NE Rockford, Michigan 49341	616-222-1630	Tim & Jill Parker (Parker Acquisitions, LLC dba Dogtopia of Wolverine Worldwide)
Michigan ¹	Utica	45509 Schoenherr Road Utica, Michigan 48315	586-413-9500	Tim & Jill Parker (Dogtopia 1061 LLC dba Dogtopia of Utica)
Michigan ¹	Ypsilanti	3825 Carpenter Rd, Suite 101 Ypsilanti, Michigan, 48197	734-477-6881	Morgan, Adam and Brandon Bissell (5thGen, LLC, dba Dogtopia of South Ann Arbor)
Minnesota ¹	Bloomington	5208 W 84th St Bloomington, Minnesota 55437	952-253-5400	Ryan Muhlbauer (B & R Investments, LLC dba Dogtopia of Bloomington)
Minnesota ¹	Golden Valley-	9010 Olson Memorial Hwy Golden Valley, Minnesota 55427	952-800-1300-	Ryan Muhlbauer (B & R Investments, LLC dba Dogtopia of Golden Valley)
Minnesota ¹	Maplewood	2017 Woodlynn Ave Maplewood, Minnesota 55109	651-505-1848	Cindy Lang & Alissa Bert (Lang Bert LLC dba Dogtopia of Maplewood)
Minnesota	Roseville	2216 County Rd D West Suite R, Roseville, Minnesota, 55112	651-273-0880	Eric & Karen Nancekivell (Standish Partners Inc. dba Dogtopia of Roseville)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Minnesota-	Woodbury-	783 Radio Dr, Suite 106 Woodbury, Minnesota	952-209-9600-	Eric & Annette Caporusso (Holden Ridge Ventures LLC dba Dogtopia of Woodbury)
Missouri ¹	Ballwin	13933 Manchester Road Ballwin, Missouri, 63011	314-230-0550	Mark Weikel (Weikel Investments, LP dba Dogtopia of Town & Country)
Missouri ¹	Chesterfield	140 Four Seasons Shopping Center St. Louis, Missouri 63017	314-464-2828	Jason Sniff (Sniff Investment Corporation dba Dogtopia of Four Seasons – Chesterfield)
Missouri ¹	Ellisville	15400 Manchester Road Ellisville, Missouri 63011	636-283-2444	Nick Losciuto (Best Pawsible Daycare, LLC dba Dogtopia of Ellisville)
Missouri ¹	St. Louis	9745 Manchester Rd, St. Louis, MO 63119	314-230-8181	Nick Losciuto (Best Pawsible Daycare Two, LLC dba Dogtopia of Rock Hill)
Missouri ¹	Peters	6120 Mild Rivers Mall Dr. Street Peters, Missouri 63304	309-502-4797	Mark Weikel (Weikel Investments, LP dba Dogtopia of St. Peters)
Missouri ¹	St. Louis	9745 Manchester Rd, St. Louis, MO 63119	314-230-8181	Nick Losciuto (Best Pawsible Daycare Two, LLC dba Dogtopia of Rock Hill)
Nebraska ¹	Omaha	13239 Portal Drive, Suite 103 Omaha, Nebraska 68138	402-817-2942	Derrick & Kaitlyn Reinhardt (Reinhardt Capital Investments, LLC dba Dogtopia of Omaha-Papillion)
Nebraska ¹	Omaha	14485 West Center Road Omaha, Nebraska 68144	402-204-3556	Derrick & Kaitlyn Reinhardt (Reinhardt Capital Investments, LLC dba Dogtopia of Omaha West)
Nebraska ¹	Omaha	15504 Spaulding Plaza Omaha, Nebraska 68116	402-204-3556	Derrick & Kaitlyn Reinhardt (Reinhardt Capital Investments, LLC dba Dogtopia of Omaha Northwest)
Nebraska ¹	Omaha	18920 Edna St. Omaha, Nebraska 68136	402-204-3556	Derrick & Kaitlyn Reinhardt (Reinhardt Capital Investments, LLC dba Dogtopia of Omaha Millard)
Nebraska	Papillion – Shadow Lake	7775 Olson Rd Suite L107, Papillion, NE 68046	402-915-4944	Rich & Ana Jungman (Happy Perro, LLC dba Dogtopia of Papillion – shadow Lake)
Nevada	Las Vegas	6415 S Fort Apache Rd Suite 130 Las Vegas, Nevada 89148	702-659-5169	Hiram & Glenda Toro, Daniel Toro (Toro Holdings, LLC dba Dogtopia of Summerlin)
Nevada ¹	Las Vegas	9436 W Lake Mead Blvd, Ste 7-10 Las Vegas, Nevada 89134	702-505-9478	Jamie Weeks (Legendary Dogs Summerlin, LLC dba Dogtopia of Sun City – Las Vegas)
New Jersey-	Belle Meade-	2311 US Hwy 206, Suite 111 Belle Mead, New Jersey 08502	908-751-1007-	Vishal Anand & Kate Foss (Manalia Consulting, LLC dba Dogtopia of Montgomery)
New Jersey-	Berkeley Heights-	410 D Springfield Ave Berkeley Heights, New Jersey	908-663-9449-	Lillian Rodriguez & Mark Besser (Freedom Doggie Daycare, LLC dba Dogtopia of Berkeley Heights)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
New Jersey ¹	Cherry Hill	2095 Marlton Pike East Cherry Hill, New Jersey 08003	856-254-3555	Jigisha Patel, Devang Patel & Kristina Taylor (Paws Care, LLC dba Dogtopia of Cherry Hill)
New Mexico	Albuquerque	3301 Coors Blvd Albuquerque, New Mexico 87120	505-365-1512	Ben Delay, Karen Delay & Hiral Bhakta (Southwest Chile Dog Daycares LLC dba Dogtopia of Albuquerque)
New York	Latham	195 Troy Schenectady Rd Latham, New York 12189	518-380-2400	Jason Sellie & Jim Horvath (JJ Ruff House & Co. LLC dba Dogtopia of Latham)
New York ¹	Brooklyn	504 Myrtle Ave, Space B Brooklyn, New York 11205	347-343-5330	Nancy Guo, Kelsey Muller and Mark Dirzulaitus (BKBM Myrtle LLC dba Dogtopia of Myrtle Ave-Brooklyn)
New York	Fishkill	18 Westage Drive, Suite 9a Fishkill, New York, 12524	845-351-8191	Ashton & Brian Bottini (Dilton LLC dba Dogtopia of Fishkill)
New York	Latham	195 Troy Schenectady Rd Latham, New York 12189	518-380-2400	Jason Sellie & Jim Horvath (JJ Ruff House & Co. LLC dba Dogtopia of Latham)
New York ¹	Long Island City	549 49th Ave Long Island City, New York 11011	917-277-4020	Nancy Guo, Kelsey Muller and Mark Dirzulaitus (BKBM Long Island City LLC dba Dogtopia of Long Island City)
North Carolina	Cary	243 Grande Heights Dr Cary, North Carolina 27513	919-297-2342	Dan Endres & Inma Munoz (The Dog Pack, LLC dba Dogtopia of Harrison Ave)
Ohio	Canton	4413 Whipple Ave NW Canton, Ohio 44718	330-970-2200	Dan & Danielle Higgins (Higgins Family Ventures, LLC dba Dogtopia of Belden-Canton)
Ohio ¹	Cleveland	784 Euclid Ave Cleveland, Ohio 44115	216-400-8444	Alex & Whitney Mazzenga (dba Dogtopia of Downtown Cleveland)
Ohio	Columbus	2768 Festival Lane Columbus, Ohio 43017	614-639-6555	Jeff Swaddling (Divine Dogs, Inc dba Dogtopia of Columbus-Dublin)
Ohio	Columbus	406 E Main Street Columbus, Ohio 43215	614-254-6722	Ron & Sarah Minto (Rostrum Management Company dba Dogtopia of Columbus-Downtown)
Ohio ¹	Solon	6025 Kruse Dr., Solon, Ohio 44139	440-472-0072	Alex & Whitney Mazzenga (Mazzenga Ventures, LLC dba Dogtopia of Solon)
Oklahoma	Edmond	3409 S Broadway, Suite 950 Edmond, Oklahoma 73013	405-345-7268	Mike & Diann Young (THE NOTCHED TONGUE, INC dba Dogtopia of Edmond)
Oklahoma	Tulsa	8172 S Lewis Ave, suite 8172 A-C Tulsa, Oklahoma 74137	918-891-3110	Daryl Bray (Echo Properties, LLC dba Dogtopia of South Tulsa)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Oregon ¹	Lake Oswego	16130 Boones Ferry Rd Lake Oswego, Oregon 97035	503-342-2919	Jamie Weeks (Legendary Dogs Lake Oswego, LLC dba Dogtopia of Lake Oswego)
Oregon¹	Portland	7219 SW Garden Home Rd., Portland, Oregon 97223	503-765-5324	Jamie Weeks (Legendary Dogs Garden Home, LLC dba Dogtopia of Garden Home)
Oregon ¹	Portland-	925 NW Davis Street Portland, Oregon 97209	503-334-3705-	Jamie Weeks (Legendary Dogs Pearl LLC dba Dogtopia of Pearl District)
Oregon ¹	Portland	3706 S River Pkwy Portland, Oregon 97239	503-446-4388	Jamie Weeks (Legendary Dogs South Waterfront, LLC dba Dogtopia of South Waterfront)
Oregon ¹	Portland	11780 NW Cedar Falls Dr Portland, Oregon, 97229	503-288-7185	Jamie Weeks (Legendary Dogs South Waterfront, LLC dba Dogtopia of Cedar Mill)
Pennsylvania	Cranberry Township	802 Thomson Park Dr Cranberry Township, Pennsylvania 16066	724-461-5855	Luke Doyle (Doyle's Dog Care LLC dba Dogtopia of Cranberry)
Pennsylvania	Eagleville	2550 Boulevard of the Generals, Suite 100 Eagleville, Pennsylvania 19403	610-492-6328	Julie Tilley (Regard Dogs, LLC dba Dogtopia of Valley Forge)
Pennsylvania	Easton	669 S 25th St, Easton, Pennsylvania 18045	610-839-0550	James Montoya (Bethlehem Dog Services LLC dba Dogtopia of Easton)
Pennsylvania-	Greensburg-	131 Donohoe Rd Greensburg, Pennsylvania 15601	724-461-5839-	Cherrie Cindric (Dogtopia of Westmoreland, LLC dba Dogtopia of Greensburg)
Pennsylvania-	Eagleville-	2550 Boulevard of the Generals, Suite 100- Eagleville, Pennsylvania 19403-	610 492 6328-	Julie Tilley (Regard Dogs, LLC dba Dogtopia of Valley Forge)
Pennsylvania ¹	Limerick	33 W Ridge Pike, Suite 387 Limerick, Pennsylvania 19468	610-200-6441	Devang & Jigisha Patel & Kristin Taylor (Paws Care, LLC dba DOGTOPIA of Limerick)
Pennsylvania	Mechanicsbur g	4900 Carlisle Pike, Suite 102 Mechanicsburg, Pennsylvania 17050	717-660-0560	Bob Campbell (Magnolia West Enterprises, LLC dba Dogtopia of Mechanicsburg)
Pennsylvania ¹	Pittsburgh	6620 Hamilton Ave Pittsburgh, Pennsylvania 15206	412-515-3032	Brittany & Curt Marcott (Brynmar Properties, LLC dba DOGTOPIA of Pittsburgh-Eastside)
Rhode Island ¹	Warwick	30 Jefferson Blvd Warwick, Rhode Island 02888	401-903-4900	David & Jennifer Giardino (Canine Collaborative, LLC dba Dogtopia of Warwick)
South Carolina	Fort Mills	829 Stockbridge Dr Fort Mills, South Carolina 29708	803-620-4990	Eric Gozur & Amanda Donovan (D & G Worldwide David Walker, Sr & David Walker, Jr (DT of Fort Mill, LLC dba Dogtopia of Fort Mills)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
South Carolina ¹	Greenville	547 Haywood Rd Greenville, South Carolina 29607	864-326-3390	Eric & Stacey Williams (Puggles, Inc dba Dogtopia of Haywood Road)
South Carolina	Summerville	619 Myers Rd Summerville, South Carolina 29486	843-949-4333	Marc & Jackie Catone (Dogtopia of Summerville, LLC, dba Dogtopia of Summerville)
Tennessee	Collierville	10327 E. Shelby Drive Collierville, Tennessee 38017	901-443-1880	Kip Meierhofer (Meierhofer Ventures Company dba Dogtopia of Carriage Crossing)
Tennessee	Knoxville	5213 Homberg Dr Knoxville, Tennessee 37919	865-622-2599	Jeremiah & Amanda Webb (G Dogs LLC dba Dogtopia of Bearden- Knoxville)
Tennessee ¹	Nashville	4004 Hillsboro Pike Green Hills, Tennessee 37215	615-393-6658	Patricia & Ramin Behmand, Tyler Deane-Krantz & Max Feidelson (PU HoldCO Nashville LLC dba Dogtopia of Green Hills)
Tennessee ¹	Nashville	5728 Hickory Plaza Drive Nashville, Tennessee 37211	615-257-0222	Joni Elder (All Dog Love, LLC dba Dogtopia of Hickory Plaza Nashville)
Tennessee ¹	Nashville	1802 8th Avenue S. Nashville, Tennessee 37203	615-486-2626	Joni Elder (All Dog Love, LLC dba Dogtopia of 8 th Ave - Nashville)
Texas ¹	Arlington	4217 S. Cooper St Arlington, Texas 76015	682-282-0919	Jason & Tejal Wible (Wible Texas Pets2, LLC dba Dogtopia of Arlington By The Parks)
Texas ¹	Austin	2105 RR 620 S, Building 1, # 101 Austin, Texas 78734	512-369-3647	Stefani & Steve Ballard (Come, Sit and Stay, LLC dba Dogtopia of Austin)
Texas	Austin	13945 N. Highway 183, #C-89 Austin, Texas 78717	512-333-111	Matt & Jolene Urbancic (U-Play, LLC dba Dogtopia of North Austin)
Texas ¹	Austin	7301 Burnet Rd, Suite 110 Austin, Texas 78757	512-580-4880	Anna & Steve Von Foerster (WWCH Enterprises, LLC Dbas DOGTOPIA of Crestview)
Texas ¹	Austin	6705 Hwy 290 West, Suite 302 Austin, Texas 78735	512-692-4747	Stefani & Steve Ballard, Craig Dunlavey (Come, Sit and Stay, LLC dba Dogtopia of South Austin)
Texas ¹	Conroe	463 FM 1488 Conroe, Texas 77384	832-308-3664	John & Sandy Ledbetter, Chelsea Ledbetter (Faithful Fido's Inc. dba Dogtopia of the Woodlands North)
Texas	Dallas	8060 Park Lane, Suite 126, Dallas, Texas 75231	214-281-8282	Darren Tran (DNA Pets World LLC dba Dogtopia of Park Lane)
Texas	Cypress	8931 Fry Rd, Suite 800 Cypress, Texas 77433	281-213-5780	David & So Bellman (Up Dog Inc. dba Dogtopia of Houston-Cypress)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Texas	Dallas	8060 Park Lane, Suite 126 Dallas, Texas 75231	214-281-8282	Darren Tran (DNA Pets World LLC dba Dogtopia of Park Lane)
Texas	Farmers Branch	13520 Inwood Road Farmers Branch, Texas 75244	214-328-3206	John & Kristin Dyer (Dyer's Dog House, LLC dba Dogtopia of Dallas-Inwood)
Texas¹	Fort Worth	4608 Bryant Irvin Rd Fort Worth, Texas 76132	817-886-4333	Jason & Tejal Wible (Wible Texas Pets, LLC dba Dogtopia of Fort Worth - Cityview)
Texas	Frisco	7227 Preston Rd Frisco, Texas, 75034	469-778-7300	Shawn Patel (4K9 dba Dogtopia of Frisco-Preston)
Texas	Fulshear	6434 FM 1463 Rd, Fulshear, Texas 77441	281-606-3113	Justin & Ann Burnett (Burnett Capital LLC dba Dogtopia of Fulshear-Katy)
Texas	Highland Village	1830 Justin Road Highland Village, Texas 75077	972-264-1178	Carolyn Greig (JCG Investments, Inc. dba DOGTOPIA of Highland Village)
Texas¹	Houston	2311 Washington Avenue, Houston, Texas 77007	281-869-8330	Amber Woods (Pink Dog Group, LLC dba Dogtopia of Houston – Washington Avenue)
Texas ¹	Houston	6258 Westheimer Road Houston, Texas 77057	346-209-2720	Chris & Kaila King (CKC Enterprises, LLC dba Dogtopia of Galleria-Houston)
Texas	Houston	10405 Katy Freeway, Suite D Houston, Texas 77024	713-364-9900	Cody & Veronica Lovins (Doglovins, LLC dba Dogtopia of Memorial)
Texas ¹	Houston	1315 Waugh Drive Houston, Texas 77019	713-522-8144	Amber Woods (Brown Dog Group, LLC dba Dogtopia of Houston- Waugh Drive)
Texas ¹	Houston-	1839 W Alabama St. Houston, Texas 77098	281-417-4622-	Amber Woods (Brown Dog Group, LLC dba Dogtopia of Houston- W Alabama St)
Texas¹	Houston	10130 Louetta Road, Suite J, Houston, Texas 77070	281-869-8338	Cody & Veronica Lovins (Doglovins, LLC dba Dogtopia of Houston – Vintage Park)
Texas-	Humble-	7140 Farm to Market 1960 Rd E, Humble, Texas 77396	281-417-4622-	Cody & Veronica Lovins (Doglovins, LLC dba Dogtopia of Atascocita)
Texas ¹	Katy	1817 South Mason Rd Katy, Texas 77450	281-417-6010	Shiraj Patel (SRM Investments LLC dba Dogtopia of Katy)
Texas ¹	Magnolia	6622 Durango Creek Dr Magnolia, Texas 77354	832-862-6882	John & Sandy Ledbetter, Chelsea Ledbetter (Faithful Fido's Inc. dba Dogtopia of the Woodlands West)
Texas ¹	McKinney	8416 Stacy Rd McKinney, Texas 75070	972-954-2322	Jeff Helgeson & Brad Scales (Blue Spartan, Inc. dba Dogtopia of McKinney)
Texas-	Pasadena-	6015 Fairmont Pkwy Pasadena, TX TX Texas 77505	281-417-4660-	Justin & Laura Rosenhagen (JLAM Ventures, LLC dba Dogtopia of Fairmont Parkway)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Texas	Plano	1501 Preston Road, Suite 600 Plano, Texas 75093	972-752-8204	Jeffrey Helgeson (Blue Dog Paws Inc. dba Dogtopia of Plano)
Texas¹	San Antonio	5563 De Zavala, Suite 100- San Antonio, Texas 78249	210-964-0555	Deven Bhakta (LSP SA Northwest LLC dba Dogtopia of San Antonio Northwest)
Texas¹	San Antonio	2106 E. Sonterra Blvd- San Antonio, Texas 78259	210-866- 8030	Deven Bhakta- (LSP SA Stone Oaks LLC dba Dogtopia of San Antonio- Stone Oak)
Texas¹	San Antonio	11726 Alamo Ranch Pkwy, San Antonio, Texas 78253	210-858-6968	Deven Bhakta (dba Dogtopia of Alamo Ranch)
Texas	Richardson	2121 Infocom Dr, Richardson, Texas 75082	469-202-0787	Ron & Sandy Blake (dba Dogtopia of The Shire at CityLine)
Texas ¹	Roanoke	216 TX-114 Roanoke, Texas 76262	817-837-9915	Sherman & Jamie Hatch (Hatch Hounds, LLC dba Dogtopia of Roanoke)
Texas	Round Rock	1500 S. A.W. Grimes Blvd, # 150 Round Rock, Texas 78664	512-333-1145	Danielle & Benjamin Hauck (Haucktopia One, LLC dba Dogtopia of Round Rock)
Texas¹	San Antonio	3814 Broadway San Antonio, Texas 78209	210-920-9090	Deven Bhakta (LSP SA Alamo Heights LLC dba Dogtopia of San Antonio – Alamo Heights)
Texas¹	San Antonio	5563 De Zavala, Suite 100 San Antonio, Texas 78249	210-964-0555	Deven Bhakta (LSP SA Northwest LLC dba Dogtopia of San Antonio- Northwest)
Texas¹	San Antonio	2106 E. Sonterra Blvd San Antonio, Texas 78259	210-866-8030	Deven Bhakta (LSP SA Stone Oaks LLC dba Dogtopia of San Antonio-Stone Oak)
Texas¹	San Antonio	11726 Alamo Ranch Pkwy, San Antonio, Texas 78253	210-858-6968	Deven Bhakta (dba Dogtopia of Alamo Ranch)
Texas	Southlake	2225 W. Southlake Blvd., Ste 459 Southlake, Texas, 76092	817-252-4086	Sherman & Jamie Hatch (Hatch Hounds II dba Dogtopia of Southlake)
Texas	Waco	5310 Bosque Boulevard, Suite 300 Waco, Texas 76710	703-901- 9053 254-633- 2878	Angel City Dogs LLC Kim Nichols (Heart of Texas DDC, Inc. dba Dogtopia of Waco)
Texas ¹	Webster	310 Genesis Blvd Webster, Texas 77598	832-403-2993	Chris & Kaila King (CKC Enterprises, LLC dba Dogtopia of NASA)
Texas¹	West Frisco	303 Main St. Suite 214 Frisco, Texas 75034	214-807-0230	Tiffany & Jason Porter (dba Dogtopia of West Frisco)
Utah¹	Midvale	23 W 7200 S Midvale, Utah 84047	801-923-5117	Kyle Hill (Woof Pack LLC, dba Dogtopia of Midvale)
Utah ¹	Salt Lake City	1977 E Murray Holladay Rd Salt Lake City, Utah 84117	801-998-2826	Kyle Hill (Woof Pack LLC dba Dogtopia of Holladay)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Virginia ¹	Alexandria	3121 Colvin Street Alexandria, Virginia 22314	703-278-2110	Jeff Lutton (Josie's Dog House, LLC dba Dogtopia of Alexandria)
Virginia ¹	Arlington	2606 South Oxford ST Arlington, VA 22206	703-845-3647	Jeff Lutton (Tucker's Dog House, LLC dba Dogtopia of Alexandria)
Virginia	Chantilly	3850-D Dulles South Court Chantilly, Virginia 20151	703-278-2021	Taylor James & Art Prediger (A Girl & Her Dog, LLC dba Dogtopia of Dulles)
Virginia ¹	Charlottesville	315 Rivanna Plaza Drive, #120 Charlottesville, Virginia 22901	434-922-1500	John Houston (Houston Dogs Services, LLC dba Dogtopia of Charlottesville)
Virginia ¹	Fairfax	11039 Lee Hwy Fairfax, Virginia 22030	703-349-0300	Jim Hanneschlager, Alexandra Hanneschlager and Lisa Pandelidis (K9 NoVa 2, LLC dba Dogtopia of Fairfax)
Virginia ¹	Falls Church	108-110 W Jefferson St. Falls Church, Virginia 20132	574-210-2751	Jim Hanneschlager, Alexandra Hanneschlager and Lisa Pandelidis (K9 NoVa, LLC dba Dogtopia of Falls Church)
Virginia	Fredericksburg	4272 Plank Road Fredericksburg, Virginia 22407	540-212-7306	Matt & Lynn Konetschni (Second Act, Inc. dba Dogtopia of Fredericksburg)
Virginia ¹	Midlothian	13617 Hull Street Road Midlothian, Virginia 23112	804-482-8099	John Houston (Houston Dogs Services, LLC dba Dogtopia of Midlothian)
Virginia ¹	Purcellville	201 N Maple Ave Purcellville, Virginia 20132	703-297-5377	Tom Payne (Ruff n Tumble Corp., dba Dogtopia of Purcellville)
Virginia ¹	Richmond	11004 Midlothian Turnpike Richmond, Virginia 23235	804-313-9492	John Houston (Houston Dogs Services, LLC dba Dogtopia of Chesterfield)
Virginia ¹	Richmond	3610D Cox Rd. Richmond, Virginia 23233	804-625-4444-	John Houston (J4 Holding, LLC dba Dogtopia of Short Pump)
Virginia	Springfield	7401 Fullerton Road, Suite A Springfield, Virginia 22153	703-982-0099	Amber Sutton (A to Zeke, LLC dba Dogtopia of Springfield)
Virginia ¹	Virginia Beach	4546 Columbus St Virginia Beach, Virginia 23462	757-517-8010	Morgan, Brandon & Adam Bissell (5thGen dba Dogtopia of Virginia Beach)
Washington ¹	Bellevue	1188 106th Ave NE Bellevue, Washington 98004	425-516-7676	Michel and Allison Rau (Maxx-Bellevue, LLC, dba Dogtopia of Bellevue)
Washington ¹	Redmond	2690 152nd Ave NE, Suite 110 Redmond, Washington 98052	425-201-7373	Michel and Allison Rau (XEUXIANA, Inc dba Dogtopia of Redmond)
Washington	Seattle	1300 Post Alley Seattle, Washington 98101	206-455-6337	Yarden Zilber, Peter Thomas, Eric Conwell, Riaz Mamdani, Matt Bowling (dba Dogtopia of Harbor Steps)

TABLE 1 FRANCHISED OUTLETS (Open As of December 31, 2022¹)				
State	City	Address	Phone	Owner Name(s)
Washington	Seattle	838 Poplar PL S Seattle, Washington 98144	206-325-3525	Yarden Zilber, Peter Thomas, Eric Conwell, Riaz Mamdani, Matt Bowling (dba Central Bark)
Wisconsin ¹	Eau Claire	2706 Golf Road Eau Claire, Wisconsin 54703	715-894-7336	Eric & Annette Caporusso (Holden Ridge Ventures LLC dba Dogtopia of Eau Claire)
Wisconsin	Middleton	3231 Laura Lane Middleton, Wisconsin 53562	608-466-3338	Trevor Conti & Shauna Marlowe (The Grateful Hound, LLC dba Dogtopia of Madison West)
Wisconsin	Milwaukee	2219 N Farwell Ave. Milwaukee, Wisconsin 53202	414-485-0600	Julie Barnes (Eighteen22 Inc dba Dogtopia of Milwaukee East Side)
Wisconsin	Pewaukee	W238N 1700 Rockwood Drive Pewaukee, Wisconsin 53188	262-244-5366	Bill & Kevin Blackmore (Blackmore Enterprises, LLC dba Dogtopia of Pewaukee)

Notes to Table 1:

1. These franchisees are area developers that signed area development agreements.

Table 2: Current Affiliated Stores and Company Stores Open as of December 31, 2022

Table 2: Current Affiliated Stores and Company Stores Open as of December 31, 2023

The following table lists our Company Stores and Affiliated Stores that were open as of December 31, 2023.

TABLE 2 COMPANY AND AFFILIATED STORES (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Arizona	Scottsdale	14651 N. Northsight Blvd, # 101 Scottsdale, Arizona 85260	480-494-8833	DT of Scottsdale, LLC dba DOGTOPIA of Scottsdale- Raintree
Connecticut ¹	Norwalk	30 Belden Ave #2 Norwalk, Connecticut 06850	203-993-6822	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Norwalk)
Connecticut ¹	Stamford	421 Atlantic St, Suite 101 Stamford, CT Connecticut 06901	203-716-6013	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Stamford Downtown)
Connecticut ¹	Fairfield	1401 Kings Hwy Fairfield, CT Connecticut 06824	203-993-3757	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Fairfield)
Connecticut ¹	Shelton	850 Bridgeport Ave Shelton, CT Connecticut 06484	203-973-7233	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Shelton)
Delaware ¹	Elsmere	319 New Road Elsmere, Delaware 19805	302-414-0566	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Elsmere)
Delaware ¹	Wilmington	2101-A Concord Pike Wilmington, Delaware 19803	203-561-2359	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Wilmington)
District of Columbia ¹	Washington	1232 9th St NW Washington, DC 20001	401-566-4626	Chris Kempner (Red Barn Dog South, LLC dba Dogtopia of Downtown DC)
District of Columbia ¹	Washington	900 M St SE Washington, DC 20003	401-566-4626	Chris Kempner (Red Barn Dog South, LLC dba Dogtopia of Navy Yard)
Florida	Apopka	2444 E. Semoran Boulevard Apopka, Florida 32703	407-995-6337	DT of Apopka, LLC dba Dogtopia of Apopka
Florida	Longwood	1823 W State Rd 434, Longwood, FL Florida 32750	407-982-5111	DT of Longwood, LLC dba Dogtopia of Orlando-Longwood
Florida	Orlando	3016 N Alafaya Trl Orlando, Florida 32826	407-801-6008	DT of Orlando, LLC dba Dogtopia of Orlando
Florida	Sanford	100 N Entrance Rd, Sanford, FL Florida 32771	407-289-1110	DT of Sanford, LLC dba Dogtopia of Orlando-Sanford
Maryland	Baltimore	2706 O'Donnell Street Baltimore, Maryland 21224	240-223-5523	DT of Canton, LLC dba Dogtopia of Canton
Maryland¹	Bethesda	4936 Fairmont Avenue Bethesda, Maryland 20814	240-283-7131	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Bethesda)
Maryland ¹	Rockville	4920 Wyaconda Rd, Rockville, MD Maryland 20852	240-389-5124	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of White Flint)

TABLE 2
COMPANY AND AFFILIATED STORES
(Open As of December 31, 2023)

State	City	Address	Phone	Owner Name(s)
Massachusetts ¹	Dedham	630 Washington Street, Space 33A Dedham, MA Massachusetts 02026	781-455-1001	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Dedham)
Massachusetts ¹	Norwell	10 Washington St. Space 3B Norwell, MA Massachusetts 02061	781-328-0031	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Norwell)
Massachusetts ¹	North Attleboro	21 East Street, Building B, North Attleborough, Massachusetts 02760	508-659-9988	Chris Kempner (Red Barn Dog Ops MA, LLC dba Dogtopia of North Attleboro)
New Hampshire ¹	North Hampton	35 Lafayette Rd, Suite 3, North Hampton, New Hampshire 03862	603-600-8911	Chris Kempner (Red Barn Dog OPS MA, LLC dba Dogtopia of North Hampton)
New Jersey ¹	Brick	1930 Route 88 Brick, New Jersey 08724	732-479-5700	Chris Kempner (Red Barn Dog Ops NJ, LLC dba Dogtopia of Brick)
New Jersey ¹	Old Bridge	7 Jocama Blvd Old Bridge, New Jersey 08857	732-339-3444	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Old Bridge)
New Jersey ¹	Union	1235 W. Chestnut Street Union, NJ New Jersey 07083	908-774-1400	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Union)
New Jersey ¹	Shrewsbury	980 Shrewsbury Ave Tinton Falls, NJ New Jersey 07724	732-440-9080	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Shrewsbury)
New Jersey ¹	Wood-Ridge	40 Rosie Square Wood-Ridge, New Jersey 07075	973-298-0700	Chris Kempner (Red Barn Dog Ops NJ, LLC dba Dogtopia of Wood-Ridge)
New York ¹	Bethpage	4076 Hempstead Turnpike Bethpage, New York 11714	516-862-4514	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Bethpage)
New York ¹	Cortlandt Manor	3655 Crompond Rd Cortlandt Manor, New York 10567	914-930-8131	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Yorktown)
New York ¹	Mount Kisco	333 North Bedford Road Mount Kisco, New York 10549	914-218-8258	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Mount Kisco)
New York ¹	Port Chester	142 Midland Ave Port Chester, New York 10573	914-908-4710	Chris Kempner (Red Barn Dog Ops South LLC, dba Dogtopia of Port Chester)
New York ¹	New Rochelle	505 5 th Avenue New Rochelle, NY New York 10801	914-908-4707	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of New Rochelle)
New York ¹	Garden City Park	2489 Jericho Turnpike Garden City Park, NY New York 11040	516-703-1200	Chris Kempner (Red Barn Dog South LLC, dba Dogtopia of Garden City Park)

TABLE 2 COMPANY AND AFFILIATED STORES (Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
North Carolina ¹	Raleigh	4708 Hargrove Road Raleigh, North Carolina 27616	919-706-0525	Chris Kempner (Red Barn Dog Ops South, LLC dba Dogtopia of Raleigh)
Pennsylvania ¹	Chester Springs	50 Senn Drive Chester Springs, Pennsylvania 19425	484-212-7387	Chris Kempner (Red Barn Dog Ops NJ, LLC dba Dogtopia of Chester Springs)
Pennsylvania ¹	Mechanicsburg	4900 Carlisle Pike, Suite 102, Mechanicsburg, Pennsylvania 17050	717-660-0560	Chris Kempner (Red Barn Dog Ops NJ, LLC dba Dogtopia of Mechanicsburg)
Virginia ¹	Gainesville	5615 Wellington Road Gainesville, Virginia 20155	703-483-9444	Chris Kempner (Red Barn Dog South LLC dba Dogtopia of Gainesville)
Virginia ¹	Herndon	720 Jackson Street Herndon, Virginia 20170	703-436-9162	Chris Kempner (Red Barn Dog South LLC dba Dogtopia of Herndon)
Virginia ¹	Manassas	10352 Balls Ford Road Manassas, Virginia 20109	703-278-2101	Chris Kempner (Red Barn Dog South LLC dba Dogtopia of Manassas)
Virginia ¹	McLean	1524 Spring Hill Road Suite EE, McLean, VA Virginia 22102	703-278-2135	Chris Kempner (Red Barn Dog South LLC dba Dogtopia of Tyson's Corner)
Virginia ¹	Woodbridge	14885 Persistence Drive Woodbridge, Virginia 22191	703-497-4981	Chris Kempner (Red Barn Dog South LLC dba Dogtopia of Woodbridge)

Notes to Table 2:

- These are Affiliated Stores owned by Red Barn (Chris Kempner), who was a franchisee and area developer prior to acquiring a controlling interest in the franchisor in 2020. Because Mr. Kempner is now listed in Item 2 of this Disclosure Document, we have reclassified his franchised outlets as Affiliated Stores. Mr. Kempner is also an area developer who signed an area development agreement.

Table 3: Franchisees with Unopened Outlets as of December 31, 2023

The following table lists our franchisees with signed Franchise Agreements for outlets that were not open as of December 31, 2023.

TABLE 3 FRANCHISED OUTLETS (Not Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Alabama ¹	Birmingham	To Be Determined	334-320-5671	Henson & Carleton Millsap
Alabama	To Be Determined TBD	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Alaska	Anchorage	To Be Determined	832-360-4976	John and Katie Lloyd
Arkansas ¹	Little Rock	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Arizona ⁺	Chandler	To Be Determined	480-313-3778	Michael and Susan Perlman
Arizona ¹	Phoenix	To Be Determined	215-203-6355	Henry and Robert Jennings (Surfing Pup, LLC dba DOGTOPIA of Phoenix I-IX)
California	Bakersfield	To Be Determined	661-330-4448	Gabriel & Elizabeth Giesick
California ¹	Sacramento Davis	To Be Determined	916-807-4076 530-564-4647	Omar Nasim Cindy & Wayne Hespe
California	Pasadena San Luis Obispo	To Be Determined	909-758-5660 805-331-1648	Jenn and Matt Moore Brian McNeal
California	To Be Determined Sacramento	To Be Determined	408-839-3730 916-807-4076	Roy & Tina Patrick Omar Nasim
California ¹	To Be Determined TBD	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Colorado ⁺	Colorado Springs	1809 S. Nevada Ave Colorado Springs, Colorado 80906	303-552-1434	Ryan Fitzgerald, Lonna Fitzgerald & David Fitzgerald
Colorado ⁺ California	Denver Walnut Creek	To Be Determined	303-884-3118 925-321-3888	Os Baldessari Adam & Michelle Levine
Colorado ¹	Denver	To Be Determined	361-442-3005	Deven Bhakta (Lone Star Pups LLC)
Colorado ⁺	To Be Determined Westminster	To Be Determined 7719 W 92 nd Ave Westminster, Colorado 80021	720-706-1090 214-597-5088	James & Cassidy Burns (Mountain Top Paws LLC dba Dogtopia of Westminster) Todd Minnis
Colorado ¹	To Be Determined	To Be Determined	303-886-2184	Larry and Brandon Greene (BLG Dawgs, LLC)
Connecticut ^{1, 2}	To Be Determined	To Be Determined	401-556-4626	Chris Kempner (Red Barn Dog South LLC)

TABLE 3
FRANCHISED OUTLETS
(Not Open As of December 31, 2023)

State	City	Address	Phone	Owner Name(s)
Connecticut	To Be Determined	To Be Determined	203-560-4522	Owen Botting
Florida	Ft. Myers	To Be Determined	314-610-8673	Stacie Stilinovic, DVM
Florida	Miami	To Be Determined	201-218-0022	Craig Seiden (Nedies Dog, LLC)
Florida	Palm Coast	To Be Determined	478-957-3279	Danny Rosales
Florida	Ponte Vedra	To Be Determined	239-560-8468	Aaron and Gabriella Lynch
Florida ¹	Tampa	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Georgia	Augusta	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Georgia ¹	Atlanta	To Be Determined	917-769-2295	Max Feidelson & Tyler Krantz (TF 723, LLC)
Idaho ¹	Boise	To Be Determined	425-281-6180	Dale and Kelly Goff
Illinois	Orlando Park	To Be Determined	256-508-4528	Walter and Cindy Boost (Beach House Dog, LLC)
Indiana	Indianapolis	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Iowa	Waukee	To Be Determined	832-360-4976	Jon and Shelly Renaud (Dog Life LLC)
Kansas	Overland Park	To Be Determined	913-871-8858	Sunil & Madhavi Kumar
Kentucky	Louisville	To Be Determined	859-893-1116	Benjamin Cater & Michael Browning (Sirius Holdings, LLC)
Maryland¹	Bel Air	To Be Determined	717-515-3509	Joe and Patti Miller
Maryland ¹	Gaithersburg Pikesville	To Be Determined	301-732-7372 318-4262	Jay and Marlene Schwartz Heather & Alex Davis
Maryland	Silver Spring	To Be Determined	571-594-7660	Jeffery and Sandra Lutton
Maryland ¹	To Be Determined Towson	To Be Determined	301-318-4262 412-860-2957	Jeff & Fred Broad Heather & Alex Davis
Massachusetts ^{1,2}	Boston	To Be Determined	401-556-4626	Chris Kempner (Red Barn Dog South LLC)
Massachusetts	Natick	To Be Determined	832-360-4976	Stephen & Gretchen Hager
Michigan ¹	Grand Rapids	To Be Determined	616-822-6623	Brandon Bissell (5THGen LLC)

TABLE 3
FRANCHISED OUTLETS
(Not Open As of December 31, 2023)

State	City	Address	Phone	Owner Name(s)
Michigan ¹	Grand Rapids	To Be Determined	616-843-5250	Tim Parker (Parker Acquisitions LLC)
Michigan ¹	Northville	To Be Determined	734-516-4539	Aimee and Wayne Seiler & Brian & Kelli Sternberg (Doggie ProCare LLC)
Minnesota ¹	Maplewood	To Be Determined 3000 White Bear Ave Plaza Maplewood, Minnesota 55109	651-587-9537	Cindy Lang & Alissa & Andy Bert (Land, Bert, LLC dba DOGTOPIA of St. Paul)
Minnesota	St. Paul	To Be Determined	608-738-8364	Ian & Sophie Nancekivell
Minnesota	To Be Determined	To Be Determined	715-894-7336	Annette Caporusso (Holden Ridge Ventures LLC)
Missouri ⁺	Chesterfield	To Be Determined	314-691-4378	Jason & Marnie Sniff
Missouri ¹	St. Louis	To Be Determined	636-283-2444	Nick Losciuto
Nebraska	Omaha	To Be Determined	402-212-9164	Richard and Ana Jungman
Nevada	Las Vegas	To Be Determined	561-251-5851	Jamie Weeks (Legendary Dogs)
New Hampshire ^{1,2}	To Be Determined	To Be Determined	401-556-4626	Chris Kempner (Red Barn Dog South LLC)
New Jersey	Jersey City	To Be Determined	617-651-7773	Nancy Guo and Kelsey Sun
New Jersey	Morris County	To Be Determined	617-417-8697	Jeffrey E Snyder
New Jersey ¹	Somerset	To Be Determined	609-216-5054	Vishal Anand and Kate Foss
New Jersey	Westfield Tappan	To Be Determined	609-915-7545 908-666-3020	Lillian Rodriguez Mark Besser Eric & Tara Hudson; Kristy & Peter Meringolo
New Jersey ^{1,2}	To Be Determined	To Be Determined	401-556-4626	Chris Kempner (Red Barn Dog South LLC)
New Jersey ¹	To Be Determined	To Be Determined	908-770-7505	Joe & Tom Gallo
New York	Albany Clifton Park	To Be Determined	518-365-4815	Jay Sellie & Jim Horvath
New York	Brooklyn	To Be Determined	617-651-7773	Nancy Guo and Kelsey Sun
New York ^{1,2}	To Be Determined	To Be Determined	401-556-4626	Chris Kempner (Red Barn Dog South LLC)
New York ¹	To Be Determined	To Be Determined	917-584-7475	Eric & Tara Hudson; Kristy & Peter Meringolo
North Carolina	Charlotte	To Be Determined	803-487-7711	Eric Gozur & Amanda Donovan
North Carolina	Raleigh	To Be Determined	919-395-5934	Dan Endres & Inma Munoz

TABLE 3
FRANCHISED OUTLETS
(Not Open As of December 31, 2023)

State	City	Address	Phone	Owner Name(s)
North Carolina	Winston-Salem Raleigh	To Be Determined	336-659-2663 919-703-5169	Leigh Anne White Frahm & Eric Lehman
North Carolina	Wilmington	To Be Determined	323-533-7975	Tyler & Christine Carmody
Ohio	Cincinnati	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Ohio	Cleveland	To Be Determined	248-709-0167	Alex & Whitney Mazzenga (Mazzenga Ventures LLC)
Ohio	Cincinnati	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Oklahoma ¹	Tulsa	To Be Determined	918-640-9292	Darryl Bray (Echo Properties, LLC)
Oregon	TBD	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Pennsylvania ⁺	Norristown Jenkintown	To Be Determined 2550 Blvd of the Generals, #100 Norristown, Pennsylvania 19403	610-492-6328 215-938-6665	Julie Tilley (Regard Dogs LLC dba Dogtopia of Valley Forge) Phil & Devra Pulley
Pennsylvania	Pittsburgh	To Be Determined	724-747-9055	Marshall and Shannon Martindale (OakenBucket LLC)
Pennsylvania	Pittsburgh	To Be Determined	412-443-7011	Alden Rodriguez & Alden Rodriguez II
Pennsylvania ¹	To Be Determined	To Be Determined	610-492-6328	Julie Tilley (Regard Dogs LLC dba Dogtopia of Valley Forge)
Rhode Island	Warwick	To Be Determined	401-487-4827	David & Jenn Giardino
South Carolina ¹	Charleston	To Be Determined	914-708-7396	Mark Lyle
South Carolina ¹	Columbia	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
South Carolina	Summerville	619 Myers Rd Summerville, South Carolina 29486 To Be Determined	781-799-9275	Marc Cotone & Jackie Simon
South Carolina Tennessee	Chattanooga Columbia	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Tennessee	Knoxville	To Be Determined	937-232-3313	Jeremiah and Amanda Webb
Tennessee	Chattanooga	To Be Determined	561-251-5851	Jamiee Weeks (Legendary Dogs)
Tennessee	Nashville	To Be Determined	917-769-2295	Tyler-Dean-Krantz and Max Feildeson (TF Breezy LLC)

TABLE 3
FRANCHISED OUTLETS
(Not Open As of December 31, 2023)

State	City	Address	Phone	Owner Name(s)
Texas ¹	Allen	To Be Determined	972-954-2322	Jeff Helgeson
Texas⁺	Austin	To Be Determined	512-580-4880	Anna & Steve Von Foerster
Texas	Dallas	To Be Determined	469-438-8097	Ron and Sandy Blake (Red Dragon Investments LLC)
Texas	Dallas	To Be Determined	214-728-8639	Jason & Tiffany Porter (First Talent Investments LLC)
Texas	Ft. Worth	To Be Determined	817-501-4785	Jason & Tejal Wible (Texas Pets, LLC)
Texas ¹	Frisco	To Be Determined	913-634-6221	Prashantbhai Patel, Atish Patel, Jeffy Thomas, Vikas Goyal, Dipa Patel – (Shawn Patel)
Texas ⁺	Ft. Worth Friseo	To Be Determined	817-501-1785 620-655-4817	Jason & Tejal Wible (Texas Pets, Shiraj Patel, Ronit Patel, Monica Shah, Ranjan Patel & Sejal Chokshi (SRM Investments LLC)
Texas ⁺	Houston Ft Worth	To Be Determined	281-770-6359	Justin and Anne Burnett Sherman & Jamie Hatch
Texas ¹	Houston	To Be Determined	512-297-6822	Amber Woods (Brown Dog Group, LLC)
Texas ¹	Houston	To Be Determined	281-844-5026	Cody Lovins
Texas ¹	Houston	To Be Determined	832-308-3664	John Ledbetter
Texas ¹	Houston	To Be Determined	832-403-2993	Chris & Kaila King (CKC Enterprises, LLC dba Dogtopia of Webster)
Texas	Little Elm	To Be Determined	620-655-4817	Shawn Patel
Texas	Leander	To Be Determined	512-341-8865	Matthew & Jolene Urbancie
Texas ¹	Mansfield	To Be Determined	817-917-7755	Darren Tran & Denise Doran (DNA Pets World LLC)
Texas ¹	Pasadena	To Be Determined	713-205-0676	Justin and Laura Rosenhagen
Texas ¹	Richardson San Antonio	To Be Determined	210-964-0555 469-358-9692	Devin Bhakta (Lone Star Pups LLC dba Dogtopia of Northwest San Antonio) Ron & Sandy Blake (Red Dragon Investments)

TABLE 3 FRANCHISED OUTLETS (Not Open As of December 31, 2023)				
State	City	Address	Phone	Owner Name(s)
Texas ¹	Sugarland San Antonio	5563 De Zavala, # 100 San Antonio, Texas 78249 <u>To Be Determined</u>	620-655-4817 210-964-0555	<u>Shiraj Patel, Ronit Patel, Monica Shah, Ranjan Patel & Sejal Chokshi</u> <u>(SRM Investments LLC)</u> Devin Bhakta (Lone Star Pups LLC dba Dogtopia of Northwest San Antonio)
Texas ¹	<u>TBD</u> Sugarland	To Be Determined	620-655-4817 832-274-6616	<u>Shiraj Patel, Sejal Chokshi, Ronit Patel, Monica Shah, & Ranjan Patel</u> <u>Phil & Jennifer Gregor</u>
Utah ¹	Salt Lake City	To Be Determined	805-679-1433	Kyle & Jessica Hill
Virginia⁺	Stafford	To Be Determined	202-329-4830	Matt and Lynn Konetschni
Virginia⁺ <u>Virginia¹</u>	Ashburn	To Be Determined	703-731-8191	Jennifer James & Art Prediger (A Girl & Her Dog, LLC)
Virginia⁺ <u>Virginia¹</u>	Fairfax	To Be Determined	574-210-2751	Jim & Alexandra Hanneschlager, Casey & Kathryn Blackburn (K9 NoVa, LLC)
<u>Virginia¹</u>	<u>Leesburg</u>	<u>To Be Determined</u>	703-297-5377	<u>Tom Payne</u> <u>(Ruff n Tumble Corp.)</u>
Virginia	Richmond	3610D Cox Rd Richmond, Virginia 23233	301-332-7751	John Houston (Houston Dog Services LLC dba Dogtopia of Short Pump)
Virginia⁺ <u>Virginia¹</u>	Stafford <u>Winchester</u>	To Be Determined	202-329-1830 703-297-5377	Matt and Lynn Konetschni Tom Payne (Ruff n Tumble Corp.)
Washington	<u>Kirkland</u> Bellevue	To Be Determined	571-317-8217	Allison Christian Rau Michel Rau (Xeuxiana Inc.)
<u>Washington</u>	<u>Seattle</u>	<u>To Be Determined</u>	512-496-7692	<u>Toshin & Nidhi Makarh</u>
Washington ¹	Vancouver	To Be Determined	561-251-5851	Jamie Weeks (Legendary Dogs)
Wisconsin ¹	Madison	To Be Determined	608-466-3338	Trevor & Lindsay Conti
<u>West Virginia</u>	<u>Charleston</u>	<u>To Be Determined</u>	803-487-7711	<u>Eric Gozur & Amanda Donovan</u>

Notes to Table 3:

1. These franchisees are area developers that signed area development agreements.
2. These are Affiliated Stores owned by Chris Kempner, who was a franchisee and area developer prior to acquiring a controlling interest in the franchisor. Because he is now listed in Item 2 of this Disclosure

Document, we have reclassified his franchised outlets as Affiliated Stores. Mr. Kempner is also an area developer who signed an area development agreement.

Table 4: Former Franchisees Who Left the System in 202~~2~~3

The following table lists our franchisees who left the system in 202~~2~~3.

TABLE 4 FRANCHISEES WHO LEFT SYSTEM IN 202 2 3			
State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Arizona	Phoenix	480-405-9646	Chip & Joann Wickens
Arizona	Tucson	520-906-8670	Pamela Leal
California[†]	San Diego	858-472-1099	James & Leanne Van Langen
California	Miramar	619-987-2185	Margaret Halaska & Diane Hotz
Colorado	Westminster	815-302-4819	James & Cassidy Burns (Mountain Top Paws LLC dba Dogtopia of Westminster)
Colorado[†]	Denver	303-884-3118	Osvaldo Baldessari
Connecticut	Stamford	513-307-0398	Scott & Elisa Jones
Florida	Palm Beach Jacksonville	202-633-4945 302-388-1448	Jason Woodle & Justin Grunert Jay and Sandra Ray Hooper (JIL Venture, LL)
Illinois Louisiana	Downers Grove Lafayette	757-544-7041 337-258-7394	Scott & Kristine Modica (Jade 17 Investments LLC)
Michigan Maryland	Northville Bethesda	571-247-4521 586-453-1311	Nick & Shelly Mills Zabiollah Rouhafzai (Z&M, LLC)
Michigan	Utica Birmingham	248-703-6286 897-0280	Mark Wayne Scott Paul (Oliver's Dog DayCare, LLC)
Pennsylvania Michigan	Commerce Mechanicsburg	248-703-6286 717-660-0560	Mark Wayne Bob Campbell (Magnolia West Enterprises, LLC)
New Jersey	Shrewsbury	732-433-5700 646-417-1288	Norman & Gregory Jemal
New Jersey	Union	732-433-5700 646-417-1288	Norman & Gregory Jemal
New York	New Rochelle	520-906-8670	Paul Goerke
Oklahoma[†]	Tulsa	815-302-4819	Lori Burns and Danielle Schnellhardt
South Carolina[†]	Charleston Fort Mills	513-300-5992 513-703-8840 Shari 803-372-1822	David Walker, Sr & David Walker, Jr Joe & Shari Bleuer
Texas[†]	Waco Friseo	254-633-2878 972-795-0944	Kim Nichols Heart of Texas DDC, Inc Eduardo Rodriguez Quesada and Lupita I. Bustos Delgado
Texas[†]	Friseo	972-795-0944	Eduardo Rodriguez Quesada and Lupita I. Bustos Delgado
Texas	TBD	713-598-6711	Matthew McCain

Notes to Table 4:

~~1. ——— This outlet was terminated prior to opening.~~

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

EXHIBIT "H"
TO DISCLOSURE DOCUMENT

Financial Statements

[See Attached]

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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**BETTER TOGETHER, LLC
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Better Together, 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.

Correction of an Error

As more fully described in Note 6 to the financial statements, the Company restated its beginning cash balance and restricted marketing fund payable as of December 25, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Better Together, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Member
Better Together, LLC

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 Better Together, 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 Better Together, 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

Phoenix, Arizona
March 15, 2023

BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 7,559,708
Restricted Cash - Marketing Fund	926,587
Accounts Receivable, Net	3,037,645
Deferred Commissions, Current Portion	883,740
Prepaid Expenses	<u>76,075</u>
Total Current Assets	12,483,755

CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET

1,438,269

OTHER ASSETS

Other Assets, Net	276,974
Deferred Commissions, Net of Current Portion	2,466,787
Due from Parent Company and Related Entities	<u>25,337,107</u>

Total Assets

\$ 42,002,892

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 185,795
Restricted Funds Payable - Marketing Fund	<u>926,587</u>
Total Current Liabilities	1,112,382

DEFERRED DEVELOPMENT FEES

1,458,600

DEFERRED FRANCHISE FEES

12,132,821

Total Liabilities

14,703,803

MEMBER'S EQUITY

27,299,089

Total Liabilities and Member's Equity

\$ 42,002,892

See accompanying Notes to Financial Statements.

**BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022**

REVENUE	
Royalty Fees	\$ 11,172,155
Franchise Fees	1,572,258
Development Fees	1,949,500
Marketing Fund Fees	3,264,280
Other Operating Income	<u>607,692</u>
Total Revenue	18,565,885
OPERATING EXPENSES	<u>11,292,408</u>
INCOME FROM OPERATIONS	7,273,477
INTEREST INCOME	<u>23,381</u>
NET INCOME	<u><u>\$ 7,296,858</u></u>

See accompanying Notes to Financial Statements.

**BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2022**

BALANCE - DECEMBER 25, 2021	\$ 20,002,231
Net Income	<u>7,296,858</u>
BALANCE - DECEMBER 31, 2022	<u>\$ 27,299,089</u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 7,296,858
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	263,182
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(233,971)
Deferred Commissions	(258,009)
Other Current Assets	(47,345)
Accounts Payable and Accrued Expenses	42,610
Restricted Funds Payable - Brand Fund	70,448
Deferred Development Fees	(523,900)
Accrued Liabilities	-
Deferred Franchise Fees	3,453,259
Due to Related Entities	(48,639)
Net Cash Provided by Operating Activities	<u>10,014,493</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Franchise Agreements	-
Costs Incurred and Capitalized to Trademarks	-
Purchase of Capitalized Software in Development	(1,469,757)
Due from Parent Company and Related Entities	(7,657,516)
Net Cash Used by Investing Activities	<u>(9,127,273)</u>

**NET INCREASE IN CASH, CASH EQUIVALENTS,
AND RESTRICTED CASH**

887,220

Cash, Cash Equivalents, and Restricted
Cash - Beginning of Year

7,599,075 (a)

**CASH, CASH EQUIVALENTS, AND RESTRICTED
CASH - END OF YEAR**

\$ 8,486,295

Cash and Cash Equivalents	7,559,708
Restricted Cash - Marketing Fund	926,587
Total Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 8,486,295</u>

(a) Cash, cash equivalents, and restricted cash at the beginning of the year has been restated to include restricted brand fund cash balance. See Note 6 to the financial statements.

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, overnight and vacation stays, spa, and grooming services.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 31, 2022 was as follows:

Store Count Beginning of Year	166
Store Opening During the Year	39
Store Closings During the Year	-
Store Count End of Year	<u>205</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per institution.

**BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash includes funds held for the benefit of the Ad Fund (see Note 3)

Revenue Recognition

The Company currently franchises in 41 states and Canada. The Company generates revenue primarily through royalties, franchise fees, regional development fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services, and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Product revenues are included in other operating income in the accompanying statement of operations. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in other operating income in the accompanying statement of operations.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 23% or 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the year ended December 31, 2022, the Company recognized amortization expense of \$476,676, which is included in operating expenses in the accompanying statement of operations.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Assets and Liabilities

The beginning and ending accounts receivable, contract asset and contract liability balances were as follows:

	December 31, 2022	December 25, 2021
Accounts Receivable	\$ 3,037,645	\$ 2,803,674
<u>Contract Liabilities</u>		
Deferred Franchise Fees	12,132,821	8,679,562
Deferred Development Fees	1,458,600	1,982,500
Restricted Funds Payable - Marketing Fund	926,587	856,139

Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable for franchise fees and development fees are generally due upon receipt of the invoice. Accounts receivable for royalty fees and national advertising fund fees are generally due within five days of invoicing. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of the individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The allowance for doubtful accounts was \$30,000 at December 31, 2022.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the year ended December 31, 2022.

Franchise Agreements

The Company acquired the rights to 25 operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$9,641 for the year ended December 31, 2022.

During 2021, the Company reacquired certain franchise rights for undeveloped territories totaling \$242,825, which is included in other assets on the accompanying balance sheets. The Company intends on remarketing the territory and selling the franchise rights. The franchise rights are not amortized and are evaluated for impairment by the Company whenever events or changes in circumstances indicate that the carrying amount of the franchise rights may not be recoverable. No impairment charges were recorded by the Company for the year ended December 31, 2022.

Income Taxes

The Company is a single member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 31, 2022, management of the Company does not believe it has any uncertain tax positions.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through March 15, 2023, the date the financial statements were available to be issued.

NOTE 3 RESTRICTED CASH

The Company is responsible for the direction and administration of the Marketing Fund program on behalf of the Franchisees, as provided for in its franchise agreements. Accordingly, each franchisee is required to contribute to this program. The Company assesses Brand Fund contributions due from franchisees at a flat rate based on franchise type, as defined in its franchise disclosure document. The amounts received in the Marketing Fund are restricted for designated use. Amounts not used for current year expenditures are retained for future programs. The Marketing Fund account had a balance of \$926,587 at December 31, 2022.

NOTE 4 SOFTWARE DEVELOPMENT

Capitalized software development costs consisted of the following at December 31, 2022:

Internally Developed Software	\$ 1,871,491
Less: Accumulated Amortization	<u>(433,222)</u>
Total	<u><u>\$ 1,438,269</u></u>

Amortization expense was \$253,541 for the year ended December 31, 2022.

Estimated amortization expense for each of the next three years is as follows:

<u>Year Ending,</u>	<u>Amount</u>
2023	\$ 553,171
2024	542,579
2025	<u>342,519</u>
Total	<u><u>\$ 1,438,269</u></u>

NOTE 5 RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to its Parent and related entities. These amounts are noninterest-bearing and due on demand. The net balance outstanding as of December 31, 2022 is \$25,337,107.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 CORRECTION OF AN ERROR

Management identified a correction of an error due to the Company not including the restricted cash received for marketing fund as of December 25, 2021. The beginning cash, cash equivalents, and restricted cash and restricted marketing fund payable balances for 2022 has been restated by \$856,139 to reflect this correction.

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
PERIOD FROM DECEMBER 27, 2020
THROUGH DECEMBER 25, 2021



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BETTER TOGETHER, LLC
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PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

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CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprise the balance sheet as of December 25, 2021, and the related statements of operations, member's equity, and cash flows for the period from December 27, 2020 through December 25, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 25, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Better Together, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As more fully described in Note 5 to the financial statements, the Company restated its beginning member's equity balance as of December 26, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.



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Board of Directors and Member
Better Together, LLC

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 Better Together, 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 Better Together, 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 Better Together, LLC's ability to continue as a going concern for a reasonable period of time.

Board of Directors and Member
Better Together, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
February 25, 2022

**BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 25, 2021**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,742,936
Accounts Receivable, Net	2,803,674
Deferred Commissions, Current Portion	408,565
Other Current Assets	<u>28,730</u>
Total Current Assets	9,983,905

DUE FROM PARENT COMPANY AND RELATED ENTITIES

17,679,591

CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET

222,053

OTHER ASSETS, NET

279,223

DEFERRED COMMISSIONS, Net of Current

2,683,953

FRANCHISE AGREEMENTS, Net

7,392

Total Assets

\$ 30,856,117

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 143,185
Due to Related Entities	<u>48,639</u>
Total Current Liabilities	191,824

DEFERRED DEVELOPMENT FEES

1,982,500

DEFERRED FRANCHISE FEES

8,679,562

Total Liabilities

10,853,886

MEMBER'S EQUITY

20,002,231

Total Liabilities and Member's Equity

\$ 30,856,117

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

REVENUE

Royalty Fees	\$ 7,909,542
Franchise Fees	1,771,462
Real Estate Fees & Services	1,177,500
Other Operating Income	<u>2,836</u>
Total Revenue	<u>10,861,340</u>

OPERATING EXPENSES

3,645,757

NET INCOME

\$ 7,215,583

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

BALANCE - DECEMBER 26, 2020	
(AS PREVIOUSLY REPORTED)	\$ 13,152,898
Correction of an Error (See Note 5)	<u>(366,250)</u>
BALANCE - DECEMBER 26, 2020 (RESTATED)	12,786,648
Net Income	<u>7,215,583</u>
BALANCE - DECEMBER 25, 2021	<u><u>\$ 20,002,231</u></u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 7,215,583
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Amortization Expense	21,714
Depreciation Expense	78,536
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(762,220)
Deferred Commissions	(240,291)
Other Current Assets	22,446
Due from Parent Company and Related Entities	(739,975)
Other Assets	-
Accounts Payable and Accrued Expenses	110,406
Deferred Development Fees	251,500
Accrued Liabilities	(112,257)
Deferred Franchise Fees	1,320,233
Due to Related Entities	(203,766)
Net Cash Provided by Operating Activities	<u>6,961,909</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Franchise Agreements	(242,825)
Costs Incurred and Capitalized to Trademarks	(14,171)
Purchase of Capitalized Software in Development	<u>(188,988)</u>
Net Cash Used by Investing Activities	(445,984)

NET CHANGE IN CASH AND CASH EQUIVALENTS

6,515,925

Cash and Cash Equivalents - Beginning of Year

227,011

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,742,936

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 1 BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31. The current reporting period covers from December 27, 2020 through December 25, 2021.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, boarding, grooming, and training for dogs.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 25, 2021 was as follows:

Store Count Beginning of Year	114
Store Opening During the Year	32
Store Reacquired by Affiliated Stores	(2)
Closings During the Year	(1)
Store Count End of Year	<u>143</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company currently franchises in 36 states and Canada. The Company generates revenue primarily through franchise fees, development fees, and royalties and marketing fund fees.

The Company recognizes revenue in accordance with ASC 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 expected to be entitled in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when the Company satisfies a performance obligation.

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services, and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Marketing Fund Fees (Continued)

The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in Other Operating Income in the accompanying statement of operations.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 23% or 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the period from December 27, 2020 through December 25, 2021, the Company recognized \$715,997 of amortization expense, which is included in Operating Expenses in the accompanying statement of operations.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Assets and Liabilities

The beginning and ending accounts receivable, contract asset and contract liability balances were as follows:

	December 25, 2021	December 27, 2020
Accounts Receivable	\$ 2,803,674	\$ 2,041,454
<u>Contract Liabilities</u>		
Deferred Franchise Fees	8,679,562	7,315,788
Deferred Development Fees	1,982,500	1,731,000

Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable for franchise fees and development fees are generally due upon receipt of the invoice. Accounts receivable for royalty fees and national advertising fund fees are generally due within five days of invoicing. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of the individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The allowance for doubtful accounts was \$30,000 at December 25, 2021.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the period from December 27, 2020 through December 25, 2021.

Franchise Agreements

The Company acquired the rights to 25 operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the ~~asset would be tested for impairment as described above. Accordingly, an impairment loss~~ is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$20,549 for the period from December 27, 2020 through December 25, 2021. Amortization will be recorded in relation to the franchise agreements in future periods ending as follows:

<u>Year Ended,</u>	<u>Amount</u>
December 27, 2022	<u>\$ 7,392</u>
Total	<u>\$ 7,392</u>

During 2021, the Company reacquired certain franchise rights for undeveloped territories totaling \$242,825, which is included in other assets on the accompanying balance sheet. The Company intends on remarketing the territory and selling the franchise rights. The franchise rights are not amortized and are evaluated for impairment by the Company whenever events or changes in circumstances indicate that the carrying amount of the franchise rights may not be recoverable.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is a single member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 25, 2021, management of the Company does not believe it has any uncertain tax positions.

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through February 25, 2022, the date the financial statements were available to be issued.

NOTE 3 RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to its Parent and related entities. These amounts are noninterest-bearing and due on demand. The net balances outstanding as of December 25, 2021 is \$16,469,383, which is included on the accompanying balance sheet in Due from Parent Company and Related Entities.

NOTE 4 RISK AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) continues to affect global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results including sales. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 on the 2022 operations and financial results is unknown and cannot be reasonably estimated as of December 25, 2021.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 5 CORRECTION OF AN ERROR

Management identified a correction of an error due to the Company understating the balance of deferred franchise fees as of December 26, 2020. The beginning balance of member's equity for 2021 has been restated to reflect this correction. The effect on the previously issued 2020 financial statements is summarized as follows:

Balance Sheet as of December 26, 2020

	Previously Reported	Increase (Decrease)	Restated
Deferred Franchise Fees	\$ 6,949,538	\$ 366,250	\$ 7,315,788
Member's Equity	13,152,898	(366,250)	12,786,648

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
PERIOD FROM DECEMBER 29, 2019
THROUGH DECEMBER 26, 2020



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BETTER TOGETHER, LLC
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INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprises the balance sheet as of December 26, 2020, and the related statements of operations, member's equity, and cash flows for the period from December 29, 2019 through December 26, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors and Member
Better Together, LLC

Opinion

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 26, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2020, the Company adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
May 25, 2021

**BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 26, 2020**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 227,011
Accounts Receivable	2,041,454
Deferred Commissions, Current Portion	371,652
Other Current Assets	51,176
Total Current Assets	<u>2,691,293</u>

DUE FROM PARENT COMPANY AND RELATED ENTITIES 16,939,616

CAPITALIZED SOFTWARE DEVELOPMENT COSTS 68,060

OTHER ASSETS 23,392

DEFERRED COMMISSIONS, Net of Current 2,480,575

FRANCHISE AGREEMENTS, Net 26,776

Total Assets \$ 22,229,712

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 31,614
Accrued Liabilities	112,257
Due to Related Entities	252,405
Total Current Liabilities	<u>396,276</u>

DEFERRED DEVELOPMENT FEES 1,731,000

DEFERRED FRANCHISE FEES 6,949,538

Total Liabilities 9,076,814

MEMBER'S EQUITY 13,152,898

Total Liabilities and Member's Equity \$ 22,229,712

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
PERIOD FROM DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

REVENUE

Royalty Fees	\$ 3,777,827
Franchise Fees	1,212,073
Real Estate Fees & Services	568,500
Other Operating Income	<u>82,350</u>
Total Revenue	<u>5,640,750</u>

OPERATING EXPENSES

2,053,818

NET INCOME

\$ 3,586,932

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
PERIOD FROM DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

BALANCE - BEGINNING OF YEAR	\$ 6,690,928
Adoption of New Accounting Standard	2,875,038
Net Income	<u>3,586,932</u>
BALANCE - END OF YEAR	<u><u>\$ 13,152,898</u></u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
PERIOD FROM DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 3,586,932
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Amortization Expense	24,016
Depreciation Expense	149,087
Changes in Assets and Liabilities:	
Accounts Receivables	(542,826)
Deferred Commissions	295,378
Other Current Assets	(39,861)
Due from Parent Company and Related Entities	(4,302,007)
Other Assets	(17,644)
Accounts Payable and Accrued Expenses	(2,292)
Deferred Development Fees	262,000
Accrued Liabilities	112,257
Deferred Franchise Fees	592,145
Due to Related Entities	(21,500)
Net Cash Provided by Operating Activities	<u>95,685</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Capitalized Software in Development	(72,213)
Net Cash Used by Investing Activities	<u>(72,213)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

23,472

Cash and Cash Equivalents - Beginning of Year

203,539

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 227,011

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 1 BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31. The current reporting period covers from December 29, 2019 through December 26, 2020.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, boarding, grooming, and training for dogs.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 26, 2020 was as follows:

Store Count Beginning of Year	100
Store Opening During the Year	31
Store Closings During the Year	-
Store Count End of Year	<u>131</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

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 period ended December 28, 2019, utilizing the modified retrospective method of transition.

On January 28, 2021, the FASB issued Accounting Standards Update (ASU) 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*. For the period ended December 26, 2020, the Company early adopted this standard, which requires full retrospective application for all periods presented.

The primary impact of ASU 2021-02 on the Company's revenue recognition policies is a change in the accounting for initial franchise fees. Upon the initial sale of a franchise, the Company is obligated to provide franchisees services related to preopening activities and access to certain proprietary programs, such as written materials, trademarks, tools and support associated with their franchise business. Under Topic 606, the Company previously considered these obligations, along with the right to use intellectual property, to be a single performance obligation satisfied over time and recognized the initial franchise fees as the Company satisfied the performance obligation over the franchise term on a straight-line basis, which was generally ten years. The unrecognized portion of initial franchise fees were recorded as deferred franchise fees. With the adoption of ASU 2021-02, the services related to the pre-opening services are considered to be a separate single performance obligation and the Company recognizes the portion of the franchise fee related to pre-opening services when the Company has fulfilled its obligation relating to preopening services.

The effects on the opening balances of assets, liabilities, and member's equity as a result of applying the full retrospective method of transition is as follows:

	2019 As Previously Reported	Impact of Adoption of ASU 2021-02	2019 As Restated
Deferred Franchise Fees	\$ 10,116,737	\$ (606,403)	\$ 9,510,334
Deferred Development Fees	584,694	1,126,307	1,711,001
Member's Equity	6,690,928	2,875,038	9,565,966
Net Income	4,543,659	(519,904)	4,023,755

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

There is no impact from ASU 2021-02 on revenue recognition policies related to royalties and other fees. The Company recognizes other fees and royalties as earned when the franchises report the associated revenue to the Company.

Revenue Recognition

The Company currently franchises in 36 states and Canada. The Company generates revenue primarily through franchise fees, development fees, and royalties and marketing fund fees.

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Marketing Fund Fees (Continued)

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in Other Operating Income in the accompanying statement of operations.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the period from December 29, 2019 through December 26, 2020, the Company recognized \$431,867 of amortization expense, which is included in Operating Expenses in the accompanying statement of operations.

Contract Assets and Liabilities

The beginning and ending accounts receivable, contract asset and contract liability balances were as follows:

	December 26, 2020	December 29, 2019
Accounts Receivable	\$ 2,041,454	\$ 1,498,628
Deferred Commissions	2,852,227	3,147,605
<u>Contract Liabilities</u>		
Deferred Franchise Fees	6,949,538	9,510,334
Deferred Development Fees	1,731,000	1,711,001

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of the individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The allowance for doubtful accounts was \$30,000 at December 26, 2020.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the period from December 29, 2019 through December 26, 2020.

Franchise Agreements

The Company acquired the rights to twenty-five operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 29, 2019 THROUGH DECEMBER 26, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchise Agreements (Continued)

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$24,016 for the period from December 29, 2019 through December 26, 2020. Amortization will be recorded in relation to the franchise agreements in future periods ending as follows:

<u>Year Ended,</u>	<u>Amount</u>
December 25, 2021	\$ 19,384
December 31, 2022	7,392
Total	<u>\$ 26,776</u>

Income Taxes

The Company is a single-member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 26, 2020, management of the Company does not believe it has any uncertain tax positions.

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through May 25, 2021, the date the financial statements were available to be issued.

NOTE 3 RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to its Parent and related entities. These amounts are noninterest-bearing and due on demand. The net balances outstanding as of December 26, 2020 is \$15,889,348, which is included on the accompanying balance sheet in Due from Parent Company and Related Entities.

NOTE 4 RISK AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results including sales. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 on the 2021 operations and financial results is unknown and cannot be reasonably estimated as of December 26, 2020.

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 30, 2023



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INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprise the balance sheet as of December 30, 2023, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Better Together, 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.

Correction of an Error

As more fully described in Note 6 to the financial statements, the Company restated its beginning accounts receivable, deferred development fees, deferred franchise fees, and members' equity as of December 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Better Together, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Member
Better Together, LLC

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 Better Together, 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 Better Together, 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

Phoenix, Arizona
April 12, 2024

BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 47,446
Restricted Cash - Marketing Fund	16,649
Due from Parent - Funds Held in Trust	8,643,264
Accounts Receivable, Net	2,059,364
Deferred Commissions, Current Portion	570,784
Prepaid Expenses	<u>43,566</u>
Total Current Assets	11,381,073

CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET

3,683,154

NOTE RECEIVABLE FROM PARENT

33,804,656

OTHER ASSETS

Other Assets, Net	275,405
Deferred Commissions, Net of Current Portion	2,901,463
Due from Parent Company and Related Entities	<u>-</u>
Total Other Assets	<u>3,176,868</u>

Total Assets \$ 52,045,751

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 180,404
Due to Affiliates	41,847
Deferred Other Fees	52,375
Restricted Funds Payable - Marketing Fund	<u>16,649</u>
Total Current Liabilities	291,275

DEFERRED DEVELOPMENT FEES

2,398,800

DEFERRED FRANCHISE FEES

12,066,705

Total Liabilities 14,756,780

MEMBER'S EQUITY

37,288,971

Total Liabilities and Member's Equity \$ 52,045,751

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 30, 2023

REVENUE

Royalty Fees	\$ 12,812,531
Franchise Fees	2,268,402
Development Fees	567,850
Marketing Fund Fees	3,565,429
Other Operating Income	1,704,584
Total Revenue	<u>20,918,796</u>

OPERATING EXPENSES

9,464,199

INCOME FROM OPERATIONS

11,454,597

INTEREST INCOME

405,076

NET INCOME

\$ 11,859,673

See accompanying Notes to Financial Statements.

**BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
YEAR ENDED DECEMBER 30, 2023**

BALANCE - DECEMBER 31, 2022 (AS PREVIOUSLY REPORTED)	\$ 27,299,089
Correction of an Error (See Note 6)	<u>(523,189)</u>
BALANCE - DECEMBER 31, 2022 (RESTATED)	26,775,900
Distributions to Member	(1,346,602)
Net Income	<u>11,859,673</u>
BALANCE - DECEMBER 30, 2023	<u><u>\$ 37,288,971</u></u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 11,859,673
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization Expense	179,050
Provision for Doubtful Accounts	261,077
Changes in Assets and Liabilities:	
Accounts Receivable, Net	531,554
Deferred Commissions	(121,720)
Prepaid Expenses	32,509
Accounts Payable and Accrued Expenses	(5,391)
Due to Affiliates	41,847
Restricted Funds Payable - Brand Fund	(909,938)
Deferred Other Fees	52,375
Deferred Development Fees	65,400
Deferred Franchise Fees	471,145
Net Cash Provided by Operating Activities	<u>12,457,581</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Costs Incurred and Capitalized to Trademarks	(723)
Purchase of Capitalized Software in Development	(2,421,643)
Due from Parent Company and Related Entities	1,120,393
Due from Parent - Funds Held in Trust	(8,643,264)
Net Cash Used by Investing Activities	<u>(9,945,237)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to Member	(1,346,602)
Advances to Parent	(9,587,942)
Net Cash Used by Financing Activities	<u>(10,934,544)</u>

**NET DECREASE IN CASH, CASH EQUIVALENTS,
AND RESTRICTED CASH**

(8,422,200)

Cash, Cash Equivalents, and Restricted
Cash - Beginning of Year

8,486,295

**CASH, CASH EQUIVALENTS, AND RESTRICTED
CASH - END OF YEAR**

\$ 64,095

Cash and Cash Equivalents
Restricted Cash - Marketing Fund
Total Cash, Cash Equivalents, and Restricted Cash - End of Year

\$ 47,446
16,649
\$ 64,095

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 1 DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, overnight and vacation stays, spa, and grooming services.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 30, 2023 was as follows:

Store Count - Beginning of Year	205
Store Opening During the Year	39
Store Closings During the Year	-
Store Count - End of Year	<u>244</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per institution.

**BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash includes funds held for the benefit of the Ad Fund (see Note 3)

Allowances for Credit Losses and Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable for franchise fees and development fees are generally due upon receipt of the invoice. Accounts receivable for royalty fees and national advertising fund fees are generally due within five days of invoicing. Accounts receivable are stated at their face amounts less an allowance for credit losses. The allowance represents an estimate of expected credit losses based upon a specific review of all significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing rates, based upon the age of the receivable, historical experience and current and expected future economic conditions. The Company writes-off a receivable and charges it against its recorded allowance when management have exhausted collection efforts without success. The allowance for doubtful accounts was \$291,077 at December 30, 2023.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 23% or 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the year ended December 30, 2023, the Company recognized amortization expense of \$541,754, which is included in operating expenses in the accompanying statement of operations.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the year ended December 30, 2023.

Franchise Agreements

The Company acquired the rights to 25 operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$2,292 for the year ended December 30, 2023.

During 2021, the Company reacquired certain franchise rights for undeveloped territories totaling \$242,825, which is included in other assets on the accompanying balance sheets. The Company intends on remarketing the territory and selling the franchise rights. The franchise rights are not amortized and are evaluated for impairment by the Company whenever events or changes in circumstances indicate that the carrying amount of the franchise rights may not be recoverable. No impairment charges were recorded by the Company for the year ended December 30, 2023.

Revenue Recognition

The Company generates revenue primarily through royalties, franchise fees, development fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services, and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Product revenues are included in other operating income in the accompanying statement of operations. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in other operating income in the accompanying statement of operations.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Accounts Receivable and Liabilities

The beginning and ending accounts receivable and contract liability balances were as follows:

	December 30, 2023	December 31, 2022
Accounts Receivable	\$ 2,059,364	\$ 2,851,995
Contract Liabilities:		
Deferred Franchise Fees	12,066,705	11,595,560
Deferred Development Fees	2,398,800	2,333,400
Deferred Other Fees	52,375	-
Restricted Funds Payable - Marketing Fund	16,649	926,587

Income Taxes

The Company is a single member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 30, 2023, management of the Company does not believe it has any uncertain tax positions.

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 consolidated financial statements but did change how the allowance for credit losses is determined.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through April 12, 2024, the date the financial statements were available to be issued.

NOTE 3 RESTRICTED CASH

The Company is responsible for the direction and administration of the Marketing Fund program on behalf of the Franchisees, as provided for in its franchise agreements. Accordingly, each franchisee is required to contribute to this program. The Company assesses Brand Fund contributions due from franchisees at a flat rate based on franchise type, as defined in its franchise disclosure document. The amounts received in the Marketing Fund are restricted for designated use. Amounts not used for current year expenditures are retained for future programs. The Marketing Fund account had a balance of \$16,649 at December 30, 2023.

NOTE 4 SOFTWARE DEVELOPMENT

Capitalized software development costs consisted of the following at December 30, 2023:

Internally Developed Software	\$ 1,275,229
Software Development In-Process	3,017,905
Total	<u>4,293,134</u>
Less: Accumulated Amortization	<u>(609,980)</u>
Total	<u><u>\$ 3,683,154</u></u>

Amortization expense was \$176,758 for the year ended December 30, 2023.

Estimated amortization expense for assets currently in-service for each of the next three years is as follows:

<u>Year Ending December 30,</u>	<u>Amount</u>
2024	\$ 339,481
2025	232,599
2026	93,169
Total	<u><u>\$ 665,249</u></u>

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2023

NOTE 5 RELATED PARTY TRANSACTIONS

During 2023, the Company transferred \$8,300,000 of cash to the Parent to use to purchase treasury bills on behalf of the Company. The funds are held in a financial institution account in the name of the Parent. The treasury bills are redeemable by the Parent at will with no penalty. The value of the treasury bill investments is \$8,643,264 as of December 30, 2023, which is reflected in Due from Parent – Funds Held in Trust on the accompanying balance sheet.

As of December 30, 2023, the Company had payables to affiliates of \$41,847. There are no specific repayment terms and the amounts do not bear interest.

The Company has a note receivable due from the Parent. The note receivable bears interest at 6% and calls for interest only payments of \$169,023 per month with any unpaid principal and interest due upon maturity. The note receivable matures on December 30, 2033. The balance of the note receivable was \$33,804,656 at December 30, 2023.

NOTE 6 CORRECTION OF AN ERROR

Management identified a correction of an error due to the Company improperly recognizing deferred development fees, deferred franchise fees, and accounts receivable. The beginning balances of accounts receivable, deferred development fees, deferred franchise fees, and members' equity have been restated to reflect this correction.

A summary of the correction of an error is as follows:

	Previously Reported	Increase (Decrease)	Restated
Assets:			
Accounts Receivable	\$ 3,037,645	\$ (185,650)	\$ 2,851,995
Liabilities:			
Deferred Development Fees	1,458,600	874,800	2,333,400
Deferred Franchise Fees	12,132,821	(537,261)	11,595,560
Members' Equity	27,299,089	(523,189)	26,775,900

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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**BETTER TOGETHER, LLC
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Better Together, 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.

Correction of an Error

As more fully described in Note 6 to the financial statements, the Company restated its beginning cash balance and restricted marketing fund payable as of December 25, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Better Together, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

Member
Better Together, LLC

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 Better Together, 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 Better Together, 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

Phoenix, Arizona
March 15, 2023

BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 7,559,708
Restricted Cash - Marketing Fund	926,587
Accounts Receivable, Net	3,037,645
Deferred Commissions, Current Portion	883,740
Prepaid Expenses	<u>76,075</u>
Total Current Assets	12,483,755

CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET

1,438,269

OTHER ASSETS

Other Assets, Net	276,974
Deferred Commissions, Net of Current Portion	2,466,787
Due from Parent Company and Related Entities	<u>25,337,107</u>

Total Assets

\$ 42,002,892

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 185,795
Restricted Funds Payable - Marketing Fund	<u>926,587</u>
Total Current Liabilities	1,112,382

DEFERRED DEVELOPMENT FEES

1,458,600

DEFERRED FRANCHISE FEES

12,132,821

Total Liabilities

14,703,803

MEMBER'S EQUITY

27,299,089

Total Liabilities and Member's Equity

\$ 42,002,892

See accompanying Notes to Financial Statements.

**BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022**

REVENUE	
Royalty Fees	\$ 11,172,155
Franchise Fees	1,572,258
Development Fees	1,949,500
Marketing Fund Fees	3,264,280
Other Operating Income	607,692
Total Revenue	<u>18,565,885</u>
OPERATING EXPENSES	<u>11,292,408</u>
INCOME FROM OPERATIONS	7,273,477
INTEREST INCOME	<u>23,381</u>
NET INCOME	<u><u>\$ 7,296,858</u></u>

See accompanying Notes to Financial Statements.

**BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2022**

BALANCE - DECEMBER 25, 2021	\$ 20,002,231
Net Income	<u>7,296,858</u>
BALANCE - DECEMBER 31, 2022	<u>\$ 27,299,089</u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 7,296,858
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	263,182
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(233,971)
Deferred Commissions	(258,009)
Other Current Assets	(47,345)
Accounts Payable and Accrued Expenses	42,610
Restricted Funds Payable - Brand Fund	70,448
Deferred Development Fees	(523,900)
Accrued Liabilities	-
Deferred Franchise Fees	3,453,259
Due to Related Entities	(48,639)
Net Cash Provided by Operating Activities	<u>10,014,493</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Franchise Agreements	-
Costs Incurred and Capitalized to Trademarks	-
Purchase of Capitalized Software in Development	(1,469,757)
Due from Parent Company and Related Entities	(7,657,516)
Net Cash Used by Investing Activities	<u>(9,127,273)</u>

**NET INCREASE IN CASH, CASH EQUIVALENTS,
AND RESTRICTED CASH**

887,220

Cash, Cash Equivalents, and Restricted
Cash - Beginning of Year

7,599,075 (a)

**CASH, CASH EQUIVALENTS, AND RESTRICTED
CASH - END OF YEAR**

\$ 8,486,295

Cash and Cash Equivalents	7,559,708
Restricted Cash - Marketing Fund	926,587
Total Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 8,486,295</u>

(a) Cash, cash equivalents, and restricted cash at the beginning of the year has been restated to include restricted brand fund cash balance. See Note 6 to the financial statements.

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, overnight and vacation stays, spa, and grooming services.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 31, 2022 was as follows:

Store Count Beginning of Year	166
Store Opening During the Year	39
Store Closings During the Year	-
Store Count End of Year	<u>205</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per institution.

**BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash includes funds held for the benefit of the Ad Fund (see Note 3)

Revenue Recognition

The Company currently franchises in 41 states and Canada. The Company generates revenue primarily through royalties, franchise fees, regional development fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services, and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Product revenues are included in other operating income in the accompanying statement of operations. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in other operating income in the accompanying statement of operations.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 23% or 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the year ended December 31, 2022, the Company recognized amortization expense of \$476,676, which is included in operating expenses in the accompanying statement of operations.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Assets and Liabilities

The beginning and ending accounts receivable, contract asset and contract liability balances were as follows:

	December 31, 2022	December 25, 2021
Accounts Receivable	\$ 3,037,645	\$ 2,803,674
<u>Contract Liabilities</u>		
Deferred Franchise Fees	12,132,821	8,679,562
Deferred Development Fees	1,458,600	1,982,500
Restricted Funds Payable - Marketing Fund	926,587	856,139

Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable for franchise fees and development fees are generally due upon receipt of the invoice. Accounts receivable for royalty fees and national advertising fund fees are generally due within five days of invoicing. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of the individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The allowance for doubtful accounts was \$30,000 at December 31, 2022.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the year ended December 31, 2022.

Franchise Agreements

The Company acquired the rights to 25 operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$9,641 for the year ended December 31, 2022.

During 2021, the Company reacquired certain franchise rights for undeveloped territories totaling \$242,825, which is included in other assets on the accompanying balance sheets. The Company intends on remarketing the territory and selling the franchise rights. The franchise rights are not amortized and are evaluated for impairment by the Company whenever events or changes in circumstances indicate that the carrying amount of the franchise rights may not be recoverable. No impairment charges were recorded by the Company for the year ended December 31, 2022.

Income Taxes

The Company is a single member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 31, 2022, management of the Company does not believe it has any uncertain tax positions.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through March 15, 2023, the date the financial statements were available to be issued.

NOTE 3 RESTRICTED CASH

The Company is responsible for the direction and administration of the Marketing Fund program on behalf of the Franchisees, as provided for in its franchise agreements. Accordingly, each franchisee is required to contribute to this program. The Company assesses Brand Fund contributions due from franchisees at a flat rate based on franchise type, as defined in its franchise disclosure document. The amounts received in the Marketing Fund are restricted for designated use. Amounts not used for current year expenditures are retained for future programs. The Marketing Fund account had a balance of \$926,587 at December 31, 2022.

NOTE 4 SOFTWARE DEVELOPMENT

Capitalized software development costs consisted of the following at December 31, 2022:

Internally Developed Software	\$ 1,871,491
Less: Accumulated Amortization	<u>(433,222)</u>
Total	<u><u>\$ 1,438,269</u></u>

Amortization expense was \$253,541 for the year ended December 31, 2022.

Estimated amortization expense for each of the next three years is as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 553,171
2024	542,579
2025	<u>342,519</u>
Total	<u><u>\$ 1,438,269</u></u>

NOTE 5 RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to its Parent and related entities. These amounts are noninterest-bearing and due on demand. The net balance outstanding as of December 31, 2022 is \$25,337,107.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 CORRECTION OF AN ERROR

Management identified a correction of an error due to the Company not including the restricted cash received for marketing fund as of December 25, 2021. The beginning cash, cash equivalents, and restricted cash and restricted marketing fund payable balances for 2022 has been restated by \$856,139 to reflect this correction.

BETTER TOGETHER, LLC
FINANCIAL STATEMENTS
PERIOD FROM DECEMBER 27, 2020
THROUGH DECEMBER 25, 2021



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BETTER TOGETHER, LLC
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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Member
Better Together, LLC
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Better Together, LLC (the Company), which comprise the balance sheet as of December 25, 2021, and the related statements of operations, member's equity, and cash flows for the period from December 27, 2020 through December 25, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Together, LLC as of December 25, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Better Together, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As more fully described in Note 5 to the financial statements, the Company restated its beginning member's equity balance as of December 26, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.



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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 Better Together, 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 Better Together, 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 Better Together, LLC's ability to continue as a going concern for a reasonable period of time.

Board of Directors and Member
Better Together, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
February 25, 2022

**BETTER TOGETHER, LLC
BALANCE SHEET
DECEMBER 25, 2021**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,742,936
Accounts Receivable, Net	2,803,674
Deferred Commissions, Current Portion	408,565
Other Current Assets	<u>28,730</u>
Total Current Assets	9,983,905

DUE FROM PARENT COMPANY AND RELATED ENTITIES 17,679,591

CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET 222,053

OTHER ASSETS, NET 279,223

DEFERRED COMMISSIONS, Net of Current 2,683,953

FRANCHISE AGREEMENTS, Net 7,392

Total Assets \$ 30,856,117

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 143,185
Due to Related Entities	<u>48,639</u>
Total Current Liabilities	191,824

DEFERRED DEVELOPMENT FEES 1,982,500

DEFERRED FRANCHISE FEES 8,679,562

Total Liabilities 10,853,886

MEMBER'S EQUITY 20,002,231

Total Liabilities and Member's Equity \$ 30,856,117

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF OPERATIONS
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

REVENUE

Royalty Fees	\$ 7,909,542
Franchise Fees	1,771,462
Real Estate Fees & Services	1,177,500
Other Operating Income	<u>2,836</u>
Total Revenue	<u>10,861,340</u>

OPERATING EXPENSES

3,645,757

NET INCOME

\$ 7,215,583

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF MEMBER'S EQUITY
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

BALANCE - DECEMBER 26, 2020	
(AS PREVIOUSLY REPORTED)	\$ 13,152,898
Correction of an Error (See Note 5)	<u>(366,250)</u>
BALANCE - DECEMBER 26, 2020 (RESTATED)	12,786,648
Net Income	<u>7,215,583</u>
BALANCE - DECEMBER 25, 2021	<u><u>\$ 20,002,231</u></u>

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
STATEMENT OF CASH FLOWS
PERIOD FROM DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 7,215,583
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Amortization Expense	21,714
Depreciation Expense	78,536
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(762,220)
Deferred Commissions	(240,291)
Other Current Assets	22,446
Due from Parent Company and Related Entities	(739,975)
Other Assets	-
Accounts Payable and Accrued Expenses	110,406
Deferred Development Fees	251,500
Accrued Liabilities	(112,257)
Deferred Franchise Fees	1,320,233
Due to Related Entities	(203,766)
Net Cash Provided by Operating Activities	<u>6,961,909</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Franchise Agreements	(242,825)
Costs Incurred and Capitalized to Trademarks	(14,171)
Purchase of Capitalized Software in Development	(188,988)
Net Cash Used by Investing Activities	<u>(445,984)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

6,515,925

Cash and Cash Equivalents - Beginning of Year

227,011

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,742,936

See accompanying Notes to Financial Statements.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 1 BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Better Together, LLC (the Company) was organized on September 10, 2012 under the name HTBH, LLC. In December 2015, the Company changed its name to Better Together, LLC. The Company's administrative offices are located in Phoenix, Arizona. The Company is wholly owned by its parent company, Dogtopia Enterprises, LLC (the Parent). The Company's fiscal year coincides with a retail calendar and ends on the last Saturday closest to December 31. The current reporting period covers from December 27, 2020 through December 25, 2021.

The Company was established to offer franchises to third parties to operate under its trade name, Dogtopia, which provides day care, boarding, grooming, and training for dogs.

Certain operating expenses reflected in the financial statements include charges for certain services provided by the Parent. These charges have been determined using methodologies that reasonably reflect the Company's direct benefit derived from such expenditures (see Note 3).

Franchisee activity for the year ended December 25, 2021 was as follows:

Store Count Beginning of Year	114
Store Opening During the Year	32
Store Reacquired by Affiliated Stores	(2)
Closings During the Year	(1)
Store Count End of Year	<u>143</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the guidelines for presentation of financial statements prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents which consist of highly liquid financial investments with original maturities of three months or less. The Company maintains cash deposits with major banks and financial institutions. Deposits at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company currently franchises in 36 states and Canada. The Company generates revenue primarily through franchise fees, development fees, and royalties and marketing fund fees.

The Company recognizes revenue in accordance with ASC 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 expected to be entitled in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when the Company satisfies a performance obligation.

Franchise Fees

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which has an initial term of 10 years. The Company's services under the franchise agreement include: training of franchisees and staff and ongoing operations support. These preopening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally, the preopening services are completed upon the opening of the franchisee's location. If the preopening services are not completed or are in process, the cash received is initially recorded as a contract liability (deferred franchise fee).

Development Fees

Development fees relate to construction management fees, which are elective at the option of the franchisee. The Company's services include site selection and construction/vendor management services, and the transaction price is determined as a function of costs incurred. Development fee revenue is recognized at the time a lease agreement is signed by the franchisee as this represents the point in time that the Company's obligations have been completed. Depending on the timing of cash receipt for these fees, the recognition of revenue results in either accounts receivable or, if received prior to the satisfaction of the performance obligations, a contract liability on the balance sheet (deferred development fee).

Royalties and Marketing Fund Fees

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing fund fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to marketing funds, are calculated as a percentage of franchisee sales over the term of the franchise agreement.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Marketing Fund Fees (Continued)

The franchise agreement royalties, inclusive of marketing fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur. Royalties and marketing fees are calculated and billed each Saturday and are collected the following Tuesday after each sales period has ended. Based on the timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

Product Revenues

Product revenues consist of branded merchandise and are recognized as revenue when shipped and the Company applies the right to invoice practical expedient. Shipping charges incurred for the delivery of the merchandise is included in costs of goods sold.

Conference Revenue

The Company holds an annual conference in which attendees pay an entrance fee as an individual or provide sponsorship. Revenue is recognized upon the event occurring and is included in Other Operating Income in the accompanying statement of operations.

Deferred Commissions

Certain franchise agreements are associated with a commission paid upon the signing of the agreement, equal to 23% or 25% of the franchise fee which are considered costs to obtain a contract. As the costs are associated with the licensing of intellectual property as described above, the Company amortizes the costs over the franchise term of 10 years on a straight-line basis. During the period from December 27, 2020 through December 25, 2021, the Company recognized \$715,997 of amortization expense, which is included in Operating Expenses in the accompanying statement of operations.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Assets and Liabilities

The beginning and ending accounts receivable, contract asset and contract liability balances were as follows:

	December 25, 2021	December 27, 2020
Accounts Receivable	\$ 2,803,674	\$ 2,041,454
<u>Contract Liabilities</u>		
Deferred Franchise Fees	8,679,562	7,315,788
Deferred Development Fees	1,982,500	1,731,000

Accounts Receivable

Accounts receivable include amounts due from franchisees related to royalty fees, national advertising fund fees, franchise fees and development fees. Accounts receivable for franchise fees and development fees are generally due upon receipt of the invoice. Accounts receivable for royalty fees and national advertising fund fees are generally due within five days of invoicing. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of the individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The allowance for doubtful accounts was \$30,000 at December 25, 2021.

Capitalized Software Development Costs

The Company capitalizes certain costs to internally develop software consisting primarily of the vendor costs associated with creating the software. Capitalized costs are amortized beginning when the project is placed in service using the straight-line method over the estimated lives of the software (generally less than five years). Software development projects generally include three stages: the preliminary project stage (all costs expensed as incurred), the application development stage (certain costs capitalized, certain costs expensed as incurred), and the post-implementation/operation stage (all costs expensed as incurred). The costs the Company capitalizes in the application development stage primarily include the costs of designing the application, coding, installation of hardware, and testing.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including capitalized software development costs and franchise agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded by the Company for the period from December 27, 2020 through December 25, 2021.

Franchise Agreements

The Company acquired the rights to 25 operating franchisees which pay royalties based on weekly revenue. Under FASB ASC 350, *Intangibles, Goodwill and Other*, finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued, and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value.

The franchise agreements are amortized over the life of the initial franchise agreement remaining at the time of the acquisition, which expire through 2022. Amortization expense totaled \$20,549 for the period from December 27, 2020 through December 25, 2021. Amortization will be recorded in relation to the franchise agreements in future periods ending as follows:

<u>Year Ended,</u>	<u>Amount</u>
December 27, 2022	<u>\$ 7,392</u>
Total	<u><u>\$ 7,392</u></u>

During 2021, the Company reacquired certain franchise rights for undeveloped territories totaling \$242,825, which is included in other assets on the accompanying balance sheet. The Company intends on remarketing the territory and selling the franchise rights. The franchise rights are not amortized and are evaluated for impairment by the Company whenever events or changes in circumstances indicate that the carrying amount of the franchise rights may not be recoverable.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is a single member LLC and is treated as a disregarded entity for federal and state income tax purposes. As such, income and losses of the Company pass through to the Parent. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 25, 2021, management of the Company does not believe it has any uncertain tax positions.

Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through February 25, 2022, the date the financial statements were available to be issued.

NOTE 3 RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to its Parent and related entities. These amounts are noninterest-bearing and due on demand. The net balances outstanding as of December 25, 2021 is \$16,469,383, which is included on the accompanying balance sheet in Due from Parent Company and Related Entities.

NOTE 4 RISK AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) continues to affect global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results including sales. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 on the 2022 operations and financial results is unknown and cannot be reasonably estimated as of December 25, 2021.

BETTER TOGETHER, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 27, 2020 THROUGH DECEMBER 25, 2021

NOTE 5 CORRECTION OF AN ERROR

Management identified a correction of an error due to the Company understating the balance of deferred franchise fees as of December 26, 2020. The beginning balance of member's equity for 2021 has been restated to reflect this correction. The effect on the previously issued 2020 financial statements is summarized as follows:

Balance Sheet as of December 26, 2020

	Previously Reported	Increase (Decrease)	Restated
Deferred Franchise Fees	\$ 6,949,538	\$ 366,250	\$ 7,315,788
Member's Equity	13,152,898	(366,250)	12,786,648

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

Multi-State Addenda

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,

AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR

BETTER TOGETHER, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the Dogtopia Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Better Together, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker 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.
4. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
5. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Arizona with the costs being borne by the non-prevailing party.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.
8. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
9. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
10. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
11. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
12. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA

DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [~~https://dfpi.ca.gov/~~https://dfpi.ca.gov/](https://dfpi.ca.gov/).

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: Hawaii, Illinois, Maryland, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:
 - (a) The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - (b) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - (d) In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - (e) The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

All representations requiring prospective franchisees to assent to the 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.

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
7. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
9. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

- 1) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
- 2) The Franchise Agreement provides for termination upon bankruptcy of the Franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- 3) The Franchise Agreement requires that the franchise be governed by the laws of the State of Arizona; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- 4) The Franchise Agreement requires mediation, arbitration, or litigation to be conducted in the State of Arizona. Franchisee may bring lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- 5) The Franchise Agreement is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.
- 6) All representations requiring prospective franchisees to assent to the 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.
- 7) 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Addendum concurrently with the execution of the Franchise Agreement on this day _____.

Franchisor

Franchisee

Better Together, LLC, a Delaware limited liability company

_____, a(n)

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

MARYLAND ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT

- 1) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
- 2) The Area Development Agreement provides for termination upon bankruptcy of the Franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- 3) The Area Development Agreement requires that the franchise be governed by the laws of the State of Arizona; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- 4) The Area Development Agreement requires mediation, arbitration, or litigation to be conducted in the State of Arizona. Franchisee may bring lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- 5) The Area Development Agreement is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.
- 6) All representations requiring prospective franchisees to assent to the 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.
- 7) 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Addendum concurrently with the execution of the Area Development Agreement on this day

_____.

Franchisor

Better Together, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

Franchisee

_____, a(n)

By: _____
Name: _____
Its: _____

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.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified

with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR ~~SOURCES—OF~~RESOURCES 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 IS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK THE APPROPRIATE STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005~~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~~THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

- ~~1.2.~~ The following is to be added at the end of Item 3 ~~of the Disclosure Document~~:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, ~~which are~~that is 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~~ten years 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.

~~1. The following is added to the end of Item 4 of the Disclosure Document:~~

~~Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.~~

~~2. The following is added to the end of Item 5 of the Disclosure Document:~~

~~The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.~~

~~2.3. The following is added to the end of the “Summary” sections of Item 17(c) of the Disclosure Document,~~ 2.3. ~~entitled “Requirements for a franchisee to renew or extend,” and Item 17(m) of the Disclosure Document,~~ 2.3. ~~entitled “Conditions for franchisor approval of transfer”:~~

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; ~~it being the intent of~~ this proviso intends that the non-waiver provisions of General Business Law Sections 687-~~(4)~~ and 687-~~(5)~~ be satisfied.

~~3. The following language replaces the “Summary” section of Item 17(d) of the Disclosure Document,~~ 3. ~~entitled “Termination by a franchisee”:~~

~~3.4. “You may terminate the agreement on any grounds available by law.”~~ 3.4.

~~4. The following is added to the end of the “Summary” section of Item 17(j) of the Disclosure Document, titled “Assignment of contract by franchisor”:~~

~~However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.~~

~~4.5. The following is added to the end of the “Summary” sections of Item 17(v) of the Disclosure Document,~~ 4.5. ~~entitled “Choice of forum,” and Item 17(w) of the Disclosure Document,~~ 4.5. ~~entitled “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.

- ~~5. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.~~
- ~~6. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.~~
- ~~7. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.~~
- ~~6. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.~~
- ~~7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the~~

time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest 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.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the “Rhode Island Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law 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." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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 grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

~~RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements~~
RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (a) soliciting or hiring any employee of a franchisee of the same franchisor or (b) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

Better Together, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

EXHIBIT "J"
TO DISCLOSURE DOCUMENT

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	Exempt
Hawaii	August 23, 2023 Pending
Illinois	Exempt
Indiana	Exempt
Maryland	Exemption effective May 15, 2023 Pending
Michigan	April 9, 2023 2024 (amended April 15, 2024)
Minnesota	April 25, 2023 Pending
New York	Exempt
North Dakota	April 11, 2023 Pending
Rhode Island	April 30, 2023 Pending
South Dakota	April 6, 2023 Pending
Virginia	May 4, 2023 Pending
Washington	Exempt
Wisconsin	March 31, 2023 April 16, 2024

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

EXHIBIT "K"
TO DISCLOSURE DOCUMENT

Receipts

[See Attached]

RECEIPT

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

If Better Together, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Better Together, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

_____ Alex Samios; 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016; (949) 702-6262

_____ ~~Jamiee Wade~~ Lacey Watson; 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016; ~~(623) 451-8786~~ (602) 730-6000

_____ Patti Snyder; 6245 North 24th Parkway, Suite 210, Phoenix, Arizona 85016; ~~(480)~~ (480) 848-7651

_____ ; _____ : _____

Issuance Date: ~~March 30, 2023~~ April 15, 2024

Better Together, LLC's agent to receive service of process is listed in ~~EXHIBIT "B"~~ EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Other Agreements
EXHIBIT "F"	Table of Contents of the confidential Operating Standards Manual
EXHIBIT "G"	List of Franchisees
EXHIBIT "H"	Financial Statements of Better Together, LLC
EXHIBIT "I"	Multi-State Addenda
EXHIBIT "J"	State Effective Dates
EXHIBIT "K"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Better Together, LLC)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If Better Together, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Better Together, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in ~~EXHIBIT "A"~~EXHIBIT "A" to this Disclosure Document.

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Print Name

Date

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