

FRANCHISE DISCLOSURE DOCUMENT
(Area Representative)



Zoomin Groomin USA LLC
d/b/a Zoomin Groomin,
a Virginia Limited Liability Company
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We offer a franchise opportunity to you as an Area Representative to, within a designated territory, solicit, recruit, and service Zoomin Groomin unit franchises that offer mobile pet grooming and related pet care services (the “Area Representative Business”).

The total investment necessary to begin operations of a Zoomin Groomin Area Representative Business is \$196,150 to \$395,400. This includes \$187,500 to \$375,000 that must be paid to the Franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact: Joshua Fitzgerald at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia, 23452 or by telephone 855-825-7387 (866.50-groom).

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read 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. 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.

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general partner, principal officer, or maintains management responsibility relating to the sale or operation of the respective Franchisor, along with disclosure of this governmental action.

Governmental Actions against Unrelated Entities:

United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service, (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern District of Virginia. The Department of Justice (DOJ) filed a complaint asserting that Liberty Tax failed to maintain adequate controls over the tax returns prepared by its franchisees and failed to take steps to prevent the filing of potentially false or fraudulent returns prepared by its franchises despite notice of fraud at some of its franchisee stores. The primary focus of the DOJ's investigation that preceded the complaint related to the alleged operational wrongdoing of 12 franchisees. Also on December 3, 2019, the DOJ and Liberty Tax filed a joint motion asking the court to approve a proposed settlement order setting forth certain enhancements to the Liberty Tax service compliance program and requiring Liberty Tax to retain an independent monitor to oversee the implementation of the required enhancements to the compliance program; and work with Liberty Tax to make further enhancements to improve the compliance program. As part of the proposed order, Liberty Tax agreed not to rehire John T. Hewitt, under whose supervision the alleged conduct at issue occurred. Liberty Tax further agreed not to grant John T. Hewitt any options or other rights to acquire equity in Liberty Tax or to nominate him to the company's board of directors. On December 20, 2019, the court granted the joint motion and the motion to seal, which fully resolved the legal proceedings initiated by the DOJ. Although he is referenced in the court's order, John T. Hewitt was not a named party to this case.

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

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

The Initial Fees depend on the size and composition of the Area Representative Territory you select. We calculate this initial fee (the "Initial Area Representative Fee") based on (i) the number of Unit Territories that can fit within the geographic boundaries of the Area Representative Territory and (ii) a determination of whether any Unit Territories have already been developed by a Unit Franchisee of ours within the geographical boundaries of the Area Representative Territory.

When purchasing area representative rights over an Area Representative Territory with no developed Unit Franchises, the Initial Area Representative Fee will be calculated at a rate of 10 cents per resident. Typically, an Area Representative will purchase area representative rights over a geographical region that can fit 7+5-30 Unit Territories. Each Unit Territory will contain a minimum population of 125,000 residents. Therefore, the typical Area Representative Fee will be approximately \$187,500 to \$375,000.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Area Representative Fee (Note 1)	\$187,500 <u>\$87,500</u>	\$375,000	Check or Wire Transfer	At Signing of Area Representative Agreement	Us
Initial Advertising	\$3,000	\$5,000	As Incurred	After opening	Suppliers
Cost of Travel, Food and Lodging for Training (Note 2)	\$200	\$2,000	As Incurred	During Training	Airlines, Lodging & Ground Transportation
Rent (Note 3)	\$0	\$3,000	As Arranged	As necessary	Lessor, utilities
Computer Hardware & Software (Note 4)	\$750	\$1,500	As Arranged	Before Beginning Operations	Suppliers
Insurance (Note 5)	\$200	\$400	As Arranged	Before Beginning Operations	Insurance Company
Professional Fees- Legal & Accounting (Note 6)	\$1,500	\$3,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds-3 Months (Note 7)	\$3,000	\$5,000	As Arranged	As Necessary	Us, Utilities, Lessor & Suppliers
TOTAL (Note 8)	\$96,150 <u>\$133,650.00</u>	\$395,400			

The initial fees listed above which are paid to us are nonrefundable as paid. Whether such fees paid to third parties are refundable would depend upon their policies.

Note 1: Representative Fee. The Initial Area Representative Fee will be calculated at a rate of 10 cents per resident. Typically, an Area Representative will purchase area representative rights over a geographical region that can fit ~~745~~-30 Unit Territories. Each Unit Territory will contain a minimum population of 125,000 residents.

Note 2: Initial Training. Initial Training requires completion of both Unit and Area Representative initial training. You must pay for the travel, lodging, meals, and wages of attendees at Initial Training if not offered via videoconference. Your costs will vary.

Note 3: Rent. You may operate out of your home or lease an office. Rent varies depending upon office size, location and market conditions in your area. If you make improvements to the property, you will incur additional expenses for these items.

Note 4: Computer Hardware & Software. You must comply with our computer hardware, software, and network services specifications which we set forth in detail in Item 11.

immediately after Initial Training if you have successfully completed the course. You must attend Initial Training at least one week before operating the Business.

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

ITEM 12. TERRITORY

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the Area Representative Agreement (“Area Representative Territory”). A typical territory will contain area representative rights over a minimum of ~~740~~ to 30 Unit franchise territories. Each unit franchise territory will contain a population of approximately 125,000 people. We obtain population data from the U.S. Census Bureau or another service we deem reliable.

You may operate the Area Representative Business out of your home or any office location. You are not required to obtain our approval if you relocate your Area Representative Business but must notify us in writing. We would not normally grant you approval to open an additional outlet within your Territory, but we may grant you additional Area Representative territories if we feel you have the time, energy, capital, and management structure to open and operate another territory successfully.

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

As an Area Representative, you will recruit and support Unit Franchisees in your Territory. You may solicit and accept orders inside and outside of your Territory for franchisees to own a Unit Franchise in your Territory, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, pursuant to our guidelines.

The Area Representative Agreement does not give you any right to operate a Unit Franchise.

Continuation of your Territorial rights depends on achieving a certain development goal, namely, the Minimum Requirements specified in your Area Representative Agreement. You must satisfy the Minimum Requirements as to the total yearly number of Unit franchise agreements signed with Unit Franchises designated and to be located within the Area Representative Territory and, the cumulative number of Unit Franchises located within your Area Representative Territory that are developed, open, and operating. Your Minimum Requirements will be developed and agreed upon by both of us before you sign an Area Representative Agreement and will be set forth in Schedule 2 of your Area Representative Agreement, based upon what you and we believe is a reasonable development schedule given the characteristics of the Area Representative Territory. If you fail to meet Minimum Requirements, we reserve the right to terminate your territorial rights under the Area Representative Agreement for the development of additional units. You will still maintain your rights, obligations and share in the Initial Franchise Fees and Royalties for any existing Unit franchise agreements for the term of the Area Representative Agreement so long as you are in compliance with the remaining terms of the Area Representative Agreement; however, we may